

KABSONS INDUSTRIES LIMITED

20th Annual Report 2011 - 2012

BOARD OF DIRECTORS	:	Mr.G.K.KABRA	CHAIRMAN
	:	Mr. RAJIV KABRA	EXECUTIVE DIRECTOR
	:	Mr.P.V SUBBA RAO	DIRECTOR
	:	Mr.P SARAVAJAH	DIRECTOR
AUDITORS	:	M/s. BRAHMAYYA & CO., Chartered Accountants, Flat No.403 & 404, Golden Green Apprts, Erasmansil Colony, Somajiguda, Hyderabad - 500 082.	
AUDIT COMMITTEE	:	P.V SUBBA RAO G.K.KABRA RAJIV KABRA P.SARAVAJAH	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 1, MIDC, Wahaj, AURANGABAD - 431 133.	
BOTTLING PLANTS	:	Aarangabad, Dharwad, Jaipur, Jalpaiguri, Rohtak, Baroda, Bhubaneswar, Ranchi,	

NOTICE

Notice is hereby given that the 20th Annual General Meeting of the members of the Company will be held on 29th September 2012 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 2012 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 Saravaiah, 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 : 01-06-2012

RAJIV KARRA
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 20th Annual Report and Accounts of the Company for the year ended 31st March, 2012.

FINANCIAL RESULTS:

(Rs.in Lakhs)

	Year Ended 31.03.2012	Year Ended 31.03.2011
1) Sales & other Income	241.48	140.03
2) Profit before Interest, Financial Charges and Depreciation	104.61	28.33
3) Interest and Financial Charges	0.05	0.12
4) Profit/(Loss) Before Depreciation	104.56	28.21
5) Depreciation	34.85	34.50
6) Profit/(Loss) after, Financial Charges Depreciation	69.71	(6.29)

DISCUSSION ON FINANCIAL PERFORMANCE:

During the year under consideration the Company got a profit of Rs.104.61 Lakhs before interest and depreciation as against profit of Rs.28.33 Lakhs during the previous year, which includes lease income 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. Your company got renewed the contract for another year for the bottling operations for Bharat Petroleum Corporation Limited at our bottling plant at Ranchi.

Your Company participated in the tender for bottling operations at our Jalpaiguri Plant with Bharat Petroleum Corporation Limited.

DIRECTORS: Mr.P Saravaiah 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 2012, 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, 2012 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 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.6,41,221/- 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 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.

D) The company could not get confirmation of balances in respect of Sundry debtors, loans and advances and sundry creditors 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 : 01-06-2012

for and on behalf of the Board



ANNEXURE - A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012:

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	NIL	NIL
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 30/05/2011, 07/09/2011, 21/12/2011, 11/01/2012 and 10/03/2012.

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:

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, Mr.Rajiv Kabra and Mr.P.Saravaiah as members of the committee.

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 30th May, 2011, 7th September, 2011, 21st December, 2011, 11th January, 2012 and 10th March, 2011.

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 Dividend	1	1	-	Nil.
2.	-	Non-receipt of Annual Reports	1	1	-	Nil.

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

Sl.No	Year	Meeting	Venue	Date	Time
1)	2008 - 2009	A.G.M	At Registered Office 8-3-1087, Plot No.48 Srinagar Colony Hyderabad	29.09.2009	4.00 PM
2)	2009 - 2010	A.G.M	At Registered Office 8-3-1087, Plot No.48 Srinagar Colony Hyderabad	23.09.2010	4.00 PM
3)	2010 - 2011	A.G.M	At Registered Office 8-3-1087, Plot No.48 Srinagar Colony Hyderabad	29.09.2011	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 29th September, 2012 at Registered Office at 8-3-1087, Plot No.48, Opp.Ratnadeep Super Market, Srinagar Colony, Hyderabad – 500 073, at 4 P.M.

b) Financial Calendar:

Annual General Meeting	29 th September, 2012
Unaudited results for the quarter ending June 30 th , 2012	Last week of July, 2012
Unaudited results for the Quarter/Half year ending September 30 th , 2012	Last week of October, 2012
Unaudited results for the quarter ending December 31 st , 2012	Last Week of January, 2013
Audited Results for the year ending March 31 st , 2013	Last week of May, 2013

c) **Date of Book Closure:** from 25th September, 2012 to 29th September, 2012 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, KABSONS IND
Opp:Sahajanand College,
Panjara Pole,
AHMEDABAD - 380 015.

There is an outstanding Listing Fee of Rs.2,48,347, Rs.1,24,326, Rs.1,17,401, Rs.56,884 to Delhi Stock Exchange, Ahmedabad Stock Exchange, KolKata Stock Exchange, Madras Stock Exchange respectively and Rs.2,82,520 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, 2012.

Share holdings of nominal value of	Share holders		No. of Shares Number	% Total
	Number	% Total		
(1)	(2)	(3)	(4)	(5)
Upto - 5000	17,472	94.29	2,21,51,180	12.68
5,001 - 10,000	359	1.94	29,83,000	1.71
10,001 - 20,000	164	0.89	24,95,000	1.43
20,001 - 30,000	385	2.08	97,50,100	5.56
30,001 - 40,000	22	0.12	7,38,990	0.45
40,001 - 50,000	45	0.24	21,89,240	1.25
50,001 - 1,00,000	49	0.21	31,53,500	1.81
1,00,001 and above	45	0.24	13,11,44,990	75.12
Total :	18,531	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	47,21,750	27.03
5.	NRIs/OCBs	2,15,700	1.24
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) FIIs :	Nil	
c) NRIs/OCBs :	215700	1.24%
d) Foreign Banks :	Nil	
e) Foreign Nationals :	Nil	
f) GDRs/ADRs :	Nil	

i) 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	14,034	56,26,186	32.20
NSDL	3,494	1,15,51,383	66.15
CDSL	1,003	2,88,431	1.65
Total	18,531	17463000	100.00

j) 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.48, 8-3-1087,

Srinagar Colony,

HYDERABAD - 500 073.

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

E-mail : operationslpg@rediffmail.com

Grievance redressal division Email : kilshareholders@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 2011-12 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
- significant changes, if any, in internal control over financial reporting during the year;
 - 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 : 01-06-2012

RAJIV KAPRA
Executive Director



DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT BY THE GENERAL MANAGER (FINANCE) UNDER CLAUSE 49(I)(D)(II) OF THE LISTING AGREEMENT TO THE MEMBERS OF KABSONS INDUSTRIES LTD.

I, Rajiv Kabra, Executive Director of Kabsons Industries Limited, to the best of my knowledge and belief, declare that all the members of the Board and Senior Management Personnel have affirmed compliance with the code of conduct of the Company in respect of the financial year ended 31st March, 2012.

Place: Hyderabad
Date : 01-06-2012


RAJIV KABRA
Executive Director



Brahmayya & Co.,

CHARTERED ACCOUNTANTS

VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

**Corporate Governance as per clause 49 of the Listing Agreement
with the stock exchanges**

To the Members of **KABSONS INDUSTRIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by KABSONS INDUSTRIES LIMITED, for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, subject to the following

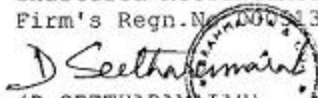
- i) The Board consists of only four directors, out of this, three are non-independent directors.
- ii) Audit Committee comprises majority non-independent Directors as against the stipulation that the audit committee shall have majority independent Directors.

we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Hyderabad
Date : 01.06.2012

For BRAHMAYYA & CO.,
Chartered Accountants
Firm's Regn. No. 135


(D. SEETHARAMIAH)
Partner
Membership No. 002907

ANNEXURE - D MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A) LPG Industry: Most of the LPG volume is handled by PSU's for domestic supplies. With such large scale penetration on the part of the PSU's at a substantially lower than market price, effect the prospects of the private sector, operating in the same segment.

B) Business Review: The Company has been focusing on Lease incomes so as to utilize the existing assets. There exists a mismatch of capacity in terms of availability in certain markets and demand in the other markets. Consequently, there are very few plants where the servicing operations are viable for the operations of the company. This situation is not going to change too much in the near future.

Your company got renewed the contract for another year for bottling operations for Bharat Petroleum Corporation Limited at our bottling plant at Ranchi.

Your Company has participated in Tender for bottling operations at our bottling plant at Jalpaiguri for Bharat Petroleum Corporation Limited.

C) Management of risks: Though the risk of large scale return of connections loom large over the company, the number of cylinders returns has come down. There is also considerable pressure to keep up the realization from the services in view of the highly competitive market.

D) Financial Performance:

The Following is the Financial Performance of your Company: Rs.in Lakhs

	2011-12	2010-11	Inc/(Dec) %
INCOME:			
Sales	46.58	71.09	(34.48)
Other Income	194.90	68.94	182.71
Total:	241.48	140.03	72.45
EXPENDITURE:			
Manufacturing Expenses	46.02	60.82	24.33
Staff Cost	19.27	17.60	(9.49)
Other Expenses	71.58	33.28	(115.08)
Financial Expenses	0.05	0.12	58.33
Depreciation	34.85	34.50	(1.01)
Total:	171.77	146.32	(17.39)
PROFIT / (LOSS)	69.71	(6.29)	1008.27



AUDITORS' REPORT

To the Members of **KABSONS INDUSTRIES LIMITED.**

1. We have audited the attached Balance Sheet of **KABSONS INDUSTRIES LIMITED**, HYDERABAD (A.P) as at 31st March, 2012 and also the Statement of Profit and Loss for the year ended on that date annexed thereto and the cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion :
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above we report that:
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.





- iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, excepting AS-15 "Employee Benefits".
- v) On the basis of the written representations received from the Directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
5. a) Interest for the year and for earlier years Rs.6,41,221/- and Rs.65,24,034/- respectively against Trade Deposits received from Dealers/Distributors are not provided resulting in overstating the profit for the year by Rs.6,41,221/- and understating the current liabilities by Rs.71,65,255/- (Refer Note No.25.3 of Financial Statement).
- b) We draw attention to note No.25.1 of financial statements. The Company's current liabilities exceeded its current assets by Rs.497.07 Lakhs as on 31.03.2012. This factor along with the other matters as set forth in the note referred to, raise substantial doubt that whether the Company will be able to continue as a "Going concern".
- c) The Company has not complied with the requirements of AS-15 'Employee Benefits' in respect of gratuity. In view of this, the liability of the Company could not be ascertained. Consequently, we are unable to comment about the impact of this on the profit for the year.
- d) There are no confirmation of balances in respect of sundry debtors, loans and advances and sundry creditors other than due from/to related parties.





Brahmayya & Co.,


CHARTERED ACCOUNTANTS


VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon and **subject to our comments in para 5 above**, give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - ii) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - iii) In the case of Cash flow Statement of the cash flows for the year ended on that date.

Place: Hyderabad
Date : 01.06.2012

for BRAHMAYYA & CO.,
Chartered Accountants.
Firm's Regn.No.0005135


(D. SEETHARAMAIAH)
Partner
Membership No.002907



Statement on the Companies (Auditor's Report) Order 2003
Re: **KABSONS INDUSTRIES LIMITED**

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) During the year, the company had disposed off fixed assets which does not affect the going concern basis.
- ii) a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records have been properly dealt with in the books of account.
- iii) a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained u/s.301 of the Act.
- b) The company had taken interest free loans from two Companies and from a party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.72.00 Lakhs and the year-end balance of loans taken from such parties was Rs.53.00 Lakhs.
- c) In our opinion, the terms and conditions on which loans have been taken from companies, and parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- d) According to explanations given to us, the lenders have not specified repayment terms. In view of this we cannot comment upon whether the payment of principal is regular.



- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and gas. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- v) a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section and
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The company has not accepted the deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the Rules framed thereunder.
- vii) The company has no internal audit system.
- viii) Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 (1)(d) of the Companies Act, 1956 for the products/items dealt with by the company.
- ix) The company is not regular in depositing with appropriate authorities undisputed statutory dues including investor education protection fund, employee's state insurance, sales tax. The extent of the arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable and the payments made during the year are as given below:



Name of the Statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of payment
1. Companies Act	Investor Education and Protection Fund	22,550	1994-95	19.10.2001	
2. Karnataka Sales Tax Act	Sales Tax	3,467	1999-00	15.05.1999	
3. Karnataka Sales Tax Act	Sales Tax	1,209	2004-05	15.03.2005	
4. Maharashtra Sales Tax Act	Sales Tax	190	2000-01	15.05.2000	
5. Jharkhand Sales Tax Act	Sales Tax	3,271	2001-02	15.03.2002	
6. AP Sales Tax Act	Sales Tax	7,525	2000-01	15.04.2001	
7. Maharashtra Sales Tax Act	Sales Tax	5,817	2005-06	15.05.2005	
8. Maharashtra Sales Tax Act	Sales Tax	9,538	2004-05	15.04.2005	
9. Maharashtra Sales Tax Act	Sales Tax	800	2003-04	15.01.2004	
10. Maharashtra Sales Tax Act	Sales Tax	5,535	2004-05	05.11.2004	
11. West Bengal Sales Tax Act	Sales Tax	547	2004-05	15.01.2005	
12. West Bengal Sales Tax Act	Sales Tax	23	2005-06	15.09.2005	
13. Gujarat Sales Tax Act	Sales Tax	669	2005-06	15.10.2005	
14. BST Act	Sales Tax & penalty	73,735	1997-98	15.08.2004	
15. BST Act	Sales Tax & penalty	1,34,780	1998-99	15.08.2004	
16. CST Act	Sales Tax & penalty	1,31,000	1997-98	15.08.2004	
17. CST Act	Sales Tax & penalty	5,17,000	1998-99	15.08.2004	
18. CST Act	Sales Tax & penalty	2,040	1998-99	21.02.2002	
19. ESI Act	Employees State Insurance	104	2006-07	21.06.2006	
20. ESI Act	Employees State Insurance	14	2006-07	21.11.2006	
21. ESI Act	Employees State Insurance	265	1999-00	21.04.2000	

Unpaid



- b) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax and cess which have not been deposited on account of any dispute.
- x) In our opinion, the accumulated losses of the company are more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and as well as in the immediately preceding financial year.
- xi) During the financial year covered by our audit the Company had not borrowed from financial institutions. Hence, clause (xi) of the above referred Order is not applicable.
- xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The company is neither a chit fund nor a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the above referred Order are not applicable to the company.
- xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the above referred Order are not applicable to the company.
- xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) During the year the company has not availed any term loans from banks or financial institutions. Accordingly, the provisions of clause 4(xvi) of the above referred Order are not applicable to the company.
- xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii) The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.



- xix) The company has not issued any debentures Accordingly, the provisions of clause 4(xix) of the above referred Order are not applicable to the company.
- xx) During the year the company has not raised money by public issue. Accordingly, the provisions of clause 4(xx) of the above referred Order are not applicable to the company.
- xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

for BRAHMAYYA & CO.,
Chartered Accountants.
Firm's Regn.No.000513S




(D. SEETHARAMAIAH)
Partner
Membership No.002907

Place: Hyderabad
Date : 01.06.2012

Kabsons Industries Limited

Balance Sheet as at 31 March 2012

(All amounts in rupees, unless otherwise stated)

Particulars		Note No.	As at 31-03-2012		As at 31-03-2011	
I. EQUITY AND LIABILITIES						
1 Shareholder's funds						
(a) Share capital	2	174,630,000		174,630,000		
(b) Reserves and surplus	3	(199,464,962)	(24,834,962)	(205,436,023)		(31,806,023)
2 Non-current Liabilities						
(a) Other long term liabilities	4	5,010,132		4,176,397		
(b) Long-term provisions	5	52,025	5,062,158	424,535		4,600,932
3 Current Liabilities						
(a) Short-term borrowings	6	5,300,000		7,200,000		
(b) Trade payables		2,002,384		2,433,750		
(c) Other current liabilities	7	69,860,992		90,875,700		
(d) Short-term provisions	8	30,333	96,993,709	30,333		100,539,783
Total			77,220,905			73,334,692
II. ASSETS						
1 Non-current assets						
(a) Fixed Assets						
Tangible assets	9	27,897,613		30,284,200		
Intangible assets	9	-	27,897,613	-		30,284,200
(b) Non-current investments						
(c) Long-term loans and advances	10	-		15,000		
(d) Other Non-Current Assets	11	2,024,885		2,027,305		
	12	12,051	2,036,936	6,708		2,049,013
2 Current assets						
(a) Inventories	13	491,411		1,312,360		
(b) Trade receivables	14	3,188,609		3,032,020		
(c) Cash and cash equivalents	15	7,839,270		2,032,826		
(d) Short-term loans and advances	16	1,011,078		888,411		
(e) Other current assets	17	34,755,969	47,286,357	33,935,861		41,001,478
Total			77,220,905			73,334,691
Significant Accounting policies	1					
Other disclosures	25					

The notes to accounts are an integral part of the financial statements.

As per our report of even date
for BRAHMAYYA & CO.
Chartered Accountants
Firms' Registration No. 100/0000000000

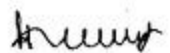
For and on behalf of Board of Directors


D. Seetharamaiah
Partner

Membership No: 002907


(G.K. Kabra)
Director


(Rajiv Kabra)
Executive Director


(M. Krishna Murthy)
G.M (Finance)

Place: Hyderabad
Date: 01.06.2012

Kabsons Industries Limited

Statement of Profit and Loss for the year ended 31 March 2012

(All amounts in rupees, unless otherwise stated)

	Particulars	Note No.	Current Year	Previous Year
I.	Revenue from operations	18	8,430,768	7,129,363
II.	Other income	19	7,780,405	5,669,963
III.	Total Revenue		16,211,174	12,819,326
IV.	Expenses			
	Purchases of Stock-in-Trade	20	3,175,076	6,475,560
	Changes in inventories of work-in-progress and Stock-in-Trade	21	810,354	(545,722)
	Employee benefits expense	22	1,927,401	1,760,651
	Finance costs		5,023	12,303
	Depreciation and amortization expense	9	3,485,289	3,449,677
	Other expenses	23	7,774,063	3,479,733
	Total expenses		17,177,206	14,632,202
V.	Profit before exceptional items and tax		(966,032)	(1,812,876)
VI.	Exceptional items	24	7,937,093	1,183,681
VII.	Profit/ (Loss) before tax		6,971,061	(629,215)
VIII.	Tax expense			
	Current tax	25.5	-	-
	Deferred tax	25.7 (d)	-	-
IX.	Profit/ (Loss) for the period (XI + XIV)		6,971,061	(629,215)
X.	Earnings per equity share (Face value Rs. 10/- per share)	25.7 (c)		
	Basic and Diluted		0.40	(0.04)
	Significant Accounting policies	1		
	Other disclosures	25		


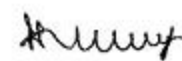
The notes to accounts are an integral part of the financial statements.

As per our report of even date
for BRAHMAYYA & CO.
Chartered Accountants
Firms' Registration No.: 000513S

For and on behalf of Board of Directors


D. Seetharamaiah
Partner
Membership No: 002907


(G.K. Kabra)
Director

 
(Rajiv Kabra) (M. Krishna Murthy)
Executive Director G.M (Finance)

Place: Hyderabad
Date: 01.06.2012

KABSONS INDUSTRIES LIMITED, HYDERABAD
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	Year Ended 31.03.2012	Year Ended 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES	Rs.	Rs.
Profit for the year before extraordinary items	6,971,061	(629,215)
Adjustments for:		
Depreciation	3,485,289	3,449,677
Investments written off	15,000	-
Interest Income / earned	(1,030,579)	(47,644)
Interest expenses	5,023	12,303
Profit on sale of assets	(6,139,281)	-
Operating Profit before working Capital Changes	3,306,513	2,785,121
Adjustments for:		
Trade and other receivables	(1,196,988)	(1,787,731)
Inventories	820,949	(545,722)
Trade payables	(1,184,847)	329,940
NET CASH FROM OPERATING ACTIVITIES	1,745,627	781,608
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,659,420)	(1,988,456)
Sale of assets	6,700,000	-
Interest received	925,260	24,968
NET CASH USED IN INVESTING ACTIVITIES	5,965,840	(1,963,488)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(5,023)	(12,303)
Repayment of Loans	(1,900,000)	-
Receipt of Loans	-	1,900,000
NET CASH GENERATED FROM FINANCING ACTIVITIES	(1,905,023)	1,887,697
Net Increase/ (Decrease) in cash and cash equivalents (A+B+C)	5,806,444	705,817
Cash and Cash equivalents as at 01.04.11 (Opening balance)	2,032,826	1,327,009
Cash and Cash equivalents as at 31.03.12 (Closing balance)	7,839,270	2,032,826

For **BRAHMAYYA & Co.,**
Chartered Accountants
Firm Regn. No.000512


D. SEETHARAMAIAH
Partner
Membership No.2907




G.K. Kabra
Director


RAJIV KABRA
Executive Director


M. KRISHNA MURTHY
G.M.(Finance)

Place : Hyderabad
Date : 01-06-2012

Kabsons Industries Limited

Notes to Financial statements for the year ended 31 March 2012

I. Significant Accounting Policies

The following are the significant accounting policies adopted by the Company in the preparation and presentation of financial statements:

- i) Financial statements are based on historical cost.
- ii) Special Incentive received is treated as Capital Reserve.
- iii) Fixed Assets are stated at cost net of depreciation provided for and MODVAT credit availed.
- iv) Leasehold land is amortized over the period of lease. Immovable assets on the lease hold lands are amortized in accordance with Schedule -XIV to the Companies Act, 1956 where the estimated life of the assets is less than the lease periods.

Where the estimated life of the immovable assets on lease hold lands is more than the lease periods, they are amortised over the lease periods.

Depreciation on the assets of the Company, other than those mentioned above, is provided on straight line basis / written down value method in accordance with schedule XIV to the Companies Act 1956.

- v) Investments are stated at cost.
- vi) Stores and Packing materials, work-in-progress and stock in trade are valued at lower of the cost and realisable value.
- vii) Sales are exclusive of taxes and duties collected.
- viii) Provident Fund is administrated and remittances are made to Provident Fund Commissioner.
- ix) Liabilities towards gratuity and leave encashment are provided for in accordance with the provisions of Payment of Gratuity Act 1972, Factories Act, 1948 and Shops and Establishment Act, 1988 respectively.
- x) Contingent liabilities are indicated by way of a note and will be provided / paid on crystallisation.



Kabsons Industries Limited

Notes to Financial statements for the year ended 31 March 2012

2. Share Capital

(All amounts in rupees, unless otherwise stated)

Particulars	As at 31 March 2012		As at 31 March 2011	
	Numbers	Rs.	Numbers	Rs.
Authorised				
Equity Shares of Rs. 10 each	18,000,000	180,000,000	18,000,000	180,000,000
Issued, Subscribed & Paid up				
Equity Shares of Rs. 10 each fully paid	17,463,000	174,630,000	17,463,000	174,630,000
Total	17,463,000	174,630,000	17,463,000	174,630,000

a. Reconciliation of shares outstanding at the end of the reporting period

Particulars	As at 31 March 2012		As at 31 March 2011	
	No. of shares	Rs.	No. of shares	Rs.
Shares outstanding at the beginning of the year	17,463,000	174,630,000	17,463,000	174,630,000
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	17,463,000	174,630,000	17,463,000	174,630,000

b. Terms/ rights attached to equity shares

The company has only one class of equity shares having a face value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The dividends recommended by the Board of Directors if any, are subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the equity share holders are entitled to receive the remaining assets of the Company after distribution of all preferential claims, in proportion to the number of shares held.

c. List of shareholders holding more than 5% of total number of shares in the company

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr. Rajiv Kabra	9,112,000	52.18	9,112,000	52.18
M/s Lata Engineering Company Pvt. Ltd.	1,011,000	5.79	1,011,000	5.79

3. Reserves and Surplus

Particulars	As at 31 March 2012	As at 31 March 2011
	Rs.	Rs.
a. Capital Reserves	3,000,000	3,000,000
b. Securities Premium Account	47,237,415	47,237,415
c. Surplus (Balance in the statement of profit and loss)		
Balance as per last financial statements	(256,673,438)	(256,044,223)
Add: Net Profit/ (Net Loss) for the current year	6,971,061	(629,215)
Closing Balance	(249,702,377)	(256,673,438)
Total	(199,464,962)	(206,436,023)



Kabsons Industries Limited

Notes to Financial statements for the year ended 31 March 2012

4. Other long term liabilities

(All amounts in rupees, unless otherwise stated)

Particulars	Non-current portion		Current portion	
	As at	As at	As at	As at
	31 March	31 March 2011	31 March 2012	31 March 2011
Sales Tax Deferred Liability	21,919	206,623	184,704	213,903
Others liabilities				
i) Security Deposit	2,922,500	2,922,500	-	-
ii) Other liabilities	2,055,713	1,047,274	797,556	1,077,680
Total	5,010,132	4,176,397	982,280	1,291,583

a. * All the liabilities falling due within 12 months from the date of Balance Sheet have been classified as current liabilities, the aggregate of which is shown as 'current maturities of long-term liabilities' under Note - 7, 'Other Current Liabilities'.

b. Outstanding sales tax deferred liability is repayable to the Maharashtra State Government as given below.

Particulars	FY 2012-13	FY 2013-14
Due date of payment	01.05.2012	01.05.2013
Instalment amount payable	184,704	21,919

5. Long Term Provisions

Particulars	Non-current portion		Current portion	
	As at	As at	As at	As at
	31 March	31 March 2011	31 March 2012	31 March 2011
(a) Gratuity	33,923	349,780	383,654	-
(b) Earned Leave Encashment	18,103	74,775	70,000	-
Total	52,026	424,555	453,654	-

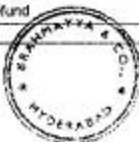
6. Short Term Borrowings

Particulars	As at 31 March 2012	As at 31 March 2011
Loans and advances from related parties, repayable on demand (interest-free)		
a. Secured		
Lata Engineering Company Private Limited	2,000,000	2,000,000
b. Unsecured		
Inter Corporate Deposit	3,000,000	3,000,000
Loan from Director	300,000	2,200,000
Total	5,300,000	7,200,000

a. Loan of M/s.Lata Engineering Company Private Limited is secured by way of a first charge on the Fixed Assets of the Company located at plot no.124 & 125, Tupudana Industrial Growth Center, Ranchi, Jharkhand and Open plot at Nellimeta Industrial Area, Vizianagaram Dist, Andhra Pradesh.

7. Other Current Liabilities

Particulars	As at 31 March 2012	As at 31 March 2011
Current maturities of long-term liabilities (Refer Note - 4a)	982,280	1,291,583
Distributor / Dealer Deposit	8,730,833	8,772,633
Cylinder Deposits from Consumers	71,937,882	71,936,761
Security Deposits	-	375,000
Other Deposits	-	585,000
Interest accrued and due on trade deposits (Refer Note - 25.3)	1,320,226	1,330,557
Dues to Dealers and Consumers	3,140,573	3,380,757
Dues towards Capital Items	21,869	236,869
Dues to Staff	1,256,739	891,454
Other payables		
Statutory dues	1,109,854	1,069,403
Others	1,138,795	984,133
Investor Education and protection fund - Unpaid application money received for allotment of shares and due for refund	22,550	22,550
Total	85,660,992	90,875,700



Kabsons Industries Limited

Notes to Financial statements for the year ended 31 March 2012

(All amounts in rupees, unless otherwise stated)

8. Short-Term Provisions

Particulars	As at 31 March 2012	As at 31 March 2011
Provision for audit fees	30,333	30,333
Total	30,333	30,333

9. Fixed Assets

Particulars	Gross Block		Depreciation		Net Block	
	As at 31 March 2011	Additions	Deductions	As at 31 March 2012	Upto 31 March 2012	As at 31 March 2011
a Tangible Assets						
Land	5,974,069	-	173,861	5,800,228	1,945,029	4,029,060
Leasehold	1,281,926	-	-	1,281,926	-	1,281,926
Buildings	28,954,252	-	1,117,549	27,836,743	16,791,101	10,794,727
Factory	3,030,897	-	-	3,030,897	867,439	2,115,152
Non Factory	30,130,951	1,627,593	569,709	31,187,869	22,626,196	7,693,443
Plant and Equipment	6,815,190	-	273,821	6,541,369	5,423,596	1,103,295
Electrical Equipment	3,270,855	14,700	36,440	3,249,115	3,270,895	14,157
Furniture and Fittings	3,228,387	5,577	-	3,233,964	3,140,203	3,162,342
Data Processing Equipment	1,437,169	-	400	1,436,769	1,222,069	1,269,534
Office equipment	567,096	3,000	-	570,096	372,284	424,596
Vehicles	1,710	-	-	1,710	1,710	-
Cycle	64,113,818	-	-	64,113,618	62,860,468	695,963
Cylinders	148,805,111	1,650,870	2,161,776	148,294,205	118,520,911	27,897,613
Sub Total:	148,805,111	1,650,870	2,161,776	148,294,205	118,520,911	30,284,200
b Intangible Assets						
Software	-	8,550	-	8,550	-	-
Sub Total:	-	8,550	-	8,550	-	-
Grand Total	148,805,111	1,659,420	2,161,776	148,302,755	118,520,911	30,284,200
Previous Year:	145,823,095	1,908,456	6,442	145,905,111	115,077,676	31,745,620



Kabsons Industries Limited

Notes to Financial statements for the year ended 31 March 2012

10. Non-current investments (Non-Trade, Unquoted and Long Term)

(All amounts in rupees, unless otherwise stated)

Particulars	As at 31 March 2012	As at 31 March 2011
National Savings Certificates and Indira Vikas Pathras	-	15,000
Total	-	15,000

During the year, the Company had written-off the above investments pledged with the government authorities, as they were not traceable with the government authorities.

11. Long Term Loans and Advances

Particulars	As at 31 March 2012	As at 31 March 2011
a. Capital Advances (Considered doubtful)	-	501,000
Less: Provision for doubtful advances	-	(501,000)
b. Security Deposits	2,024,885	2,027,305
Total	2,024,885	2,027,305

12. Other Non-current Assets

Particulars	As at 31 March 2012	As at 31 March 2011
Prepayments	12,051	6,708
Total	12,051	6,708

13. Inventories (Valued and Certified by the Executive Director)

Particulars	As at 31 March 2012	As at 31 March 2011
a. Work-in-progress (at realisable value)	42,504	42,504
b. Stock-in-trade (lower of realisable value and cost)	370,903	1,191,852
c. Stores and Packing materials (at realisable value)	78,004	78,004
Total	491,411	1,312,360

14. Trade Receivables (Unsecured)

Particulars	As at 31 March 2012	As at 31 March 2011
Debts outstanding for a period exceeding six months		
Considered good	1,067,207	1,865,276
Considered doubtful	218,412	218,412
Less: Provision for doubtful debts	(218,412)	(218,412)
Others considered good		
	2,121,402	1,166,744
Total	3,188,609	3,032,020



Kabsons Industries Limited

Notes to Financial statements for the year ended 31 March 2012

15. Cash and cash equivalents

(All amounts in rupees, unless otherwise stated)

Particulars	As at 31 March 2012		As at 31 March 2011	
	Rs.	Rs.	Rs.	Rs.
a. Balances with banks				
In current accounts	638,263		746,304	
Margin money deposits with SBI	1,074,381		1,069,213	
In term deposits	5,964,626		141,629	
In term deposits with more than 12 months maturity	101,494	7,778,764	-	1,957,145
b. Cash on hand		38,430		53,604
c. Share Application Money Refund A/c.		22,077		22,077
Total :		7,839,270		2,032,826

a. Margin money deposit receipts are held with the bankers with a lien marked in their favour.

16. Short-term loans and advances

Particulars	As at 31 March 2012		As at 31 March 2011	
Short term loan (unsecured)		273,000		-
Tax deducted at source		738,078		688,411
Bills of Exchange (Considered Doubtful)	2,450,000		2,450,000	
Less: Provision made	(2,450,000)	-	(2,450,000)	-
Total :		1,011,078		688,411

17. Other Current Assets

Particulars	As at 31 March 2012	As at 31 March 2011
Vendor advance	288,067	61,894
Claims receivable (Refer Note - 25.4)	679,072	261,048
Earnst Money Deposit	100,000	-
Amounts recoverable from staff	1,000	18,000
Cylinder Deposit	33,412,900	33,410,400
Interest accrued but not due	136,992	31,673
Prepayments	137,958	152,846
Total	34,755,989	33,935,861



Kabsons Industries Limited

Notes to Financial statements for the year ended 31 March 2012

18. Revenue from Operations

(All amounts in rupees, unless otherwise stated)

Particulars	Current Year	Previous Year
Sale of gas and products (trading items)	4,579,535	7,007,823
<u>Other operating revenues</u>		
Rental/ hire charges	78,912	100,823
Gas filling charges	3,772,321	20,717
Total	8,430,768	7,129,363

a. Details of sales of trading items

Particulars	Current Year	Previous Year
Gas	4,579,535	7,002,775
Regulators and appliances	-	5,048
Total	4,579,535	7,007,823

19. Other income

Particulars	Current Year	Previous Year
Interest Income (TDS Rs.25,048)	304,579	47,644
<u>Other non-operating revenue</u>		
Plants Lease	3,104,400	3,050,400
Rent	1,870,016	1,932,000
Loading/ unloading charges	459,340	-
Miscellaneous income	2,042,070	659,919
Total	7,780,405	5,689,963

20. Purchases of Stock-in-Trade

Particulars	Current Year	Previous Year
Gas	3,175,076	6,475,560
Total	3,175,076	6,475,560



Kabsons Industries Limited

Notes to Financial statements for the year ended 31 March 2012

21. Changes in inventories of Work-in-progress and Stock-in-Trade

(All amounts in rupees, unless otherwise stated)

Particulars	Current Year	Previous Year
Opening Stock		
i) Work-in-progress	42,504	42,504
ii) Stock-in-trade	1,191,852	646,130
	1,234,356	688,634
Less: Stocks written off (Traded Items)	(10,595)	-
	1,223,761	688,634
Closing Stock		
i) Work-in-progress	(42,504)	(42,504)
ii) Stock-in-trade	(370,903)	(1,191,852)
	810,354	(545,722)
(Increase) / Decrease in stocks		

a. Details of Stock-in-trade - closing stock

Particulars	Current Year	Previous Year
LPG Gas	361,003	1,171,357
Regulators	-	10,595
Single burner stoves	9,900	9,900
Total	370,903	1,191,852

b. Details of work-in-progress - closing stock

Particulars	Current Year	Previous Year
Brazed cylinders	30,456	30,456
Others	12,048	12,048
Total	42,504	42,504

22. Employee benefits expense

Particulars	Current Year	Previous Year
Salaries, Wages and Allowances	1,640,960	1,530,370
Contribution to Provident and other funds	86,499	81,852
Staff Welfare	107,375	115,169
Gratuity	92,567	33,260
Total	1,927,401	1,760,651



Kabsons Industries Limited

Notes to Financial statements for the year ended 31 March 2012

23. Other expenses

(All amounts in rupees, unless otherwise stated)

Particulars	Current Year	Previous Year
Consumption of stores and spares	131,243	17,675
Power and fuel	616,896	151,879
Rent & Water Charges	527,140	680,552
Rental/Hire charges paid for Cylinders	89,443	147,616
Repairs & Maintenance		
i) Plant & Machinery	703,981	225,471
ii) Buildings	29,000	54,602
iii) Other Assets	24,164	8,061
Insurance	94,738	97,974
Rates & Taxes	159,721	188,432
Gas Filling Charges	83,503	131,797
Printing & Stationary	24,817	23,310
Postage, Telegrams & Telephones	87,034	64,558
Travelling & Conveyance	358,285	386,680
Service Charges	3,258,192	683,818
Auditors' Remuneration		
: As Auditors	24,818	24,818
: For Tax Audit	5,515	5,515
: For Certification	12,133	8,274
Prior Period Expenses	820,289	-
Miscellaneous expenses	723,153	578,702
Total	7,774,063	3,479,733

24. Exceptional Items:

Particulars	Current Year	Previous Year
Interest from legal disputed account (TDS.72,600)	726,000	-
Credit Balances Written Back	581,407	1,183,661
Excess Provision Written Back	501,000	-
Profit on Sale of Assets	6,139,281	-
Stocks written off	(10,595)	-
Total	7,937,093	1,183,661



Kabsons Industries Limited

Notes to Financial statements for the year ended 31 March 2012

25. Other disclosures

25.1. The accounts have been prepared on 'going concern basis' despite complete erosion of net worth and uncertainty associated with the operations of the company.

25.2. Contingent Liabilities not provided for in respect of:

Particulars	As at 31 March 2012	As at 31 March 2011
i) Bank Guarantees issued by Bankers	11,20,000	11,20,000
ii) A claim made by a Civil Contractor at Baroda, as the matter is pending in Civil Court.	1,11,00,000	1,11,00,000
iii) Claims made by dealers/distributors not acknowledged by the Company	5,94,315	5,94,315

25.3. Interest accrued and due on trade deposits

In view of the Company's adverse financial position, interest payable to various distributors and dealers on their deposits would be negotiated with them for waiver. Hence, no provision is made for interest for the current year amounting to Rs.6,41,221/- (Previous year: Rs.6,46,801/-) and interest for earlier years amounting to Rs.65,24,034/. Had the interest provision been made, the profit for the current year would have been less by Rs.6,41,221/- and current liabilities would have been more by Rs.71,65,255/-.

25.4. Claims receivable (included under other current assets)

During the year, the Company has recognized Rs.4,18,024 (previous year: Rs.5,34,886) as income, which is the minimum commitment charges and the operational loss in respect of Aurangabad bottling plant, collectible from the operating Agent.

25.5. Current tax

Despite of book profits during the year, no tax liability arises in view of the accumulated losses and unabsorbed depreciation of earlier years.

25.6. Additional information

a. Value of imports calculated on C.I.F basis during the financial year:

The Company has no imports for the current financial year and the previous year.

b. Expenditure in foreign currency during the financial year on account of:

The Company has no expenditure in foreign currency for the current financial year and the previous year.

c. Earnings in foreign exchange:

The Company has no earnings in foreign exchange for the current financial year and the previous year.



Kabsons Industries Limited

Notes to Financial statements for the year ended 31 March 2012

- d. The value of consumption of imported and indigenously obtained raw materials, stores and spare parts and the percentage of each to the total consumption:

Particulars	Current Year Rs.		Previous Year Rs.	
	Amount	%	Amount	%
Indigenous	1,31,243	100	17,675	19.74
Imported	-	-	-	-
Total	6,65,54,260	100	6,34,29,439	100

25.7. Disclosures in accordance with the requirements of Accounting Standards

a. Segment Reporting

The Company operates only in one business segment namely, sale of gas and hence the requirements of AS - 17 are not applicable.

b. Related Party Disclosures

The Related party disclosures as required by AS - 18 are given below:

S.no	Related Parties	Nature of Relationship
1	Rajiv Kabra	Key Management Personnel
2	Satish Kabra	Relative of Key Management Personnel
3	Annapurna Kabra	
4	Lata Engineering Company P. Ltd	Substantial Shareholder
5	PKL Ltd	Enterprise having common control by Key Management Personnel
6	Kabsons Technologies P. Ltd	Subsidiary Company of Substantial Shareholder
7	Ideal Engineers Hyderabad P. Ltd	Enterprise controlled by a relative of the Key Management Personnel
8	A.P.Leasing Services	
9	Kabsons Gas Equipment P. Ltd	
10	Gasolec Appliances P. Ltd	
11	S.K.Leasing Services	
12	Detective Devices P. Ltd	

b.1. Transactions with Key Management Personnel

S.no.	Nature of transaction	Current Year Rs.	Previous Year Rs.
1	Remuneration*	--	--
2	Un secured Loans:		
	Outstanding at the beginning of the year	22,00,000	3,00,000
	Received during the year	--	19,00,000
	Repaid during the year	19,00,000	--
	Outstanding at the close of the year	3,00,000	22,00,000

* Director's remuneration as approved in the earlier Annual General Meeting effective from 01.08.2009 @ Rs.25,000/- P.M. amounting to Rs.17,50,000/- upto 31st March, 2012 (previous year Rs.14,50,000/-) is not provided for in the books, pending approval from the Central Government.



Kabsons Industries Limited

Notes to Financial statements for the year ended 31 March 2012

b.2. Transactions with Substantial Shareholder

Nature of transaction	Current Year Rs.	Previous Year Rs.
Rendering of technical services	30,000	30,000
Sale of Gas	64,034	3,92,625
Rent received	1,80,000	1,62,000
Cylinder deposit paid	74,94,200	74,94,200
Secured Loan:		
Outstanding at the beginning of the year	20,00,000	20,00,000
Received during the year	--	--
Repaid during the year	--	--
Outstanding at the close of the year	20,00,000	20,00,000
Balance in current account receivable	23,179	7,500

b.3. Transactions with Enterprise having common control by Key Management Personnel

Nature of transaction	Current Year Rs.	Previous Year Rs.
Godown rent received	1,80,000	1,800,000
Rental hire charges paid	27,500	88,000
Purchase of gas	--	7,46,769
Sale of scrap	7,35,950	--
Cylinder deposit paid:		
Outstanding at the beginning of the year	68,14,750	68,08,750
Received during the year	--	--
Repaid during the year	2,500	8,000
Outstanding at the close of the year	68,17,250	68,14,750
Balance in current account receivable	7,87,867	79,320

b.4. Transactions with Subsidiary Company of Substantial Shareholder

Nature of transaction	Current Year Rs.	Previous Year Rs.
Inter corporate deposit:		
Outstanding at the beginning of the year	30,00,000	30,00,000
Received during the year	--	--
Repaid during the year	--	--
Outstanding at the close of the year	30,00,000	30,00,000

b.5. Transactions with Enterprise controlled by a relative of the Key Management Personnel

Nature of transaction	Current Year Rs.	Previous Year Rs.
Purchase of gas	13,52,691	19,68,917
Gas filling charges paid	28,353	76,647
Cylinder rent paid	63,000	63,000
Minimum commitment charges paid	55,150	55,150
Rendering of technical services	36,000	36,000
Cylinder deposit paid:		
Outstanding at the beginning of the year	1,92,09,450	1,92,09,450
Received during the year	--	--
Repaid during the year	--	--
Outstanding at the close of the year	1,92,09,450	1,92,09,450
Trade receivables	83,973	32,400
Trade payables	15,85,760	16,53,367



Kabsons Industries Limited

Notes to Financial statements for the year ended 31 March 2012

c. Earnings per share

The computation of earnings per share as required under AS - 20 is given below:

Particulars	Current Year	Previous Year
Profit as per Statement of Profit and Loss (in rupees)	69,71,061	(6,29,215)
Number of equity shares outstanding	1,74,63,000	1,74,63,000
Basic and diluted earnings per share in rupees (face value of Rs.10/-)	0.40	(0.04)

d. Taxes on income

In view of substantial unabsorbed depreciation and the uncertainty associated with the operations of the Company, it is considered appropriate not to provide for deferred tax asset of Rs. 4.93 crores (Previous Year: Rs. 5.13 crores), in accordance with Accounting Standard - 22, 'Accounting for taxes on income'.

S.no	Particulars	Current Year Rs.	Previous Year Rs.
A. Items of Deferred Tax Assets			
1	Unabsorbed depreciation and other disallowances	17,90,35,375	18,26,16,144
B. Items of Deferred Tax Liabilities			
1	Difference in W.D.V as per books and as per Income -tax Act	1,94,93,438	1,67,05,373
Net Deferred Tax Asset (A-B)		15,95,41,937	16,59,10,771
Tax thereon @ 30.90%		4,92,98,459	5,12,66,428

25.8. Dues to Micro, Small and Medium Enterprises

On the basis of details furnished by the suppliers, there are no amounts to be reported as dues to micro, small and medium enterprises as required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act").

25.9. Previous Year's figures

Previous Year's figures have been reclassified, wherever necessary so as to conform with the requirements of the Revised Schedule VI to the Companies Act, 1956.

Per our report of even date

for Brahmayya & Co.

Chartered Accountants

Firms' Regn No.: 0005138

For and on behalf of the Board of Directors


(D. Seetharamaiah)
Partner
Membership No: 002907


(G.K. Kabra)
Director


(Rajiv Kabra)
Executive Director


(M. Krishna Murthy)
G.M (Finance)

Place: Hyderabad

Date: 01.06.2012