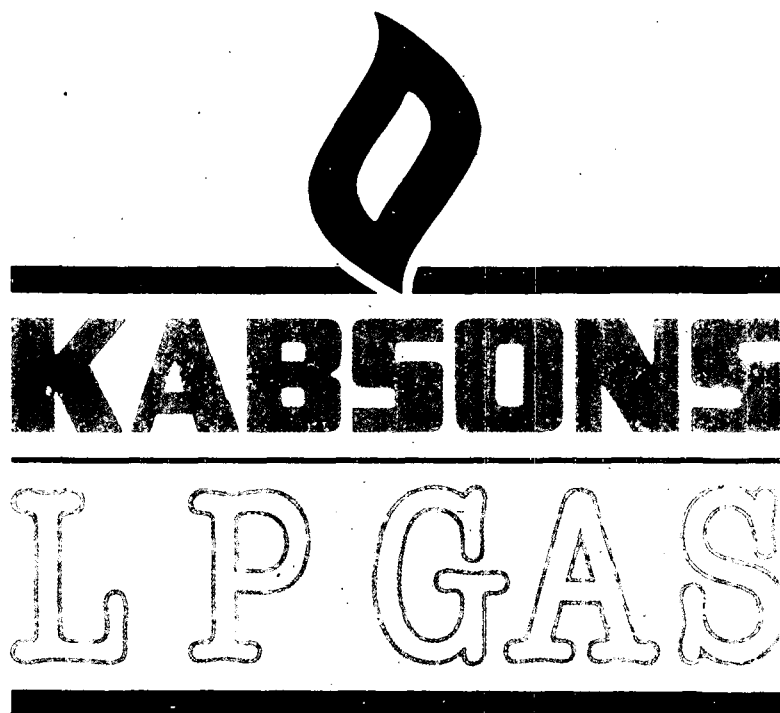


16th Annual Report 2007 - 2008



Kabsons Industries Limited



KABSONS INDUSTRIES LIMITED

- BOARD OF DIRECTORS** : Mr.G.K.KABRA CHAIRMAN
: Mr.B.SHANKAR DIRECTOR (Upto 10th June, 2008)
: Mr. RAJIV KABRA EXECUTIVE DIRECTOR
: Mr. P.V.SUBBA RAO DIRECTOR
- AUDITORS** : M/s. BRAHMAYYA & CO.,
Chartered Accountants,
Flat No.403 & 404,
Golden Green Appts,
Erramanzil Colony, Somajiguda,
Hyderabad - 500 082.
- AUDIT COMMITTEE** : B.SHANKAR - CHAIRMAN (UPTO 10TH JUNE, 2008)
P.V.SUBBA RAO - CHAIRMAN
G.K.KABRA
RAJIV KABRA
- BANKERS** : HDFC BANK,
Banjara Hills,
HYDERABAD - 500 034.
: STATE BANK OF INDIA
Yellareddyguda,
HYDERABAD - 500 073.
- REGISTERED OFFICE** : Plot No.48, 8-3-1087,
Srinagar Colony,
HYDERABAD - 500 073.
- SHARE TRANSFER AGENTS/
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, Jalpaiguri,
Nagpur, Rohtak, Baroda, Bhubaneswar,
Ranchi.



KABSONS INDUSTRIES LIMITED

NOTICE

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

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2008 and Profit & Loss Account for the year ended on that date together with report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr.G.K.Kabra, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint, M/s. Brahmayya & Co., Chartered Accountants, Hyderabad, Auditors who retires and being eligible offer for reappointment, to hold office from the conclusion of this meeting until conclusion of next Annual General Meeting and authorise Board of Directors of the Company to fix their remuneration.

SPECIAL BUSINESS:

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

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

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

Sd/-

RAJIV KABRA
Executive Director

Place : Hyderabad
Date : 19.08.2008

Notes:

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

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

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

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



KABSONS INDUSTRIES LIMITED

DIRECTORS' REPORT

To The Members of
KABSONS INDUSTRIES LIMITED,

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

FINANCIAL RESULTS:

(Rs.in Lakhs)

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

DISCUSSION ON FINANCIAL PERFORMANCE:

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

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

OUT LOOK:

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

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

DIRECTORS:

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

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

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

AUDITORS:

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

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

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

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

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

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



KABSONS INDUSTRIES LIMITED

DISCLOSURES AS PER LISTING AGREEMENT:

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

CORPORATE GOVERNANCE:

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

PARTICULARS OF EMPLOYEES:

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

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

- A) Interest for the year Rs.6,75,271/- on deposits of distributors/dealers has not been provided in view of company's adverse financial position and will be negotiated for waiver resulting to understatement of loss by that amount.
- B) In spite of continuous erosion of networth, position of excess of current liabilities over current assets and uncertainty associated with operations of the company the Accounts of the Company are prepared on going concern basis.

PERSONNEL:

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

ACKNOWLEDGMENT:

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

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

for and on behalf of the Board

Place : Hyderabad

Date : 19.08.2008

G.K.KABRA

Chairman

ANNEXURE - A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2008:

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

FORM - B

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

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

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

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



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

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

REPORT ON CORPORATE GOVERNANCE: - Annexure - B.

1) COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE:

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

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

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

2) BOARD OF DIRECTORS:

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

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

a) BOARD MEETINGS:

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

b) THE COMPOSITION OF THE BOARD IS AS FOLLOWS:

Sl.No.	Name of the Directors	Status	Category
1.	Sri.G.K.Kabra	Chairman	Promoter/Director
2.	Sri. B.Shankar	Director	Non-Executive/Non Independent Director (upto 10.06.2008)
3.	Sri. Rajiv Kabra	Executive Director	Promoter / Executive Director
4.	Sri.P.V.Subba Rao	Director	Independent Director

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

Name of the Director	No.of Board Meetings		Attendance at Last AGM
	Held	Attended	
Sri. G.K.Kabra	4	4	Attended
Sri. B.Shankar	4	4	Attended
Sri. Rajiv Kabra	4	4	Attended

d) Number of Board Meetings held and the dates on which held.

Four Board Meetings were held during the year. The dates on which the meetings were held on 09/07/2007, 14/08/2007, 17/11/2007 and 13/02/2008.

3) AUDIT COMMITTEE:

a) Brief Description of terms of reference:

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

b) Composition, names of members and Chairperson:

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

c) Meetings and attendance during the year:

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

All the members of the Audit Committee attended the meetings.

4) INVESTORS GRIEVANCE COMMITTEE / SHARE TRANSFER COMMITTEE:

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



KABSONS INDUSTRIES LIMITED

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

Sl. No.	Date of Receipt	Nature of the Complaint	No of Complaints Received	No of Complaints Cleared	Date of Clearing	Remarks
1)	-	Non-receipt of Annual Reports	3	3	-	Nil
2)	-	Change of Address	9	9	-	Nil

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

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

6) DISCLOSURES:

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

7) MEANS OF COMMUNICATION:

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

8) GENERAL SHAREHOLDERS INFORMATION:

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

b) Financial Calendar:

Annual General Meeting	27th September, 2008
Unaudited results for the quarter ending June 30th, 2008	First week of September, 2008
Unaudited results for the quarter/Half year ending September 30th, 2008	Last week of October, 2008
Unaudited results for the quarter ending December, 31st 2008	Last Week of January, 2009
Audited Results for the year ending March, 31, 2009	Last week of June, 2009

- Date of Book Closure: from 20th September 2008 to 27th September 2008. both days inclusive for the purpose of Annual General Meeting.



KABSONS INDUSTRIES LIMITED.

d) The Shares of the Company are listed on the following Exchanges with the following stock codes.

Name & Address of the Stock Exchange	Stock Code	Name & Address of the Stock Exchange	Stock Code
The Stock Exchange Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI - 400 001	K0266	Delhi Stock Exch Ass Ltd, DSE House 3/1, Asaf Ali Road, NEW DELHI - 110 002.	7306
Madras Stock Exchange Ltd, Exchange Building, P.B. No.183, 11, Second Line Beach, CHENNAI - 600 001.	NIL	The Calcutta Stock Ass Ltd, 7, Lyons Range, CALCUTTA - 700 001.	NIL
The Stock Exch Ahmedabad, Kamdhenu Complex, Opp:Sahajanand College, Panjara Pole, AMEDABAD - 380 015.	29075/ KABSONS IND		

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

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

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

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

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

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

g) Share Transfer System:

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

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

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



KABSONS INDUSTRIES LIMITED

b) DISTRIBUTION OF SHAREHOLDING PATTERN AS ON 31ST MARCH, 2008:

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 - (ICICI)	5,00,000	2.86
	- (UTI)	1,000	0.01
C	OTHERS:		
3.	Private Corporate Bodies	1,50,500	0.86
4.	Indian Public	47,22,150	27.04
5.	NRIs/OCBs	2,11,200	1.21
6.	Others (Clearing Members)	0	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) FIIs	Nil	
c) NRIs/OCBs	2,11,200	1.21%
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".

j) ADDRESS FOR CORRESPONDENCE:

Shareholders can send in their correspondence to the Companies 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 ID : kilshareholders@gmail.com

**KABSONS INDUSTRIES LIMITED****ANNEXURE - C****AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF 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, 2008, 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 three directors all of them are non-independent directors.
- ii) Audit Committee comprises all 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.

For **BRAHMAYYA & CO.,**
Chartered Accountants
(D.SEETHARAMAIAH)
Partner

Place : Hyderabad

Date : 19.08.2008

ANNEXURE - D MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

- A) **LPG Industry:** The projected volume for the LPG for the current year is 110 TMT. Most of this 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 as well as started LPG operations at three locations 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.
- C) **Management of risks:** Though the risk of large scale return of connections loom large over the company, the number of Cylinders returns have come down. There is also considerable pressure to keep up the realization from the service's in view of the highly competitive market.
- D) **Financial Performance:**

The Following is the Financial Performance of your Company:

Rs.in Lakhs

	2007-08	2006-07	Inc/(Dec) %
INCOME :			
Sales	160.31	28.24	467.67
Other Income	47.79	79.33	-39.75
Total:	208.10	107.57	93.46
EXPENDITURE :			
Manufacturing Expenses	111.25	3.05	-3,547.54
Staff Cost	15.72	14.24	-10.39
Other Expenses	51.67	41.91	-23.29
Financial Expenses	0.01	1.56	99.36
Depreciation	41.28	38.24	-7.95
Total:	219.93	99.00	-122.15
PROFIT / LOSS	(11.83)	8.57	-138.04



KABSONS INDUSTRIES LIMITED

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, 2008 and also the Profit and Loss Account 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 accounts as required by law have been kept by the company so far as appears from our examination of those books.
 - iii) The Balance Sheet, Profit & Loss account and Cash flow statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, Profit & Loss account and Cashflow 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.
 - v) On the basis of the written representations received from the Directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2008 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.6,75,271/- and Rs.40,70,427/- respectively against trade deposits of Dealers/Distributors are not provided resulting in understating the Loss for the year by Rs.6,75,271/- and understating the liabilities by Rs.47,45,698/- (Refer Note No.6 of Notes on Accounts).**
 - b) **We draw attention to note no.2 of Notes on accounts in the financial statements The company's current liabilities exceeded its current assets by Rs.645.56 Lakhs. This factor along with the other matters as setforth 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 in this regard could not be ascertained. Consequently, we are unable to comment about the impact of this on the loss for the year.**
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information as required by the companies Act, 1956, the matter 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, 2008;
 - ii) In case of the Profit & Loss account, of the Loss of the company for the year ended on that date; and
 - iii) In the case of Cashflow statement of the cash flows for the year ended on the date.

Place : Hyderabad
Date : 19.08.2008

For BRAHMAYYA & CO.,
Chartered Accountants.
(D.SEETHARAMAJAH)
Partner (Membership No.2907)



KABSONS INDUSTRIES LIMITED

Annexure

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 program 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 has disposed off fixed assets. In our opinion disposal off the fixed assets perse would not effect going concern.
- 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 loan from three 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.59.07 Lakhs and the year - end balance of loans taken from such parties was Rs.59.07 Lakhs.
- c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other 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) The Company is not regular in repaying principal and interest as stipulated.
- 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. 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 contractors 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 the section 209(1)(d) of the companies Act, 1956 for the products/ items dealt with by the company.
- ix) a) The company is not regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employee's state insurance, income tax, sales tax.



KABSONS INDUSTRIES LIMITED

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 become payable is given below:

Name of statute	Nature of the dues	Amount Rs.	Period to which the amount relates	Due date	Date of Payment
Maharashtra Sales Tax Act	Sales Tax Dept. Repayment	4,24,600	2007-08	01.05.2007}	
Maharashtra Sales Tax Act	Sales Tax Dept. Repayment	4,24,600	2006-07	01.05.2006}	
Companies Act	Investor Education and protection Fund	22,550	1994-95	19.10.2001}	
Karnataka Sales Tax Act	Sales Tax	3,467	1999-00	15.05.1999}	Un-paid
Karnataka Sales Tax Act	Sales Tax	1,209	2004-05	15.03.2005}	
Maharashtra Sales Tax Act	Sales Tax	190	2000-01	15.05.2000}	
Jharkhand Sales Tax Act	Sales Tax	3,271	2001-02	15.03.2002}	
AP.Sales Tax Act	Sales Tax	7,525	2000-01	15.04.2001}	
Maharashtra Sales Tax Act	Sales Tax	5,817	2005-06	15.05.2005}	
Maharashtra Sales Tax Act	Sales Tax	9,538	2004-05	15.04.2005}	
Maharashtra Sales Tax Act	Sales Tax	800	2003-04	15.01.2004}	
Maharashtra Sales Tax Act	Sales Tax	5,535	2004-05	05.11.2004}	
West Bengal Sales Tax Act	Sales Tax	547	2004-05	15.01.2004}	
West Bengal Sales Tax Act	Sales Tax	23	2005-06	15.09.2005}	
Gujarat Sales Tax Act	Sales Tax	669	2005-06	15.10.2005}	
Bombay Sales Tax Act	Sales Tax	73,735	1997-98	15.08.2004}	
Central Sales Tax Act	Penalty	1,31,000	1997-98	15.08.2004}	
Bombay Sales Tax Act	Sales Tax & Penalty	1,34,780	1998 -99	15.08.2004}	
Central Sales Tax Act	Sales Tax & Penalty	5,17,000	1998-99	15.08.2004}	
Central Sales Tax Act	Sales Tax & Penalty	2,040	1998-99	21.02.2002}	
ESI Act	Employees state Insurnace	104	2006-07	21.06.2006}	
ESI Act	Employees state Insurnace	14	2006-07	21.11.2006}	
ESI Act	Employees state Insurnace	265	1999-00	21.04.2000}	

- 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 networth. The Company has not incurred cash losses during the financial year covered by our audit and 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 all overall examination of the balance sheet of the company, we report that 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.
(D.SEETHARAMAIAH)
Partner (Membership No.2907)

Place : Hyderabad
Date : 19.08.2008



KABSONS INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2008

PARTICULARS	SCH. REF	AS AT 31.03.2008	AS AT 31.03.2007
I. SOURCES OF FUNDS			
1. SHARE HOLDERS FUNDS:			
Share capital	1	17,46,30,000	17,46,30,000
Reserves & Surplus	2	5,02,37,415	5,02,37,415
		<u>22,48,67,415</u>	<u>22,48,67,415</u>
2. LOAN FUNDS:			
Secured Loans	3	20,00,000	20,00,000
Un-secured Loans	4	58,88,698	58,88,698
		<u>78,88,698</u>	<u>78,88,698</u>
TOTAL Rs.		<u>23,27,56,113</u>	<u>23,27,56,113</u>
II. APPLICATION OF FUNDS:			
1. FIXED ASSETS:			
Gross Block	5	16,11,06,898	15,96,47,985
Less : Depreciation		12,01,96,191	11,63,29,490
Net Block		<u>4,09,10,707</u>	<u>4,33,18,495</u>
2. INVESTMENTS:	6	<u>15,000</u>	<u>15,000</u>
3. CURRENT ASSETS, LOANS & ADVANCES:			
Inventories	7	22,20,795	10,09,213
Sundry Debtors	8	23,68,478	13,24,148
Cash and Bank Balances	9	11,91,472	9,98,233
Loans and Advances	10	3,49,27,921	3,58,83,859
		<u>4,07,08,667</u>	<u>3,92,15,453</u>
LESS: Current Liabilities and Provisions	11	10,52,64,730	10,49,61,918
Net Current Assets		<u>-6,45,56,063</u>	<u>-6,57,46,466</u>
4. Profit & Loss Account		<u>25,63,86,469</u>	<u>25,51,69,084</u>
TOTAL Rs.		<u>23,27,56,113</u>	<u>23,27,56,113</u>
Notes on Accounts	-19		

Per Our Report of Even Date

For **BRAHMAYYA & CO.,**
Chartered Accountants'

(G.K.KABRA)
Director

(M.KRISHNA MURTHY)
G.M.(Finance)

D.SEETHARAMAIAH
Partner

RAJIV KABRA
Executive Director

Place : Hyderabad
Date : 19-08-2008



KABSONS INDUSTRIES LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

PARTICULARS	SCH REF	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
I. INCOME :			
Sales	12	1,60,31,344	28,23,519
Other Income	13	47,77,984	79,33,368
TOTAL Rs.		<u><u>2,08,09,328</u></u>	<u><u>1,07,56,887</u></u>
II. EXPENDITURE:			
Raw Materials & Components Disposed	18	19,015	0
Power and fuel		6,47,161	2,32,787
Cost of Traded goods sold	14	1,11,06,763	72,318
Staff Cost	15	15,71,608	14,24,313
Interest :		1,207	1,55,612
Other Expenses	16	45,18,779	41,91,688
Depreciation	5	41,27,929	38,23,785
(Increase)/Decrease in stocks	17	-	-
TOTAL Rs.		<u><u>2,19,92,462</u></u>	<u><u>99,00,503</u></u>
III. (LOSS) / PROFIT FROM OPERATIONS		-11,83,134	8,56,384
Add : Fringe Benefit Tax		34,251	22,187
		<u>12,17,385</u>	<u>8,34,197</u>
Add: Balance brought forward from last year		25,51,69,084	25,60,03,281
IV. BALANCE CARRIED TO BALANCE SHEET		<u><u>25,63,86,469</u></u>	<u><u>25,51,69,084</u></u>
Earnings per share (in Rs.)		-0.07	0.05
(Refer Note No.13(c))			
Notes on Accounts	19		

Per Our Report of Even Date

For **BRAHMAYYA & CO.,**
Chartered Accountants

(G.K.KABRA)
Director

(M.KRISHNA MURTHY)
G.M.(Finance)

D.SEETHARAMAIAH
Partner

RAJIV KABRA
Executive Director

Place : Hyderabad

Date : 19-08-2008

**KABSONS INDUSTRIES LIMITED****SCHEDULE ANNEXED TO FORMING PART OF ACCOUNTS
FOR THE YEAR ENDED 31st MARCH, 2008**

PARTICULARS	AS AT	AS AT
	31.03.2008	31.03.2007
	Rs.	Rs.
1. SHARE CAPITAL:		
Authorised		
1,80,00,000 Equity Shares of Rs.10/-each	<u>18,00,00,000</u>	<u>18,00,00,000</u>
Issued,Subscribed and Paid up		
1,74,63,000 Equity Shares of Rs.10/-each fully paid-up	<u>17,46,30,000</u>	<u>17,46,30,000</u>
TOTAL Rs.	<u><u>17,46,30,000</u></u>	<u><u>17,46,30,000</u></u>
2. RESERVES & SURPLUS :		
Capital Reserve - Capital Incentive	30,00,000	30,00,000
Share Premium	4,72,37,415	4,72,37,415
TOTAL Rs.	<u><u>5,02,37,415</u></u>	<u><u>5,02,37,415</u></u>
3. SECURED LOANS :		
Lata Engineering Company Pvt Ltd	20,00,000	20,00,000
TOTAL Rs.	<u><u>20,00,000</u></u>	<u><u>20,00,000</u></u>
4. UNSECURED LOANS		
Maharashtra Sales Tax Deferred Liability	19,81,698	19,81,698
Inter Corporate Deposits	33,87,000	33,87,000
From Directors	5,20,000	5,20,000
TOTAL Rs.	<u><u>58,88,698</u></u>	<u><u>58,88,698</u></u>

5 FIXED ASSETS

S. No	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS AT 31.03.2007 Rs.	ADDI- TIONS Rs.	DEDUC- TIONS Rs.	AS AT 31.03.08 Rs.	UP TO 31.03.2007 Rs.	FOR THE YEAR Rs.	DEDUC- TIONS Rs.	UP TO 31.03.08 Rs.	AS AT 31.03.08 Rs.	AS AT 31.03.07 Rs.
1	Land Lease Hold	59,70,589			59,70,589	16,25,054	79,119		17,04,173	42,66,416	43,45,535
	- Free Hold	12,23,873			12,23,873	0			0	12,23,873	12,23,873
2	Buildings - Fact	2,87,58,665			2,87,58,665	1,29,40,282	9,60,539		1,39,00,821	1,48,57,844	1,58,18,383
	- Non-Fact	30,30,697			30,30,697	6,75,015	48,106		7,23,121	23,07,576	23,55,682
3	Plant and Machinery	4,12,16,101		10,563	4,12,05,538	2,75,33,715	19,35,338	10,029	2,94,59,024	1,17,46,514	1,36,82,386
4	Electrical Equipment	80,86,955			80,86,955	50,29,365	3,81,614		54,10,979	26,75,976	30,57,590
5	Furniture and Fittings	32,69,305			32,69,305	31,82,034	50,013		32,32,047	37,258	87,271
6	Data Processing Equip	30,97,386	47,185		31,44,571	30,87,316	13,843		31,01,159	43,412	10,070
7	Office Equipment	14,45,388			14,45,388	9,84,188	62,988		10,47,176	3,98,212	4,61,200
8	Vehicles	7,55,102	4,13,490	2,48,679	9,19,913	7,33,552	64,423	2,48,679	5,49,297	3,70,616	21,550
9	Cycle	4,230		2,520	1,710	4,230	0	2,520	1,710	0	0
10	Cylinders	6,27,89,694	12,60,000		6,40,49,694	6,05,34,739	5,31,946		6,10,66,685	29,83,009	22,54,955
	Total :	15,96,47,985	17,20,675	2,61,762	16,11,06,898	11,63,29,490	41,27,929	2,61,228	12,01,96,191	4,09,10,707	4,33,18,495
	Previous Year	16,91,29,776	28,97,377	1,23,79,168	15,96,47,985	11,85,51,104	38,23,785	60,45,399	11,63,29,490	4,33,18,495	5,05,78,672


KABSONS INDUSTRIES LIMITED

PARTICULARS	AS AT 31.03.2008	AS AT 31.03.2007
6. INVESTMENTS:		
(Non-Trade, Unquoted)(Long Term)		
National Savings Certificates and Indira Vikas Pathras	15,000	15,000
TOTAL Rs.	<u>15,000</u>	<u>15,000</u>
7. INVENTORIES:		
(As Valued and Certified by the Executive Director at cost otherwise stated)		
Rawmaterials & Components	2,99,664	3,18,679
Stores & Packing Materials	4,62,052	4,62,052
Semi-Finished Goods	1,56,885	1,56,885
Traded items	13,02,194	71,597
TOTAL Rs.	<u>22,20,795</u>	<u>10,09,213</u>
8. SUNDRY DEBTORS:		
(Unsecured)		
Debts due over six months		
: Considered good	3,28,971	7,47,326
: Considered doubtful	2,18,412	2,07,603
	<u>5,47,383</u>	<u>9,54,929</u>
Less : Provision for doubtful debts	<u>2,18,412</u>	-
	3,28,971	9,54,929
Other debts (considered good)	20,39,507	3,69,219
TOTAL Rs.	<u>23,68,478</u>	<u>13,24,148</u>
9. CASH AND BANK BALANCES:		
Cash in Hand	58,360	37,974
Balances with Scheduled Banks		
in Current Accounts	9,36,145	8,06,044
in Margin Deposits	1,74,890	1,32,138
in Share Application Money Refund A/c.	22,077	22,077
TOTAL Rs.	<u>11,91,472</u>	<u>9,98,233</u>
10. LOANS AND ADVANCES:		
(Unsecured, recoverable in cash or in kind or for value to be received)		
Advances for : Capital items:		
Considered doubtful	5,01,000	5,01,000
Less: Provision made	<u>5,01,000</u>	<u>5,01,000</u>
: Expenses	1,29,231	65,778
: Purchases	2,39,998	0
: Amounts recoverable from staff	20,120	1,907
: Others	1,62,890	1,62,890
Deposits recoverable	9,78,049	22,45,405
Cylinder Deposit	3,32,32,200	3,31,33,750
Bills of exchange (Doubtful)	24,50,000	24,50,000
Less: Provision made	<u>24,50,000</u>	<u>24,50,000</u>
Interest accrued	5,908	39,196
Prepaid Expenses	1,30,811	2,16,022
Excise duty deposit	421	421
Tax deducted at source	28,293	18,490
TOTAL Rs.	<u>3,49,27,921</u>	<u>3,58,83,859</u>


KABSONS INDUSTRIES LIMITED

PARTICULARS	CURRENT YEAR 31.03.2008	PREVIOUS YEAR 31.03.2007
16. OTHER EXPENSES:		
Rental / Hire charges paid for Cylinders	10,06,469	63,000
Gas Filling charges	3,34,677	0
Stores consumed.	23,715	30,238
Rent & Water charges	5,43,253	4,76,857
Rates & Taxes	2,85,565	1,89,851
Insurance	93,962	1,54,283
Printing & Stationary	41,036	23,314
Postage , Telegrams & Telephones	99,156	1,06,872
Travelling & Conveyance	2,69,338	2,26,524
Transport Charges	2,58,715	1,49,725
Repairs & Maintenance		
Plant & Machinery	59,871	2,67,262
Buildings	9,343	7,499
Other Assets	13,643	68,264
Service Charges	4,67,861	4,84,829
Auditor's Remuneration		
: As Auditors	36,511	28,060
: for Tax Audit`	5,618	5,612
: for Tax Representation	-	7,500
Legal & Professional Charges	3,15,176	4,49,609
General Charges	3,70,969	5,20,198
Prior period expenses	39,489	3,43,073
Damages/Penalty Charges	26,000	2,000
Loss on sale of assets	0	3,24,918
Value of Finished Goods written off	0	2,62,200
Provision for Bad & Doubtful Debts	2,18,412	0
TOTAL Rs.	<u>45,18,779</u>	<u>41,91,688</u>
17. INCREASE / DECREASE IN STOCKS:		
a) Opening Stocks		
Finished Goods	0	26,61,330
Semi -finished Goods	1,56,885	1,56,885
TOTAL Rs.	<u>1,56,885</u>	<u>28,18,215</u>
Less: Value of Cylinders capitalised	0	23,99,130
Value of Finished goods written off	0	2,62,200
	1,56,885	1,56,885
b) Closing Stocks		
Finished Goods	0	0
Semi -finished Goods	1,56,885	1,56,885
TOTAL Rs.	<u>1,56,885</u>	<u>1,56,885</u>
Increase / (Decrease) (a-b) Rs.	<u>0</u>	<u>0</u>
18. RAW MATERIALS & COMPONENTS DISPOSED OFF:		
Opening Stocks	3,18,679	3,18,679
Less : Closing Stocks	2,99,664	3,18,679
	<u>19,015</u>	<u>0</u>



KABSONS INDUSTRIES LIMITED

19. NOTES ON ACCOUNTS:

1. 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) Lease hold land is amortised over the period of lease. Immovable assets on the lease hold lands are amortised 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) Raw materials are valued at cost. Work-in-progress and stock in trade is valued at lower of cost and realisable value.
- vii) Sales are exclusive of taxes and duties collected.
- viii) Provident Fund is administered and remittances are made to Provident Fund Commissioner.

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.

- ix) Contingent liabilities are indicated by way of a note and will be provided / paid on crystallisation.

2. The accounts have been prepared on 'going concern basis' despite continuous losses, erosion of net worth and uncertainty associated with the operations of the company.

	As at 31.03.2008 Rs.	As at 31-03-2007 Rs.
3. Contingent liabilities are not provided for in respect of		
i) bank guarantees issued by bankers	1,20,000	1,20,000
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	13,41,056	13,41,056
iv) Entitlement of CENVAT Credit on CRCA Coils as the revenue authorities preferred an appeal before CESTAT	56,852	56,852

4. Loan from M/s.Lata Engineering Company is secured by a charge on the Fixed Assets of the Company located at plot no.124 & 125, Tupudana Industrial Growth Center, Ranchi, Jharkhand and Open land at plot no.68, at Nellimerla Industrial Area, Vizianagaram Dist, Andhra Pradesh.

5. The Maharashtra State Government has permitted the Cylinder Manufacturing Plant at Aurangabad to defer the Sales Tax Liability upto Rs.399.762 Lacs from 01.06.1995 to 31.05.2005. Consequently Rs.19,81,698 (previous year Rs.19,81,698) collected by the said Plant from 01.06.1995 to 31.03.2005 is shown under Unsecured Loans. As per the sales tax order from the Sales Tax Department total amount of Rs.8,49,200/- being the two installments which were payable on 1st May, 2007 which is not complied with.

6. In view of the Company's adverse financial position interest payable to Distributors and Dealers on their Deposits would be negotiated with them for waiver. Hence, no provision is made for Interest for current year Rs.6,75,271/- (Previous year Rs.6,78,592/-) and interest for earlier years Rs. 40,70,427/-. Had the interest



KABSONS INDUSTRIES LIMITED

provision been made, loss for the current year would have been more by Rs.6,75,271/- and accumulated losses would have been more by Rs.47,45,698/-.

7. National Savings certificates of Rs.15,000/- are pledged with the Government Authorities.
8. Sundry Debtors include:
 - i) Rs.NIL (Previous year Rs.1,41,686/-) receivable from Lata Engineering Co. Pvt. Ltd. in which a Director is interested. [Maximum amount outstanding Rs.1,64,186/- (previous year Rs.1,56,543/-)].
 - b) Loans and advances includes Deposit recoverable from Ideal Engineering (Hyd) Private Ltd., Rs.,1,10,650/- towards Cylinder deposit (Previous year Rs.1,10,650/-).
9. Director's remuneration as approved in the earlier Annual General Meeting effective from 01.10.2006 @ Rs.25,000/- P.M. amounting to Rs.7,50,000/- (previous year Rs.4,50,000/-) is not provided for, pending approval from Central Government.
10. Other Particulars as required under part II of schedule VI to the Companies Act, 1956 :

	Current Year	Previous Year
a) Licenced capacity:		-- Not Applicable --
b) Installed capacity:		
No. of Cylinders	5,00,000 p.a	5,00,000 p.a

(The figures for installed capacity are as certified by the Management and not verified by the Auditors this being a technical matter)

Item : Cylinders, Units: Nos.

Capacity 5.5 Kgs.

	Current year	Previous year		
c) Opening stock	--	6,555		
d) production	--	--		
Less: Cylinders Capitalised	--	6,555		
e) Closing Stock	--	--		
f) Traded Items:				
	Current year	Previous year		
i) Opening Stock	Qty	Qty		
L.P.Gas (Tonnes)	--	--		
Regulators (Nos.)	332	359		
ii) Purchases.				
L.P.Gas (Tonnes)	314.445	--		
Regulators (sales returns)	107	456		
iii) Closing Stock				
L.P.Gas (Tonnes)	29.361	--		
Regulators (Nos)	232	332*		
	Qty	Value	Qty.	Value
		Rs.		Rs.
iv) Sales				
Gas (Tonnes)	285.084	1,29,62,146	---	---
Regulators (Nos)	207	44,462	460	91,608
Others	--	--	---	222
		<u>1,30,06,608</u>		<u>91,830</u>

(* excluding rejections 20 Nos., and free samples of 3 Nos.)

	Current Year		Previous Year	
	Value	Perce-	Value	Perce-
	Rs.	ntage	Rs.	ntage
g) Analysis of Materials, Stores and Spares consumed:				
i) Indigenous	23,715	100%	30,238	100%



KABSONS INDUSTRIES LIMITED

ii) Imported

23,715

30,238

i) Expenditure in foreign currency

Nil

Nil

11. Previous year's figures are regrouped wherever necessary.

12. Information required pursuant to the Accounting Standards issued by the Institute of Chartered Accountants of India.

A) AS-17 Segment Reporting: Since the Company has only one business segment that is of gas filling this accounting standard is not applicable.

B) AS-18 Related Party Disclosures:

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

a) <u>Name of the Related Party</u>	<u>Nature of Relationship</u>
1. PKL Ltd	Common Control
2. Rajiv Kabra	Key Management Personnel
3. Lata Engineering Company P.Ltd	Substantial Shareholder
4. Ideal Engineers Hyd.Ltd	Associates
5. Kabsons Gas Equipment Ltd.	
6. Gasolec Appliances P.Ltd	
7. Kabsons Technologies P.Ltd	
8. S.K. Leasing Services	
9. A.P.Leasing Services	
10. Detective Devices Pvt.Ltd.	

b) Transactions with related parties

Nature of related party relation ship	Description of the nature of the transactions	Volume during the year Rs	Amount outstanding as on 31.03.2008.	
			Receivable Rs.	Payable Rs.
i) Common Control	Godown rent received	1,80,000		
	Cylinder deposit paid	98,450	66,37,550	
	Rental/Hire charges paid	10,82,958	(65,39,100)	
	Gas Sales	87,491		
	Raw Materials/Components	55,463		
	Current Account balance			49,90,234
				(51,39,350)
ii) Substantial Shareholder	Service & Consultancy Charges Received	30,000		
	Gas Sales	2,00,161		
	Cylinder Deposit		74,93,200	
			(74,93,200)	
	Trade Receivables		--	
			(1,41,686)	20,00,000
	Loan Payable			(20,00,000)
iii) Associates	Cylinders rent paid	63,000		61,702
				(1,88,505)
	Inter corporate Deposit			3,87,000
				(3,87,000)
	Gas Filling charges paid	1,37,109		
Gas Transportation charges paid	66,800			
	Trade Payable			5,99,109
				(5,88,500)



KABSONS INDUSTRIES LIMITED

	Service & Consultancy charges received	36,000	36,000
	Inter Corporate deposit		30,00,000 (30,00,000)
	Purchase of Valves & regulators	25,517	-- 13,16,179 (13,16,179)
	Cylinder deposit	--	1,92,09,450 (1,92,09,450)
iv)	Key Management personnel Loan from Executive Director	--	-- 5,20,000 (5,20,000)
C)	Earning Per Share:	Current Year	Previous Year
		Rs.	Rs.
	Loss for the year	(11,83,134)	8,56,384
	Number of share	1,74,63,000	1,74,63,000
	Earning per share	(0.07)	0.05
D)	AS-22 TAXATION ON INCOME:		
	In view of substantial unabsorbed losses and the uncertainty associated with operations of the Company, it is considered appropriate not to create deferred tax asset of Rs.7.32 Crores (previous year Rs.7.88 crores) in accordance with Accounting Standard - 22 'Accounting for taxes on income' issued by the Institute of Chartered Accountants of India.		
S.No.	Deferred Tax items	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
a.	Deferred Tax Assets on account of Brought forward losses	23,45,56,663	24,76,91,501
b.	Deferred Tax liability relating to Difference in Depreciation	1,91,57,662	1,36,70,195
	Deferred Tax Asset	<u>21,53,99,001</u>	<u>23,40,21,306</u>
	Tax thereon	<u>7,32,14,120</u>	<u>7,87,71,572</u>
	Per our report of even date for Brahmayya & Co. Chartered Accountants		
	(D.SEETHARAMAIAH) Partner	(G.K.KABRA) Director	(RAJIV KABRA) Executive Director
			(M.KRISHNA MURTHY) G.M.(Finance)
	Place :Hyderabad Date : 19.08.2008		



KABSONS INDUSTRIES LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No: State Code:
Balance Sheet Date

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue Rights Issue
Bonus Issue Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities Total Assets

Sources of Funds:

Paid-up Capital Reserves & Surplus
Secured Loans Unsecured Loans

Application of Funds:

Net Fixed Assets Investments
Net Current Assets Misc. Expenditure
Accumulated Losses

IV. Performance of Company (Amount in Rs. Thousands)

Turnover Total Expenditure
Loss Before Tax Loss After Tax
Earning per Share in Rs. Dividend @%

V. Generic names of Three Principal Products/Services of Company

(as per monetary terms)

1. Item Code
Product Description Cylinders Manufacturing
2. Item Code
Service Description Gas Filling/Distribution
3. Item Code
Service Description Gas Transportation

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	Year Ended 31.03.2008	Year Ended 31.03.2007
A. CASH FLOW FROM OPERATING ACTIVITIES	Rs.	Rs.
Profit/Loss for the year before extraordinary items	-12,17,385	8,34,197
Adjustments for:		
Depreciation	41,27,929	38,23,785
Interest Income / earned	-16,302	-9,806
Interest expenses	1,207	1,55,612
Loss on sale of assets	0	3,24,918
Profit on sale of assets	-64,466	-24,56,708
Operating Profit before working Capital Changes	<u>28,30,983</u>	<u>26,71,998</u>
Adjustments for:		
Trade and other receivables	-1,21,680	-13,39,306
Inventories	-12,11,582	26,32,883
Trade payables	3,02,810	-37,88,742
NET CASH FROM OPERATING ACTIVITIES	<u>18,00,531</u>	<u>1,76,833</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-17,20,675	-25,74,504
Sale of assets	65,000	81,42,687
Interest received	49,590	7,819
NET CASH USED IN INVESTING ACTIVITIES	<u>-16,06,085</u>	<u>55,76,002</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of loans	0	-50,42,658
Interest paid	-1,207	-1,55,612
NET CASH GENERATED FROM FINANCING ACTIVITIES	<u>-1,207</u>	<u>-51,98,270</u>
Net Increase/ (Decrease) in cash and cash equivalents (A+B+C)	<u>1,93,239</u>	<u>5,54,565</u>
Cash and Cash equivalents as at 01.04.06 (Opening balance)	9,98,233	4,43,668
Cash and Cash equivalents as at 31.03.07 (Closing balance)	<u>11,91,472</u>	<u>9,98,233</u>



KABSONS INDUSTRIES LIMITED

KABSONS INDUSTRIES LIMITED

Regd Office: Plot No.48, 8-3-1087, Srinagar Colony, Hyderabad - 500 073.

PROXY FORM

Regd. Folio No. _____

* Client I.D _____

* D.P.I.D _____

I/ We _____ of _____ being a Member/Members of M/s.Kabsons Industries Limited, hereby appoint _____ of _____ or failing him _____ of _____ as my/our behalf at the Sixteenth Annual General Meeting of the Company to be held on 27th, September 2008 at the Registered Office at 8-3-1087, Plot No.48, Opp. Ratnadeep Super Market, Srinagar Colony, Hyderabad - 500 073, at 4.00.P.M.

Signed : _____

Date : _____



- Note:1) Proxy need not be a member.
 - 2) Proxy form, complete in all respects, should reach the company's Registered Office not less than 48 hours before the schedule time of the meeting.
- * Applicable only in case of investors holding shares in Electronic form.

-----TEAR HERE-----

KABSONS INDUSTRIES LIMITED

Regd.Office: Plot No.48, 8-3-1087, Srinagar Colony, Hyderabad - 500 073

ATTENDANCE SLIP

Regd. Folio No. _____

* Client I.D _____

* D.P.I.D _____

16th ANNUAL GENERAL MEETING - 27TH SEPTEMBER, 2008

I Certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the Sixteenth Annual General Meeting of the Company to be held on 27th, September 2008 at the Registered Office at 8-3-1087, Plot No.48, Opp. Ratnadeep Super Market, Srinagar Colony, Hyderabad - 500 073, at 4.00.P.M.

*Member's / Proxy's name in Block Letters

* Member's / Proxy's Signature

- Note: 1) Member/ Proxy must bring the Attendance slip to the meeting and hand it over, duly signed, at the registration counter.
 - 2) The Copy of the Notice may please be brought to the meeting hall.
- * Stike out whichever is not applicable.

THE TRUSTED KABSONS NAME

कैबसन्स एक भरोसे का नाम

काब्सन्स - एकटि विश्व नाम



विश्वस्यत, काब्सन्स हेसतु

सम्पुकारिके मरुते - काब्सन्स

भरोसापात्र केबसन्स नाम

कपावववव'र उरषावृष्व नाम

भरवशाचे प्रतीक-कैबसन्स हे नाव

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