

KABSONS INDUSTRIES LIMITED

24th Annual Report 2015 – 2016

BOARD OF DIRECTORS	Sri. Rajiv Kabra Sri. P.V Subba Rao Smt. Mangal Rathi	Chairman and Executive Director Independent Director Independent Woman Director
Committees of the Board:		
Audit Committee	Sri.P.V Subba Rao Smt. Mangal Rathi Sri. Rajiv Kabra	Chairman Member Member
Nomination and Remuneration Committee	Sri.P.V Subba Rao Sri. Rajiv Kabra Smt. Mangal Rathi	Chairman Member Member
Share Transfer & Investors' Grievance Committee	Sri.P.V Subba Rao Smt. Mangal Rathi Sri. Rajiv Kabra	Chairman Member Member
Executive Officer	Sri. Rajiv Kabra Sri.Motamarri Krishna Murthy Sri. Rakhil Panigrahi	Chairman and Executive Director Chief Financial Officer Company Secretary cum Compliance officer
Auditors	M/s.Brahmayya & Co., Chartered Accountants, Flat Nos: 403 & 404, Golden Green Appartments, Irrum manzil colony, Somajiguda, Hyderabad – 500 082.	
Secretarial Auditor	M/s. B S S & Associates, Company Secretary in Practice, 6-3-626, Parameswara Appts, 5 th Floor, 5A, Anand Nagar, Khairtabad, Hyderabad-500004.	
Registrar & Share Transfer Agents	M/S.XL Softech Systems Ltd #3, Sagar Society, Rd.No.2, Banjarahills, Hyderabad – 72.	
Bankers	HDFC Bank Ltd State Bank of India	
Regd. Office:	Plot No.48, #8-3-1087, Srinagar Colony, Hyderabad – 500 073 (Telangana) E-mail: operationslpg@gmail.com, Website: www.kabsonsindustrieslimited.com	
CIN No:	L23209TG1993PLC014458	

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the twenty fourth Annual General Meeting of the members of the Company will be held on Monday, August 29, 2016 at 4.00 p.m. at the Registered Office of the Company i.e. Plot No.48, Srinagar Colony, Hyderabad-500073, to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the audited Financial Statements for the Financial Year ended 31st March, 2016 together with the Reports of the Directors and Auditors thereon and in this regard pass the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT the audited accounts of the Company containing the Balance Sheet and the Statement of Profit & Loss for the year ended 31st March, 2016 together with their annexure and the reports of the Auditors and Directors thereon be and are hereby received, considered, approved and adopted."
- To appoint a Director in place of Sri.Rajiv Kabra (DIN: 00038605), who retires by rotation and, being eligible, offers himself for reappointment.
- To ratify the continuation of the Statutory Auditors. The Statutory Auditors M/s. Brahmayya & Co., Chartered Accountants are eligible for continuing appointment and to pass the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and their corresponding Rules, pursuant to the recommendations of the Audit Committee and the resolution passed by the members at their 22nd AGM held on September 30, 2014, the appointment of M/s. Brahmayya & Co., Chartered Accountants (ICAI Firm Registration No. 000513S), who have confirmed their eligibility in terms of the provisions of Section 141 of the Companies Act, 2013 and Rule 4 of Companies (Audit and Auditors) Rules, 2014, as Statutory Auditors to hold office up to the conclusion of the 25th AGM, be and is hereby ratified at such remuneration as may be decided by the Board of Directors of the Company."

By Order of the Board
For Kabsons Industries Limited

Sd/-

Rakhal Panigrahi

Company Secretary cum Compliance officer

Place : Hyderabad

Date : 28-07-2016

Registered Office: Plot No 8, 8-3-1087, Srinagar Colony, Hyderabad-500073
 Email id: operationslpg@gmail.com

NOTES

- The statements pursuant to Section 102(1) of the Companies Act, 2013 in respect of the special business set out in the notice and Secretarial Standard on General Meetings (SS-2), wherever applicable, are annexed hereto
- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll in the meeting instead of such member. The proxy need not be a member of the Company. A person can act as a proxy on behalf of members not exceeding fifty (50) members and holding in aggregate not more than ten (10) percent of the total share capital of the Company. A member holding more than ten (10) percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as proxy for any other member or shareholder.
- A member of a company registered under Section 8 of the Companies Act, 2013 shall not be entitled to appoint any other person as its proxy unless such other person is also a member of such company.
- The instrument appointing the proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for this Annual General Meeting is enclosed.
- Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.
- During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged with the Company at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company by such intending person.
- Members / proxies / authorized representatives should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
- Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Regulation 42 of Listing Regulations, 2015, the Register of Members and Share Transfer Books of the Company will remain closed from 23rd August, 2016 to 29th August, 2016 (both days inclusive).
- Additional information, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Pursuant to Secretarial Standard on General Meeting (SS- 2) in respect of the Directors seeking appointment at the Annual General Meeting, forms integral part of the Notice. The Directors have furnished the requisite declarations for their appointment.
- The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the Registrar. SEBI has also mandated, that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company

11. Electronic copy of the Annual Report for the Financial Year 2015-16 along with the Notice of the 24th Annual General Meeting of the Company (including Attendance Slip and Proxy Form) is being sent to all the members whose email IDs are registered with the Registrar/Depository Participant(s) unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the Financial Year 2015-16 along with Notice of the 24th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent by other permissible modes.
12. Pursuant to the provisions of Section 72 of the Companies Act 2013, the member(s) holding shares in physical form may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the joint holders. Member(s) holding shares in demat form may contact their respective Depository Participant for availing this facility
13. All documents referred to in the Notice and explanatory statement are open for inspection at the Registered Office of the Company during normal business hours on all working days.
14. The Register of Director and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, and Register of Contracts or Arrangements in which Directors are interested under section 189 will be made available for inspection by members of the Company at the meeting
15. Members whose shareholding is in electronic mode are requested to update the change of address, email ids and change in bank account details, if any with the respective Depository Participant(s).
16. With a view to using natural resources responsibly, we request the shareholders to update respective email addresses with your Depository Participants, if not already done, to enable the Company to send communications electronically.
17. Members may also note that the Notice of the 24th Annual General Meeting and the Annual Report 2015-16 is available on the Company's website, www.kabsonsindustrieslimited.com. Members who require physical copies may write to us at kilshareholders@gmail.com
18. Members are requested to bring their copy of Annual Report to the Meeting.
19. In compliance with Pursuant to Section 108 of the Companies Act, 2013, read with Rules 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by Central Depository Services (India) Limited. The facility for voting, through ballot paper, will also be made available at the Annual General Meeting and the members attending the Annual General Meeting who have not already cast their votes by remote e-voting shall be able to exercise their right at the Annual General Meeting through ballot paper. Members who have casted their votes by remote e-voting prior to the Annual General Meeting may attend the Annual General Meeting but shall not be entitled to cast their votes again.

20. Voting through electronic means:

Pursuant to Section 108 of the Companies Act, 2013, read with Rules 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) executed by the company with the BSE Limited, the company is pleased to provide members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Ltd. (CDSL).

A member may exercise his/her votes at any General Meeting by electronic means and Company may pass any resolution by electronic voting system in accordance with Companies (Management and Administration) Amendment Rules, 2015.

During the e-voting period, members of the Company holding shares either in physical form or dematerialised form, as on the cut-off date (record date) i.e., (Monday, August 22, 2016), may cast their votes electronically.

The facility for voting, either through electronic voting system or polling paper shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting or by ballot form shall be able to exercise their right at the meeting.

The instructions for shareholders voting electronically are as under:

- i. The voting period begins on Friday, August 26, 2016 at 9.00 a.m. IST and ends on Sunday, August 28, 2016 at 5.00 p.m. IST. During these period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) Monday, August 22, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- iii. The shareholders should log on the e-voting website www.evotingindia.com during the voting period
- Click on "Shareholders" tab.
- iv. Now, select the "Company Name: Kabsons Industries Limited" from the drop down menu and click on "SUBMIT"
- v. Now Enter your User ID,
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi. Next enter the Image Verification Code as displayed and Click on Login.
- vii. If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> ● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.
DOB	<ul style="list-style-type: none"> ● In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Suresh Kumar with sequence number 1 then enter SU00000001 in the PAN field. Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> ● Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction "v".

- ix. After entering these details appropriately, click on "SUBMIT" tab.
- x. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for the relevant KABSONS INDUSTRIES LIMITED EVSN Reference No: 160728006 on which you choose to vote.
- xiii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xviii. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix. Note for Institutional Shareholders
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

Other Instructions:

- i. The e-voting period commence on Friday, August 26, 2016 at 9.00 a.m. IST and ends on Sunday, August 28, 2016 at 5.00 p.m. IST. During this period, member of the company holding share either in physical form or in dematerialize form as on Monday, August 22, 2016 may cast their vote electronically. The e-voting module shall be disabling by CDSL for voting Thereafter. Once the vote on resolution is cast by the member, he shall not be allowed to change it subsequently.
- ii. The voting rights of members shall be incorporation to their shares of the paid-up equity share capital of the company as on Monday, August 22, 2016.
- iii. Mr. S.Srikanth, (Membership No. 22119), Company Secretary in Practice, has been appointed as the scrutinizer to scrutinize the voting and remote e-voting process and voting through ballot in a fair and transparent manner.
- iv. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by the Chairman, who shall declare the result of the voting forthwith.
- v. The results declared along with the scrutinizers report shall be placed on the company website www.kabsonsindustrieslimited.com and with the website of CDSL within two days of passing of resolutions at the 24th AGM of the company on August 29, 2016 and communicated to the BSE Limited where the share of the company are listed.

APPEAL TO MEMBERS

The Company would like to appeal and encourage its members to hold their shares in Dematerialized (Demat) form. Managing your investment in securities is simple and easy in Demat/ Electronic form and it has many advantages over managing it in physical form as there is no scope of loss, misplacement, theft or deterioration of securities in Demat mode. The detailed procedure of Dematerialization of Shares is also given on the website of the Company under Investor Relations Section. The members may also get in touch with M/S.XL Softech Systems Ltd at xlfield@rediffmail.com, our Registrar and Share transfer Agent. The Company also appeals and requests the members to opt for Electroonic Clearing System (ECS) facility for receiving of Dividends.

By Order of the Board
For Kabsons Industries Limited

Place : Hyderabad
 Date : 28-07-2016

Sd/-
 Rakhil Panigrahi
 Company Secretary cum Compliance officer

Registered Office: Plot No 8, 8-3-1087, Srinagar Colony, Hyderabad-500073
 Email id: operationslpg@gmail.com

Additional information on directors recommended for appointment / re-appointment as required under Regulation 36 (3) of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 and Secretarial Standard-2

Name of the Director	Rajiv Kabra
DIN	00038605
Date of Birth	01/01/1966
Age	50 years
Qualification	M.B.A
Experience	25 years experience in Marketing and Administration.
Relationship with other director/Manager and other KMP	No relationship.
No of Shares held	91,17,400
Directorships of other Board	1
Membership/Chairmanship of Committees of other Board	Managing Director in PKL Limited

Note: Pursuant to Regulation 26 of the SEBI Listing Regulations, for the purpose of determination of limit, chairpersonship and membership of the Audit Committee and the Stakeholders Relationship Committee alone has been considered.

Except Mr. Rajiv Kabra and their relatives, none of the other Directors/Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at item No. 2 of the notice.

BOARD'S REPORT

To
The Members of **KABSONS INDUSTRIES LIMITED**,
Your Directors hereby present the 24TH Annual Report and Accounts of the Company for the year ended 31st March, 2016.

FINANCIAL RESULTS:

(Rs.in Lakhs)

	Year Ended 31.03.2016	Year Ended 31.03.2015
1) Sales, Other Income & Exceptional items	167.29	215.32
2) Profit before Depreciation	(1.28)	48.16
3) Depreciation	9.53	10.16
4) (Loss) Profit after Financial Charges and Depreciation	(10.81)	38.00

DISCUSSION ON FINANCIAL PERFORMANCE:

During the year under consideration, the Company has incurred a loss of Rs.1.28 Lakhs before interest and depreciation as against profit of Rs.48.16 Lakhs during the previous year, which includes lease income and lease income is the major source of revenue to the Company. Your Directors are hopeful of better performance with increased revenue in the next year.

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 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.

LIQUEFIED PETROLEUM GAS (LPG) INDUSTRY OVERVIEW

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 price substantially lower than market price, effect the prospects of the private sector, operating in the same segment and the PSU's started limiting the supply of cylinders to 12 numbers in a year to consumers.

OUT LOOK:

Your Company is concentrating on third party Bottling opportunities wherever possible in the palce of leasingout, to have assets of the Company are maintained properly.

FINANCIAL PERFORMANCE

The Following is the Financial Performance of your Company:

(Rs.in Lakhs)

	2015-16	2014-15	Inc/(Dec) %
INCOME:			
Sales	58.64	90.38	(35.12)
Other Income	136.13	124.94	8.96
Total :	194.77	215.32	(9.54)
Expenditure:			
Manufacturing Expenses	55.54	81.00	31.43
Staff Cost	42.39	37.63	(12.65)
Other Expenses	70.65	48.53	(45.58)
Exceptional item	27.48	-	(100)
Depreciation	9.53	10.16	6.20
Total :	205.59	177.32	(15.94)
(Loss)/Profit	(10.82)	38.00	(128.47)

Material changes and commitments if any affecting the financial position of the Company occurred between the end of the financial year to which this Financial Statements relate and the date of the report

There have been no material changes and commitments, affecting the financial position of the Company which occurred during between the end of the financial year to which the financial statements relate and the date of this report.

Details of significant and material orders passed by the regulators/ courts/ tribunals impacting the going concern status and the Company's operations in future

There are no significant material orders passed by the Regulators/ Courts which would impact the going concern status of the Company and its future operations.

Share Capital:**Authorized Share Capital**

During the year under review, there was no change in authorized share capital of the Company. Authorized share capital of the company as on March 31, 2016 was Rs.18,00,00,000, comprising of 1,80,00,000 equity shares of Rs.10.00 each.

Paid-up Share Capital

During the year under review, there was no change in paid up share capital of the Company. Paid up share capital of the company as on March 31, 2016 was Rs.17,46,30,000, comprising of 1,74,63,000 equity shares of Rs.10 each.

Buy Back of Securities

The Company has not bought back any of its securities during the year under review.

Sweat Equity

The Company has not issued any Sweat Equity Shares during the year under review.

Bonus Shares

The Company has not issued any bonus shares during the year under review.

Employees Stock Option

The Company has not provided any Stock Option Scheme to the employees.

Dividend

Your Directors have not recommended any dividend on Equity Shares for the year under review.

Transfers to Reserves

Your Board of Directors does not appropriate any amount to be transferred to General Reserves during the year under review.

Fixed Deposits

During the year under review, your Company has not accepted any fixed deposits within the meaning of Section 73 of the Companies Act, 2013 read with rules made there under.

Particulars of Contracts & Arrangements with Related Parties

All transactions entered by the Company with Related Parties were in the Ordinary course of Business and are at Arm's Length pricing basis. The Audit Committee granted approvals for the transactions and the same were reviewed by the Committee and the Board of Directors.

There were no materially significant transactions with Related Parties during the financial year 2015-16 which were in conflict with the interest of the Company. The details of contracts and arrangements with related parties as referred to in Section 188(1) of the Companies Act, 2013 were given as **Annexure - I** to the Board's Report in form No: AOC-2 pursuant to Section 134 (3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules 2014.

Related party Transactions:

The details of the Related Party Transactions are furnished in Note 25.2 of the Notes on the Financial Statements attached to this Report.

All the related party transactions have been on an arm's length basis.

Particulars of Loans, Guarantees or Investments

Pursuant to section 186 of Companies Act, 2013 and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company neither has, directly or indirectly, given any loan to its Directors nor extended any guarantee or provided any security in connection with any loan taken by them. Further, the Company has neither given any inter-corporate loan / advance nor made any investments in other companies during the financial year 2015-16.

Number of Board Meetings held

The Board of Directors duly met 4 times during the financial year from 1st April, 2015 to 31st March, 2016, the details of which are given in the Corporate Governance Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013 and Secretarial Standard - 1.

Directors and Key Managerial Personnel

In terms of Section 152 of the Companies Act, 2013, Mr. Rajiv Kabra, Executive Director would retire by rotation at the forthcoming AGM and is eligible for re-appointment. Mr. Rajiv Kabra has offered himself for re-appointment.

Based on the confirmations received from Directors, none of the Directors are disqualified from appointment under Section 164 of the Companies Act 2013.

There was no other appointment or cessation of appointment of key managerial personnel during the financial year. In the Board Meeting held on April 09, 2016, the Company appointed Mr. Rakhil Panigrahi as Company Secretary cum Compliance Officer of the company with effective from April 09, 2016.

Declaration by Independent Directors

The Independent Directors of the Company have submitted their declarations as required under Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as per sub-section (6) of Section 149 of the Act.

Familiarization programme for Independent Directors

The Company proactively keeps its Directors informed of the activities of the Company, its management and operations and provides an overall industry perspective as well as issues being faced by the industry.

Independent Directors' Meeting

The Independent Directors met on 12.02.2016, without the attendance of Non-Independent Directors and members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole; the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Board Evaluation:

The Board adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Board functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, contribution at the meetings and otherwise, independent judgment, governance issues etc.

Directors Responsibility Statement as required under Section 134(5) of the Companies Act, 2013:

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013 the Board of Directors states that:

- (a) In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 of the profit and loss for that period;
- (c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) They have prepared the annual accounts on a going concern basis;
- (e) They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and
- (f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Nomination and Remuneration policy

In compliance to the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulation entered into with the Stock Exchanges, the Nomination and Remuneration Committee has recommended to the Board a Nomination and Remuneration policy with respect to appointment / nomination and remuneration payable to the Directors, Key Managerial Personnel and senior level employees of the Company. The said policy has been adopted by the Board and the same will form part of the Annual Report as **Annexure - II** to the Board's Report.

Auditors

Statutory Auditors

At the Annual General Meeting held on September 30, 2014, M/s. Brahmayya & Co, Chartered Accountants (Firm Reg. No: 000513S), were appointed as Statutory Auditors of the Company to hold office for a period of three years i.e., till the conclusion of the Annual General Meeting to be held in the calendar year 2017. In terms of the first proviso to Section 139 of the Companies Act, 2013 the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the said appointment of M/s. Brahmayya & Co, Chartered Accountants, as statutory auditors of the Company is placed for ratification by the Shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if their appointment is ratified, it would be in accordance with the provisions of Section 141 of the Act. The Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

Qualification by Statutory Auditor

Information & Explanation in respect of Qualification / Reservation or Adverse remarks contained in Independent Auditors Report under Paras: Basis for Qualified opinion, Emphasis of Matter and Other Matters:

- A) In view of very limited strength of employees, presently working with the Company, the requirements of AS-15 Employee Benefits in respect of gratuity could not be complied with. However provision for gratuity as required under Payment of Gratuity Act has been provided for.
- B) In spite of continues erosion of networth, position of excess of current liabilities over current assets and uncertainty associated with operations of the company, the Accounts of the Company are prepared on going concern basis.
- C) Interest for the year Rs. 6,33,691/- 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 and understatement of current liabilities by Rs.97,07,879/-
- D) The company could not get confirmation of balances in respect of Trade Receivables and Trade Payables other than due from/to related parties as most of them are very old and presently no transactions are being taken place with them.

This report form part of the Annual Report.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors has appointed M/s. B S S & Associates, Practicing Company Secretaries for conducting Secretarial Audit of the Company for the financial year 2015-2016. The Secretarial Audit Report is annexed herewith as **Annexure - III**.

Qualification by Secretarial Auditor

The Secretarial Auditor's Report does not contain any qualifications, reservation or adverse remarks except non compliance of Section 203 of the Companies Act, 2013 and Regulation 6 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of appointment of Company Secretary as Key Managerial Person.

Board Response:

In complying with the provisions of Section 203 of the Companies Act, 2013 regarding appointment of Company Secretary your company had been in the process of identifying a suitable person and accordingly has appointed Mr. Rakhil Panigrahi as Company Secretary cum Compliance Officer of the company effective 09th April, 2016.

Internal Auditors

In pursuance of Section 138 of the Companies Act, 2013 read with rules made there under, the Board has appointed Mr. M Krishna Murthy, CFO of the Company as Internal Auditors of the Company to carry out internal auditing of books of accounts periodically.

Internal financial control and its adequacy

The Board of your Company has laid down internal financial controls which comply with the provisions of the Companies Act, 2013 and Listing Regulation with Stock Exchange and that such internal financial controls are adequate and operating effectively. Your Company has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the Listing Regulation, the Board has adopted Whistle Blower Policy. This policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior.

A mechanism has been established for employees to report concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct and Ethics. The policy also provided adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairman of the Audit Committee in exceptional cases.

Your Company hereby affirms that during the year no Director / employee have been denied access to the Chairman of the Audit Committee and that no complaints were received.

Management Discussion and Analysis

In terms of the provisions of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis given below discusses the key issues concerning the business and carried on by the Company.

Management of Risks

There is considerable pressure to keep up the realization from the services in view of highly competitive market.

Audit Committee

The Composition of the Audit Committee is provided in the Corporate Governance Report forming part of this report. All the recommendations made by the Audit Committee were accepted by the Board.

Risk Management

The Risk Management Committee duly constituted by the Board had formulated a Risk Management Policy for dealing with different kinds of risks attributable to the operations of the Company. Risk Management Policy of the Company outlines different kinds of risks and risk mitigating measures to be adopted by the Board. The Company has adequate internal control systems and procedures to combat the risk. The Risk Management procedure will be reviewed periodically by the Audit Committee and the Board.

Corporate Social Responsibility (CSR) Initiatives:

Section 135 of the Companies Act, 2013 provides the threshold limit for applicability of the CSR to a Company i.e. (a) networth of the Company to be Rs. 500 crore or more; or (b) turnover of the company to be Rs. 1,000 crore or more; or (c) net profit of the company to be Rs. 5 crore or more. As the Company does not fall under any of the threshold limits given above, the provisions of section 135 are not applicable to the Company.

Extract of Annual Return

In accordance with the provisions of Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return in **Form MGT-9** is appended as **Annexure - IV** to the Board's Report.

Information on Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and outgo

Pursuant to the provisions of Section 134 (3) (m) of the Companies Act, 2013 read with Rule 3 of Companies (Accounts) Rules, 2014, the relevant information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo is appended hereto as **Annexure - V** and forms part of the Board's Report.

Company's Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace

The Company prohibits any form of sexual harassment and any such incidence is immediately investigated and appropriate action taken in the matter against the offending employee(s) based on the nature and the seriousness of the offence. The Company has a policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace (the Policy) and matters connected therewith or incidental thereto covering all the aspects as contained under the "The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013" notified by the Government of India vide Gazette Notification dated 24th April, 2013.

There was no case of sexual harassment reported during the year under review.

Remuneration ratio of the Directors / Key Managerial Personnel (KMP) / Employees:

The information required under Section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in separate annexure forming part of this Report as **Annexure - VI**.

Corporate Governance

The Company is committed to good corporate governance in line with the Listing Agreement and Provisions, Rules and Regulations of the Companies Act, 2013. The Company is in compliance with the provisions on corporate governance specified in the Listing Agreement with BSE. A certificate of compliance from Mr. Sompally Srikanth, a practicing Company Secretary and the report on Corporate Governance form part of this Directors' Report as **Annexure - VII**.

Disclosures as per the Listing Agreement, Listing Regulation & SEBI Regulations

Cash flow statement

In due compliance of the listing agreements and in accordance with the requirements prescribed by SEBI, the cash flow statement is prepared and is appended to this Annual Report.

Stock exchanges

Company's equity shares are presently listed in the Stock exchanges of Mumbai (BSE), and other 2 stock exchanges at Ahmedabad and Kolkata.

There is an outstanding Listing Fee of Rs.11,400/- and Rs.1,56,872/- to Ahmedabad Stock Exchange Ltd and The Calcutta Stock Association Ltd respectively.

Listing Agreement

The Securities and Exchange Board of India (SEBI), on September 2, 2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said

regulations were effective 1st December, 2015. Accordingly, all listed entities were required to enter into the Listing Agreement within six months from the effective date. The Company entered into Listing Agreement with BSE Limited during February, 2016.

Policies

We seek to promote and follow the highest level of ethical standards in all our business transactions guided by our value system. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies. The policies are reviewed periodically by the Board and updated based on need and new compliance requirement.

i) Whistleblower Policy (Policy on vigil mechanism)

The Company has adopted the whistleblower mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the Company's code of conduct and ethics. There has been no change to the Whistleblower Policy adopted by the Company during fiscal 2016.

ii) Policy for Determining Materiality for Disclosures

This policy applies to disclosures of material events affecting Kabsons. This policy is in addition to the Company's corporate policy statement on investor relations, which deals with the dissemination of unpublished, price-sensitive information.

iii) Policy on Document Retention

The policy deals with the retention and preservation of corporate records of the Company.

Share transfer agency

The Company has appointed M/s XL Softech Systems Ltd, #3, Sagar Society, Road No.2, Banjarahills, Hyderabad - 500034 as its share transfer agency for handling both physical and electronic transfers.

Code of conduct

The Company has adopted Code of Conduct for the Board and for the Senior level employees of the Company and they are complying with the said code. A declaration by the Executive Director to this effect is furnished in **Annexure - VIII** to the Board's Report.

Awards and recognition

The Company has not received any award during the Financial Year.

Acknowledgments

The Directors wish to place on record their gratitude to shareholders and thank the customers, vendors, franchisees, bankers, 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, Security Exchange Board of India and Stock Exchanges at Mumbai, Ahmedabad, and Kolkata and others for their continued support to the Company's growth. The Directors also wish to place on record, their appreciation for the contribution made by the employees at all levels, for their sincerity, hard work, solidarity and dedicated support to the Company.

By Order of the Board
For Kabsons Industries Limited

Sd/-
Rajiv Kabra
Executive Director

Place : Hyderabad
Date : 28-07-2016

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE - I

Disclosure of Particulars of Contracts / Arrangements entered into by the Company

Form No. AOC-2

(Pursuant to section 134(3)(h) of the Companies Act 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the Company with related parties as referred to in sub-section (1) of section 188 of the Companies Act, 2013:

1. There are no contracts / arrangements entered into by the Company with related parties which are not at arms length basis.
2. There are no material contracts / arrangements entered into by the Company with related parties which are not at arms length basis.
3. There were no materially pecuniary relationships or transactions of the non-executive directors vis-avis the Company.
4. Details of non-material contracts/arrangements entered into by the Company with related parties are as under.

Sl. No.	Name of the related party and nature of relationship	Nature of contracts/ arrangements	Duration of contracts / arrangements	Salient terms of contracts or arrangements including the value; if any	Date of approval, by the Board,	Justification for entering into contract/ arrangements
1.	Ideal Engineers Hyderabad Pvt. Limited, Hyd. Directors of above Company are relatives of Executive Director	Availing of Services: LPG Bottling & Storage	3 years w.e.f. 01.04.2014	Re 1/- per kg. for bottled LPG into Cylinders and Annual Fixed Charges Rs. 50,000/- plus Service Tax	14.08.2014	Company doesn't have any Bottling plant at Hyd. Hence the contract is entered into at arms length Contract at prevailing market rates

ANNEXURE - II

NOMINATION AND REMUNERATION POLICY**Introduction**

The Company's policy on the appointment and remuneration of Directors and key managerial personnel provides a framework for payment of suitable remuneration to the Directors, Key Managerial Personnel (KMP) and senior level employees of the Company and to harmonize the aspirations of human resources consistent with the goals of the Company.

The nomination and remuneration policy provided herewith is in line with the requirements of Section 178(4) of the Companies Act read with rules made there under and Clause 49(1V)(B)(4) of the Listing Agreement entered into with the Stock Exchanges.

Objective and purpose of the policy

The objectives and purpose of this policy are

- To formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- To formulate remuneration principles for the Directors, key managerial personnel and other senior level employees of the Company.

The committee

The Board has constituted the nomination and remuneration committee of the Board on August 14, 2014. This is in line with the requirements of Companies Act, 2013 ('the Act') and the listing agreement entered in to with Stock Exchanges.

The Board has authority to reconstitute this committee from time to time.

Policy in respect of appointment of Directors, their remuneration etc**PART I****Criteria for qualification, positive attributes of independence of Directors:**

1. The total composition of the Board should consist of a mix of expertise and experience in the following fields:
 - Business Management.
 - Finance & Accounts.
 - Technology, Research and Development.
 - Marketing.
 - Investment Banking.
 - Corporate & Business Laws.
 - Public Relations and Corporate Communications.
 - HRD and Leadership.
 - Other disciplines related to the Company's business.
2. The type of persons to be identified for appointments as Directors would depend on the skill-sets already available in the existing Board. The effort would always be to ensure that the overall expertise and skill-sets available at the Board level is as broad based as possible.
3. The following additional factors shall also be taken into account while recommending individuals for appointment as independent directors.
 - The other directorships held by the proposed appointee, the ability for devoting adequate time and the willingness of the proposed appointee to participate in the Board and Committee meetings.
 - The composite age profile of the Board of Directors as a whole. The effort will be to strike an appropriate balance of youth and experience.
 - Present and potential conflict of interest of the proposed appointee in the various issues that may be coming up before the Board.
 - Personal characteristics being in line with the Company's values, such as integrity, honesty and transparency.

Executive Directors

The Policy relating to appointment of executive directors is to

- Provide adequate opportunity for career advancement of the executives already working in the company; Simultaneously attract talent from outside for direct recruitment as Executive Directors at the Board level.

PART II REMUNERATION POLICY

The Remuneration Policy of the Company is to design the compensation packages which are sufficient to attract, retain and motivate the person to put in his best performance and feel that the compensation paid to him is commensurate with his talent, experience and expertise.

Due care will be taken to ensure a remuneration package which is comparable to the pay and employment conditions with peers within the organization as well as the contemporary levels of compensation in the industry.

Increments and career advancement will be directly linked to the performance of the particular individual. Measurable performance indicators shall be designed and intimated to the employees to ensure objectivity and transparency in the performance evaluation.

Remuneration of Executive Directors and Key Managerial Personnel

The Nomination and Remuneration Committee shall consider the following criteria, while fixing the remuneration of the Executive Director (Whole-time Directors) Key Managerial Personnel and other employees:

- Industry Bench Marks.
- Performance of the Company compared to the performance of the industry.
- Responsibilities shouldered.
- Performance of the individual, and his track record.
- Initiatives taken and leadership qualities exhibited.

Remuneration of Non-executive Directors

Non executive Directors will be paid a Sitting Fee as may be decided by the Board, within the ceilings prescribed under the Act.

Policy relating to Remuneration of Directors etc

The Remuneration Policy of the Company for the Directors, key managerial personal and other employees is to design the compensation packages which are sufficient to attract, retain and motivate the person to put in his best performance and feel that the compensation paid to him in commensurate with his talent, experience and expertise.

However your Executive Director, Mr.Rajiv Kabra is not drawing any salary.

ANNEXURE - III SECRETARIAL AUDIT REPORT

Form No. MR-3

Secretarial Audit Report

For the Financial Year ended 31st March, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and
Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Kabsons Industries Limited,
CIN: L23209TG1993PLC014458,
Plot No. 8, 8-3-1087, Srinagar Colony,
Hyderabad, Telangana-500073.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Kabsons Industries Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of **M/s. Kabsons Industries Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the Companies Act, 1956 (to the extent applicable) and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **Not applicable to the Company during the Audit Period;**
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not applicable as the Company has not issued any debt securities during the audit period;**
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the audit period;**
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable as the Company has not delisted / propose to delist its equity shares from any stock exchange during the audit period;** and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable as the Company has not bought back / propose to buyback any of its securities during the audit period;**
6. We further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company
We have also examined compliance with the applicable clauses of the following:
 - (i) Secretarial Standards issued by the Institute of Company Secretaries of India, effective from 1 July 2015; and
 - (ii) The erstwhile Listing Agreement entered into by the Company with stock exchanges and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 notified with effect from 1st December, 2015

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above except the appointment of Company Secretary during the financial year ended March 31, 2016. However, we have been noted that the Company has appointed Company Secretary at the Board Meeting held on April 09, 2016.

We further report that, on examination of the relevant documents and records and based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of quarterly compliance reports by respective department heads / Chief Financial Officer / Whole-time Director taken on record by the Board of Directors of the Company, in our opinion, there are adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with applicable general laws including Industrial Laws, Environmental Laws, Competition Law, Human Resources and Labour laws.

We further report that, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this audit since the same have been subject to review by statutory financial audit and other designated professionals.

We further report that, the Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors to schedule the Meetings of the Board and its Committees. Agenda and detailed notes on agenda were sent to all the directors at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications as may be required on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and there were no dissenting views.

We further report that, there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the audit period no event has occurred during the year which has a major bearing on the Company's affairs.

Sd/-

S.Srikanth
B S S & Associates
Company Secretaries
ACS: 22119 CP: 7999

Place: Hyderabad

Date: 28.07.2016.

This Report is to be read with our letter of even date which is annexed to the report and forms an integral part of this report.

To,
The Members,

Kabsons Industries Limited,

CIN: L23209TG1993PLC014458,

Plot No. 8, 8-3-1087, Srinagar Colony,

Hyderabad, Telangana-500073.

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

S.Srikanth
B S S & Associates
Company Secretaries
ACS: 22119 CP: 7999

Place: Hyderabad

Date: 28.07.2016.

ANNEXURE - IV
Form No.MGT-9

EXTRACT OF ANNUAL RETURN for the financial year ended on March 31, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I REGISTRATION AND OTHER DETAILS:

i) CIN	L23209TG1993PLC014458
ii) Registration Date	02.07.1992
iii) Name of the Company	KABSONS INDUSTRIES LIMITED
iv) Category / Sub-Category of the Company	Public Limited
v) Address of the Registered Office and contact details	# 8-3-1087, Plot No.48, Srinagar Colony, Hyderabad, Telangana - 500073. Tel: 040-66630006 Fax: 040-23740548
vi) Whether listed Company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	XL SOFTECH SYSTEMS LMITIED #3, Sagar Society, Road No.2, Banjara Hills, Hyderabad, Telangana - 500034. Tel: 040-23545913/14/15, Fax: 040-23553214.

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	LPG Filling & Trading	19203	68.44
2	Plant Lease charges		30.47

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. No.	Name and Address of the Company	CIN/ GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	LATAENGINEERING COMPANY PVT. LTD. # 8-3-1087, Plot No.48, Srinagar Colony, Hyd-73.	U74210TG1977PTC002136	Associate	5.79	Nil
2	KABSONS GAS EQUIPMENT PRIVATE LIMITED # 7-1-48/2/2, Raja Sham Karan Road, Ameerpet, Hyderabad - 500 016.	U24111TG1981PTC003226	Associate	4.23	Nil
3	IDEAL ENGINEERS HYDERABAD PRIVATE LTD. # 8-3-1087, Plot No.48, Srinagar Colony, Hyd-73.	U28900TG1969PLC001249	Associate	3.05	Nil
4	PKLLIMITED # 8-3-1087, Plot No.48, Srinagar Colony, Hyd-73.	U23201TG1985PLC005621	Associate	1.15	Nil
5	KABSONS TECHNOLOGIES PRIVATE LIMITED # 7-1-48/2/2, Raja Sham Karan Road, Ameerpet, Hyderabad - 500 016.	U65993TG1983PTC003917	Associate	0.81	Nil
6	PRAKUNEQUIPMENTS PRIVATE LIMITED # 7-1-48/2/2, Raja Sham Karan Road, Ameerpet, Hyderabad - 500 016.	U31909TG1981PTC003145	Associate	0.11	Nil
7	GASOLECAPPLIANCES PRIVATE LIMITED # 7-1-48/2/2, Raja Sham Karan Road, Ameerpet, Hyderabad - 500 016.	U15499TG1983PTC003916	Associate	0.10	Nil

IV SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)						
Category-wise Shareholding						
S.No	No. of Shares held at the beginning of the year (as on 01-04-2015)		No. of Shares held at the end of the year (as on 31-03-2016)		% change during the year	
Category of Shareholders	Demat	Physical	Demat	Physical	Total	% of Total Shares
A. Promoters						
(1) Indian	90,10,600	2,10,800	92,21,400	92,21,400	92,21,400	52.81
(a) Individuals / HUF						
(b) Central Government						
(c) State Government(s)						
(d) Bodies Corporate	26,59,250	-	26,59,250	-	26,59,250	15.23
(e) Banks/FI						
(f) Any Other (Specify)						
Sub - Total (A) (1):-	1,16,69,850	2,10,800	1,18,80,650	1,18,80,650	1,18,80,650	68.03
(2) Foreign						
(a) NRIs-Individuals						
(b) Other - Individuals						
(c) Bodies Corporates						
(d) Banks/FI						
(e) Any other						
Sub - Total (A) (2):-	-	-	-	-	-	-
Total Shareholding of Promoter (A) = (A) (1)+(A)(2)	1,16,69,850	2,10,800	1,18,80,650	1,18,80,650	1,18,80,650	68.03
B. Public Shareholding						
1. Institutions						
(a) Mutual Funds						
(b) Banks/FI	5,01,000	100	5,01,100	5,01,000	5,01,100	2.87
(c) Central Government						
(d) State Government(s)						
(e) Venture Capital Funds						
(f) Insurance Companies						
(g) FII's						
(h) Foreign Venture Capital Funds						
(i) Others						
Sub - Total (B) (1):-	5,01,000	100	5,01,100	5,01,000	5,01,100	2.87
2. Non-Institutions						
(a) Bodies Corp.						
(i) Indian	78,600	69,000	1,47,600	71,100	1,40,100	0.85
(ii) Overseas (OCB)						
(b) Individuals						
(i) Individual Shareholders holding nominal share capital up to Rs.1 lakh	11,27,365	29,58,836	40,86,201	11,32,365	40,89,801	23.40
(ii) Individual Shareholders holding nominal share capital in excess of Rs.1 lakh	4,10,549	2,20,200	6,30,749	4,10,549	6,30,749	3.61
(c) Others (Specify)						
(i) NRI's	15,800	2,00,900	2,16,700	19,700	2,00,900	1.24
(ii) Body Corporate						
Sub - Total (B) (2):-	16,32,314	34,48,936	50,81,250	16,33,714	50,81,250	29.10
Total Public Shareholding (B) = (B) (1)+(B)(2)	21,33,314	34,49,036	55,82,350	21,34,714	55,82,350	31.97
C. Shares held by Custodian for GDR & ADRs						
Grand Total (A+B+C)	1,38,03,164	36,59,836	1,74,63,000	1,40,15,364	1,74,63,000	100.00

IV (ii) SHAREHOLDING OF PROMOTERS

S No	Shareholder's Name	Shareholding at the beginning of the year (as on 01-04-2015)		Shareholding at the end of the year (as on 31-03-2016)		% change in shareholding during the year
		No of Shares	% of total Shares of the Company	No of Shares	% of total Shares of the Company	
1	RAJIV KABRA	91,17,000	52.21	91,17,400	52.21	0.00
2	SATISH KABRA	81,000	0.46	81,000	0.46	-
3	KAVITA KABRA	20,400	0.12	20,400	0.12	-
4	G K KABRA	1,600	0.01	2,100	0.01	0.00
5	ANAPURNA KABRA	500	0.00	0	0.00	-
6	RUCHIRA KABRA	500	0.00	500	0.00	-
7	REETA NYATI	400	0.00	0	0.00	-
8	LATA ENGINEERING COMPANY P.LTD	10,11,000	5.79	10,11,000	5.79	-
9	KABSONS GAS EQUIPMENT P. LTD	7,38,850	4.23	7,38,850	4.23	-
10	IDEAL ENGINEERS HYDERABAD P.LTD	5,31,800	3.05	5,31,800	3.05	-
11	PKL LIMITED	2,00,000	1.15	2,00,000	1.15	-
12	KABSONS TECHNOLOGIES P. LTD	1,41,000	0.81	1,41,000	0.81	-
13	GASOLEC APPLIANCES P LTD	16,600	0.10	16,600	0.10	-
14	PRAKUN EQUIPMENTS P. LTD	20,000	0.11	20,000	0.11	-
	Total	1,18,80,650	68.03	1,18,80,650	68.03	0.00

IV (iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

S No	Particulars	Shareholding at the beginning the year (as on 01-04-2015)		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (as on 31-03-2016)	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
	At the beginning of the Year	1,18,80,650	68.03				1,18,80,650	68.03
	At the end of the year	1,18,80,650	68.03				1,18,80,650	68.03

IV (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S No	Name	Shareholding at the beginning the year (as on 01-04-2015)		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (as on 31-03-2016)	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	ICICI Bank Ltd	5,00,000	2.86	-	-	Nil	5,00,000	2.86
2	M Krishna Murthy	1,51,950	0.87	-	-	Nil	1,51,950	0.87
3	Amrutlal Ramji	95,100	0.54	-	-	Nil	95,100	0.54
4	Gyan Kumar Jhawar	31,800	0.18	-	-	Nil	31,800	0.18
5	Veena Jain	30,000	0.17	-	-	Nil	30,000	0.17
6	Mohammad Ayub Shaikh	29,500	0.17	-	-	Nil	29,500	0.17
7	Taranjitsingh Sethi	28,800	0.16	-	-	Nil	28,800	0.16
8	Allan Keith Remedios	25,000	0.14	-	-	Nil	25,000	0.14
9	Govind Agarwal	25,000	0.14	-	-	Nil	25,000	0.14
10	B Sabitha Reddy	22,700	0.13	-	-	Nil	22,700	0.13

IV (v) Shareholding of Directors and Key Managerial Personnel

S No	For each of the Directors and KMP	Shareholding at the beginning the year (as on 01-04-2015)		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (as on 31-03-2016)	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	Directors Rajiv Kabra Executive Director DIN: 00038605	91,17,000	52.19	18-01-2016	400	Transfer	91,17,400	52.21
2	P V Subba Rao Non-Executive/Independent Director DIN: 02299552	200	0.00	-	-	-	200	0.00
3	Mangal Rathi Non-Executive / Independent Director (Woman) DIN: 06966755	2,500	0.01	-	-	-	2,500	0.01
4	Y S SARMA Non-Executive/Independent Director DIN: 06422198	Nil	-	-	-	-	Nil	-
1	Key Managerial Personnel M.Krishna Murthy Chief Financial Officer	1,51,950	0.87	-	-	-	1,51,950	0.87

V INDEBTEDNESS		in INR '000s			
Indebtedness of the Company including interest outstanding/accrued but not due for payment					
		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the Beginning of the Financial Year					
i) Principal Amount					
ii) Interest due but not paid					
iii) Interest accrued but not due					
Total (i+ii+iii)					
Change in Indebtedness during the financial year					
Addition					
Reduction					
Net Change					
Indebtedness at the end of the Financial year					
i) Principal Amount					
ii) Interest due but not paid					
iii) Interest accrued but not due					
Total (i+ii+iii)					

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL			
A Remuneration to Managing Director, Whole time Directors and / or Manager:			
Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
1	Gross Salary		
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961		
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2	Stock option		
3	Sweat Equity		
4	Commission - as % of profit - others, specify...		
5	Others, Please specify Total (A) Ceiling as per the Act		

B Remuneration to other directors:					
Sl.	Particulars of Remuneration	Name of Directors			Total Amount
1	Independent Directors	P V Subba Rao	Y S Sarma	Mangal Rathi	
	Fee for attending board/committee meetings	17,776	4,444	17,776	39,996
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	17,776	4,444	17,776	39,996
2	Other Non-Executive Directors	-	-	-	-
	Fee for attending board/committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	17,776	4,444	17,776	39,996
	Total Managerial Remuneration				
	Overall Ceiling as per the Act				

C Remuneration to Key Managerial personnel other than MD/Manager/WTD					
S. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Executive Director	Company Secretary	CFO	
1	Gross Salary				
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	-	11,45,100	11,45,100
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	1,86,900	1,86,900
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify...	-	-	-	-
5	Others, Please specify	-	-	-	-
	Total	-	-	13,32,000	13,32,000

VII PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

A. Company

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT/COURT)	Appeal made, if any (Give Details)
Penalty Punishment Compounding	-----	-----	NIL	-----	-----

B. Directors

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT/COURT)	Appeal made, if any (Give Details)
Penalty Punishment Compounding	-----	-----	NIL	-----	-----

C. Other officers in Default

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT/COURT)	Appeal made, if any (Give Details)
Penalty Punishment Compounding	-----	-----	NIL	-----	-----

ANNEXURE - V

Details of Conversation of Energy

(A)	Conservation of energy- (i) the steps taken or impact on conservation of energy; (ii) the steps taken by the company for utilizing alternate sources of energy; (iii) the capital investment on energy conservation equipments;	The Company being not a power intensive unit the scope for energy conservation efforts is limited
(B)	Technology absorption- (i) The efforts made towards technology absorption; (ii) The benefits derived like product improvement, cost reduction, product development or import substitution;	Nil
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- (a) The details of technology imported; (b) The year of import; (c) Whether the technology been fully absorbed; (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	Not applicable
(iv)	The expenditure incurred on Research and Development.	Nil
(C)	Foreign exchange earnings and outgo- The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.	Nil

ANNEXURE - VI

Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

S.No	Name	Designation	Remuneration Paid For the year 2015-16	Remuneration Paid For the year 2014-15	Increase in Remuneration From Previous Year	Ratio/times for median of Employee Remuneration
1	M Krishna Murthy	Chief Financial Officer	13,32,000	12,59,648	Nil	16.32: 1

- a) Number of permanent employees on the roles of the company: 11
- b) Comparison of remuneration of each Key Managerial Personnel against the performance of the Company: Company is having mainly income from Plant leases and no increase in remuneration to the Key Managerial Personnel, hence not comparable with the performance of the company.

ANNEXURE - VII

COMPLIANCE REPORT ON CORPORATE GOVERNANCE FOR THE YEAR APRIL 1, 2015 TO MARCH 31, 2016

Corporate Governance Philosophy

The company is committed to ensure high standards of transparency and accountability in all its activities. The best management practices and high levels of integrity in decision making are followed to ensure long term wealth generation and creation of value for all the stakeholders. The company follows all the principles of corporate governance in its true spirit and at all times.

1. Board of Directors

a) Composition

The Board consists of 3 Directors as on 31st March 2016. The composition of the Board is in conformity with Regulation 17 of the listing agreement. The day-to-day management of the company was carried on by the **Rajiv Kabra**, Executive Directors of the company.

Category	No. of Directors	Names of the Directors
Executive Directors (Promoter Directors)	01	Rajiv Kabra
Non-Executive Independent Directors	02	1. P V Subba Rao 2. Mangal Rathi
Total	03	

All independent directors possess the requisite qualifications and are very experienced in their own fields. All Directors except Independent Directors were liable to retire by rotation. None of the directors are members of more than ten committees or chairman of more than five committees in public limited companies in which they are directors. Necessary disclosures have been obtained from all the directors regarding their directorship and have been taken on record by the Board.

The names of the Directors and the details of other chairmanship / directorship / committee membership of each Director as on 31st March 2016 is given below:

Name of Director	Category	Number of Directorships in other companies		Number of Committee Memberships in other companies	
		Chairman	Member	Chairman	Member
Rajiv Kabra	Executive Director	1	1	-	-
P V Subba Rao	Non-Executive & Independent	-	-	-	-
Mangal Rathi	Non-Executive & Independent Woman Director	-	-	-	-

Notes:

- a. Other directorships exclude foreign companies, private limited companies and alternate directorships.
- b. Only membership in Audit Committee and Stakeholders' Relationship Committee have been reckoned for other committee memberships.

b) Board Procedure:

During the year under review Board met four times on 21.05.2015, 13.08.2015, 14.11.2015 and 12.02.2016. The Board meets at least once in every quarter to review the Company's operations and the maximum time gap between any two meetings is not more than 120 days.

The attendance of each Director at the Board Meetings and last Annual General Meeting held during the year under review are as under:

Name of Director	Meetings		Attendance at last AGM held on September 28, 2015
	Held	Attended	
Rajiv Kabra	4	4	Yes
P V Subba Rao	4	4	Yes
Mangal Rathi*	4	4	Yes

The company places before the Board all those details as required under Annexure X to the listing agreement. The dates for the board meetings are fixed after taking into account the convenience of all the directors and sufficient notice is given to them. Detailed agenda notes are sent to the directors. All the information required for decision making are incorporated in the agenda. Those that cannot be included in the agenda are tabled at the meeting. The chairman appraises the Board on the overall performance of the company at every board meeting. Legal issues, write-offs, provisions, purchase and disposal of capital assets are all brought to the notice of the Board. The Board reviews performance, approves capital expenditures, sets the

strategy the company should follow and ensures financial stability. The Board takes on record the actions taken by the company on all its decisions periodically.

The Board also takes on record the declaration made by the Executive Director and the Chief Financial Officer regarding compliances of all laws on a quarterly basis.

**c) Disclosure of relationship between directors inter-se: -NA-
Independent directors meeting**

Schedule IV of the Companies Act, 2013 and the Rules under it mandate that the independent directors of the Company hold at least one meeting in a year, without the attendance of non-independent directors and members of the Management. It is recommended that all the independent directors of the Company be present at such meetings. These meetings are expected to review the performance of the non-independent directors and the Board as a whole, as well as the performance of the chairman of the Board, taking into account the views of the executive directors and non-executive directors; assess the quality, quantity and timeliness of the flow of information between the Management and the Board that is necessary for it to effectively and reasonably perform its duties.

Even before the Companies Act, 2013 came into effect, our Board's policy required our independent directors to hold quarterly meetings attended exclusively by the independent directors. At such meetings, the independent directors discuss, among other matters, the performance of the Company and risks faced by it, the flow of information to the Board, competition, strategy, leadership strengths and weaknesses, governance, compliance, Board movements, human resource matters and performance of the executive members of the Board, including the Chairman

2. AUDIT COMMITTEE

The audit committee assists the board in the dissemination of financial information and in overseeing the financial and accounting processes in the company. The terms of reference of the audit committee covers all matters specified in and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also those specified in section 177 of the Companies Act 2013. The terms of reference broadly include review of internal audit reports and action taken reports, assessment of the efficacy of the internal control systems/ financial reporting systems and reviewing the adequacy of the financial policies and practices followed by the company. The audit committee reviews the compliance with legal and statutory requirements, the quarterly and annual financial statements and related party transactions and reports its findings to the Board. The committee also recommends the appointment of internal auditor, statutory auditor. The audit committee takes note of any default in the payments to creditors and shareholders. The committee also looks into those matters specifically referred to it by the Board. The statutory auditors were present at all audit committee meetings. The audit committee comprised of the following directors for the year ended 31st March 2016:

1. Mr.P V Subba Rao - Chairman
2. Mr.Y S Sarma – Member (up to 23.06.2015)
3. Mr. Rajiv Kabra - Member
4. Mrs. Mangal Rathi – Member (effective from 13.08.2015)

As on 31st March 2016 the committee comprised of two independent directors and one executive director, all of whom are financially literate and have relevant finance / audit exposure. The chief financial officer is permanent invitee to the meetings of the committee. The other directors are invited to attend the audit committee meetings as and when required. The composition of the audit committee is as per and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Chairman of the Audit Committee was present at the previous Annual General Meeting of the company held on 28th September 2015. The audit committee met 4 times during the year on 21.05.2015, 13.08.2015, 14.11.2015 and 12.02.2016. The details are as follows:

Attendance of each Director at Audit Committee Meetings

Name of the Director	Category	Number of committee meetings	
		Held	Attended
Mr. P V Subba Rao – Chairman	Independent & Non-Executive Director	4	4
Mr.Y S Sarma - Member	Independent & Non-Executive Director	1	1
Mr. Rajiv Kabra - Member	Executive Director	4	4
Ms. Mangal Rathi – Member	Independent & Non-Executive Director	4	4

3. Nomination and Remuneration Committee

(I) Brief description of terms of reference is for:

- (A) appointment of the directors, and key managerial personnel of the Company; and
- (B) fixation of the remuneration of the directors, key managerial personnel and other employees of the Company.

(II) Composition of committee

The Nomination and Remuneration Committee comprised of the following directors for the year ended 31st March 2016:

1. Mr. P V Subba Rao - Chairman
2. Ms. Mangal Rathi – Member
3. Mr. Rajiv Kabra - Member

(III) Attendance of each Director at Nomination & Remuneration Committee Meeting

Name of the Director	Category	Number of committee meetings	
		Held	Attended
Mr. P V Subba Rao - Member	Independent & Non-Executive Director	2	2
Ms. Mangal Rathi - Member	Independent & Non-Executive Director	2	2
Mr. Rajiv Kabra - Member	Chairman & Executive Director	2	2

This committee recommends the appointment/reappointment of executive directors and the appointments of employees from the level of vice-president and above along with the remuneration to be paid to them. The remuneration is fixed keeping in mind the persons track record, his/her potential individual performance, the market trends and scales prevailing in the similar industry. The Remuneration Committee comprises of 3 non-executive and independent directors. Mr. Y S Sarma, was the chairman of the committee. Mr. P V Subba Rao and Ms. Mangal Rathi are the other members. During the financial year 2015-2016 the committee met on 13.08.2015 and 12.02.2016.

Criteria for Performance evaluation:

(IV) Remuneration Policy:

The Policy inter alia provides for the following:

- (a) attract, recruit, and retain good and exceptional talent;
- (b) list down the criteria for determining the qualifications, positive attributes, and independence of the directors of the Company;
- (c) ensure that the remuneration of the directors, key managerial personnel and other employees is performance driven, motivates them, recognises their merits and achievements and promotes excellence in their performance;
- (d) motivate such personnel to align their individual interests with the interests of the Company, and further the interests of its stakeholders;
- (e) ensure a transparent nomination process for directors with the diversity of thought, experience, knowledge, perspective and gender in the Board; and
- (f) fulfill the Company's objectives and goals, including in relation to good corporate governance, transparency, and sustained long-term value creation for its stakeholders.

(V) Criteria for making payments to Non- Executive Directors:

The Company has not made any payments to the Non- Executive Directors except sitting fees for attending Board of Directors meetings.

(VI) Remuneration paid to Directors

Of the total 4 directors, one is executive director. The remuneration payable to these directors is determined by the Board on the recommendation of the remuneration committee. This is subject to the approval of the shareholders at the Annual General Meeting and that of the Central Government and such other authorities as may be necessary. However no remuneration is being paid even to the Executive Director. The non executive directors do not draw any remuneration from the company except sitting fees for attending the meetings of the board and the committees.

a) Details of Remuneration paid to the all the Directors during the financial year 2015-2016

Particulars	MR. _____	MR. _____	MR. _____	Ms. _____
Basic Salary				
Bonus/ Benefits				
House Rent Allowance				
Others Allowances				
Commission				
Other Perquisites/ performance linked incentive				
Contribution to Provident Fund / Pension				
Contribution to Superannuation Fund				
Stock Option				
Service contracts/ notice period/ severance fees				

NIL

b) Details of Sitting Fees paid to Non-Executive Directors during the financial year 2014-2015

Name of the Director	Board Meeting (Rs)	Audit Committee Meeting (Rs)	Remuneration Committee Meeting (Rs)	Stakeholders' Relationship Committee Meeting (Rs)	Total (Rs)
P V Subba Ra	17,776	-	-	-	17,776
Y S Sarma	4,444	-	-	-	4,444
Mrs.Mangal Rathi	17,776	-	-	-	17,776

There was no pecuniary relationship or transactions of the non-executive directors vis-à-vis the company during the Financial Year ended 31st March, 2016.

c) Details of shareholding of Directors as on 31st March 2016

As on 31st March 2016, the company had one executive director and three non-executive directors. The Executive director, Mr. Rajiv Kabra holds 91,17,400 equity shares in the company. Among the non-executive directors Mr. P V Subba Rao holds 200 equity shares and Mrs. Mangal Rathi holds 2,500 equity shares in the company.

4. Stakeholders’ Relationship Committee:

Mr. P V Subba Rao, Non-Executive director was the Chairman of the committee. Mr.Y S Sarma upto 23rd June, 2015 and subsequently from 13th August, 2015 Mrs Mangal Rathi, and Mr. Rajiv Kabra are the other members of the committee which also constitute as Share Transfer Committee to approve share transfer, transmissions, issue of duplicate share certificates, rematerialisation of shares etc.

The committee met regularly to approve share transfers, transmissions, issue of duplicate share certificates, rematerialisation of shares and all other issues pertaining to shares and also to redress investor grievances like non receipt of dividend warrants, non receipt of share certificates, etc. The committee regularly reviews the movement in shareholding and ownership structure. The committee also reviews the performance of the Registrar and Share Transfer Agents. The committee met 4 times during the year 2015-2016. The committee approved the transfer of 1,600 shares in physical form.

Complaints received and redressed during the year 2015-2016

S.No.	Nature of Complaints	Number of Complaints Received	Number of Complaints Solved	Number of Complaints Pending
1	Regarding annual report	0	0	
2	Revalidation of dividend warrant	-	-	
3	Issue of duplicate share certificate	4	4	
4	Issue of duplicate dividend warrant	-	-	
5	Procedure for transmission	-	-	
6	General queries	2	2	
7	Non receipt of dividend	-	-	
8	Correction in share certificate	-	-	
9	Change of address	-	-	
10	Unclaimed dividend	-	-	
11	Correction in dividend cheque	-	-	
	TOTAL	6	6	

SEBI vide Circular Ref: CIR/OIAE/2/2011 dated June 3, 2011 informed the company that they had commenced processing of investor complaints in a web based complaints redress system “SCORES”. Under this system, all complaints pertaining to companies are electronically sent through SCORES and the companies are required to view the complaints pending against them and submit Action Taken Report (ATRs) along with supporting documents electronically in SCORES.

All the requests and complaints received from the shareholders were attended to within the stipulated time and nothing was pending for disposal at the end of the year. Mr. Rajiv Kabra is the compliance officer of the company. For any clarification / complaint the shareholders may contact Mr. Rajiv Kabra, Compliance Officer at the registered office of the company.

Attendance of each Director at Stakeholders’ Relationship Committee Meeting

Name of the Director	Category	Number of committee meetings	
		Held	Attended
Mr. P V Subba Rao - Member	Independent & Non-Executive Director	4	4
Smt.. Mangal Rathi - Member	Independent & Non-Executive Director	4	4
Mr. Rajiv Kabra – Chairman	Executive Director	4	4

5. Risk Management Committee

The Company has constituted a Risk Management Committee. The Committee is required to lay down the procedures to inform to the Board about the risk assessment and minimization procedures and the Board shall be responsible for framing, implementing and monitoring the risk management plan of the Company. During the year under review, the Risk Management Committee met on 13.08.2015

The composition of the Committee and details of meetings attended by the members of the Committee are given below:

Attendance of each Director at Risk Management Committee Meeting

Name of the Director	Category	Number of committee meetings	
		Held	Attended
Mr. Rajiv Kabra – Chairman	Executive Director	1	1
Mr. P V Subba Rao - Member	Independent & Non-Executive Director	1	1
Smt. Mangal Rathi - Member	Independent & Non-Executive Director	1	1

Mr. Rajiv Kabra, Executive director was the Chairman of the committee. Mr.Y S Sarma upto 23rd June, 2015 and subsequently from 13th August, 2015 Mrs Mangal Rathi, and Mr. P V Subba Rao are the other members of the committee which also constitute as Risk Management Committee.

Investor grievance and share transfer

The Stakeholders relationship committee to examine and redress complaints by shareholders and investors. The status of complaints and share transfers is reported to the entire Board. The details of shares transferred and the nature of complaints are provided in the Shareholder information section of the Annual Report

7. Familiarization programme for Independent Directors

The Company proactively keeps its Directors informed of the activities of the Company, its management and operations and provides an overall industry perspective as well as issues being faced by the industry.

8. Annual General Meetings

The details of the Annual General Meetings / Extraordinary General Meeting held in the last three years are as follows:

(i) Annual General Meetings of the Company :

Venue	Financial Year	Date & Time
At Registered Office: 8-3-1087, Plot No.48, Srinagar Colony, Hyderabad-73	2012-2013	25 th September, 2013, 4 P.M
At Registered Office: 8-3-1087, Plot No.48, Srinagar Colony, Hyderabad-73	2013-2014	30 th September, 2014, 4 P.M
At Registered Office: 8-3-1087, Plot No.48, Srinagar Colony, Hyderabad-73	2014-2015	28 th September,2015, 5 P.M

(ii) The details of special resolutions passed in AGM in the last 3 years are as follows:

AGM	Subject
September 25, 2013	Nil
September 30, 2014	Nil
September 28, 2015	Nil

(iii) Whether special resolutions were put through postal ballot last year, details of voting pattern:

No special resolutions were necessitated and passed by the shareholders of the company through postal ballot during the year 2015-2016.

(iv) Whether any resolutions are proposed to be conducted through postal ballot:

No Special Resolution is proposed to be conducted through Postal Ballot.

9. Subsidiary Companies

Kabsons Technologies P. Ltd, subsidiary of the Associate Company doesn't come under the purview of the term 'material non listed Indian subsidiary' as defined under Clause 24 of the Listing Agreement.

10. Whistle Blower Policy

The company has an established mechanism for Directors / Employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of directors/ employees who avail of the mechanism. The company affirms that no personnel have been denied access to the audit committee. The Company has formulated a Policy of Vigil Mechanism and has established a mechanism that any personnel may raise Reportable Matters within 60 days after becoming aware of the same. All suspected violations and Reportable Matters are reported to the Chairman of the Audit Committee at e-mail id kilwhistleblower@gmail.com. The key directions / actions will be informed to the Executive Director of the Company.

11. Disclosures

(a) Related Party Transaction:

There have been no materially significant related party transactions with the company's promoters, directors, the management, their subsidiaries or relatives which may have potential conflict with the interests of the company at large. The necessary disclosures regarding the transactions are given in Annexure – II of Directors Report and notes to accounts. The Company has also formulated a policy on dealing with the Related Party Transactions and necessary approval of the audit committee and Board of directors were taken wherever required in accordance with the Policy.

(b) Accounting Treatment:

In the preparation of the financial statements, the Company has followed the accounting policies and practices as prescribed in the Accounting Standards.

(c) Management Discussion and Analysis

Management Discussion and Analysis Report is set out in a separate Section included in this Annual Report and forms part of this Report.

(d) Compliances:

There have been no instances of non-compliance by the company on any matters related to the capital markets, nor have any penalty/strictures been imposed on the company by the Stock Exchanges or SEBI or any other statutory authority on such matters.

(e) CEO/CFO Certification

The Chief Executive Officer and the Chief Financial Officer have furnished a Certificate to the Board for the year ended on March 31, 2016 as required by SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

(f) Reconciliation of Share Capital Audit

A quarterly audit was conducted by a Practicing Company Secretary, reconciling the issued and listed capital of the company with the aggregate of the number of shares held by investors in physical form and in the depositories and the said certificates were submitted to the stock exchanges within the prescribed time limit. As on 31st March 2016 there was no difference between the issued and listed capital and the aggregate of shares held by investors in both physical form and in electronic form with the depositories. 1,40,15,364 equity shares representing 80.26% of the paid up equity capital have been dematerialized as on 31st March 2016.

12. Means of Communication

- (a) The quarterly, half-yearly and annual results are published in leading newspapers such as The Financial Express and Nava Telangana. These are not sent individually to the shareholders.
- (b) The company's website address is: www.kabsonsindustrieslimited.com. The website contains basic information about the company and such other details as required under the listing agreement. The company ensures periodical updating of its website. The company has designated the email-id kilshareholders@gmail.com to enable the shareholders to register their grievances.
- (c) Pursuant to the listing agreement, all data related to quarterly financial results, shareholding pattern, etc., are filed in NEAPS within the time frame prescribed in this regard.
- (d) No presentations have been made to institutional investors or to analysts.

13. Code of Conduct for the Board of Directors and the Senior Management

The standards for business conduct provide that the directors and the senior management will uphold ethical values and legal standards as the company pursues its objectives, and that honesty and personal integrity will not be compromised under any circumstances. A copy of the said code of conduct is available on the website www.kabsonsindustrieslimited.com. As provided under clause 49 of the listing agreement with the stock exchanges, the Board members and senior management personnel have affirmed compliance with the code of conduct for the financial year 2015-2016.

14. General Shareholder Information

a) Company Registration details:

The Company is registered in the State of Telangana, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L23209TG1993PLC014458.

b) Annual General Meeting

Date and time	29.08.2016 at 4.00 p.m
Venue :	At Registered office: #8-3-1087, Plot No.48, Srinagar Colony, Hyderabad – 500 073 (Telangana)
Book Closure Date	23.08.2016 to 29.08.2016 (both days inclusive)
Financial Year	1 st April to 31 st March

c) Registered Office:

8-3-1087, Plot No.48, Srinagar Colony, Hyderabad, Telangana-500 073.

d) Financial Year

Financial year is 1st April to 31st March and financial results will be declared as per the following schedule.

Financial Calendar 2016-2017

Particulars	Tentative Schedule
Quarter ending on 30 th June, 2016	August 13, 2016
Quarter ending on 30 th September, 2016	On or before November 14, 2016
Quarter ending on 31 st December, 2016	On or before February 14, 2017
Quarter ending on 31 st March, 2016 & Annual Result of 2016-2017	On or before May 30, 2017
Date of Book Closure	23.08.2016 to 29.08.2016(both days include)

e) Book closure date:

The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, August 23, 2016 to Monday August 29, 2016 (both days inclusive) for the purpose of 24th Annual General Meeting.

f) Particulars of Dividend for the year ended 31.03.2016

Company has not declared any dividend.

g) Listing of Shares

Name of the Stock Exchange	:	Stock Code
BSE Limited, Mumbai	:	524675
The Stock Exchange, Ahmedabad	:	
The Calcutta Stock Association Ltd	:	
ISIN allotted by Depositories (Company ID Number)	:	-
	:	INE645C01010

Note: Annual Listing fees for the year 2015-16 were duly paid only to the BSE Limited.

h) Stock Market Data

Trading of our Company's shares are started during June 2016 after completing all the requirements of the BSE.

Monthly High and Low Stock Quotations for preceding 6 months of the Accounting year under review

Month & Year	BSE Limited	
	Price (Rs.) High	Price (Rs.) Low
June – 2016	11.29	8.32
July – 2016	7.91	5.83

i) Registrar and Share Transfer Agents

M/s.XL Softech Systems Limited, having its registered office at #3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034 are the Registrars for the demat segment and also the share transfer agents of the company, to whom communications regarding share transfer and dematerialization requests must be addressed. All matters connected with share transfer, transmission, dividend payment is handled by the share transfer agent. Share transfers are processed within 15 days of lodgement. A Compliance officer certifies on a quarterly basis the timely dematerialization of shares of the company.

j) Request to Investors

Shareholders are requested to follow the general safeguards/procedures as detailed hereunder in order to avoid risks while dealing in the securities of the company.

- Shareholders are requested to convert their physical holding to demat/electronic form through any of the DPs to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities.
- Shareholders holding shares in physical form should communicate the change of address, if any, directly to the Registrars and Share Transfer Agent of the company.
- It has become mandatory for transferees to furnish a copy of Permanent Account Number for registration of transfer of shares held in physical mode.
- Shareholders holding shares in physical form who have not availed nomination facility and would like to do so are requested to avail the same, by submitting the nomination in Form 2B. The form will be made available on request. Those holding shares in electronic form are advised to contact their DPs.
- As required by SEBI, it is advised that the shareholders furnish details of their bank account number and name and address of their bank for incorporating the same in the dividend warrants. This would avoid wrong credits being obtained by unauthorized persons.

k) Shareholding Pattern as on 31st March 2016

Particulars	Number of Share holders	Shares held in Physical form	Shares held in dematerialized form	Total Number of Shares held	% of capital
Promoter and Promoter Group					
a. Bodies Corporate	7	-	26,59,250	26,59,250	15.23%
b. Directors & their relatives	5	-	92,21,400	92,21,400	52.81%
Public Shareholding					
I. Institutions					
a. Mutual Funds/UTI	-	-	-	-	-
b. Financial Institutions/Banks	3	100	5,01,000	5,01,000	2.87%
c. Insurance Companies	-	-	-	-	-
d. Foreign Institutional Investors	-	-	-	-	-
II. Non Institutions					
a. Bodies Corporate	152	69,000	71,100	1,40,100	0.80%
b. Individuals	18244	31,77,636	15,42,914	47,20,550	27.03%
c. Non Resident Indians	44	2,00,900	19,700	2,20,600	1.26%
Total	18,455	34,47,636	1,40,15,364	1,74,63,000	100%

l) Distribution of Shareholding as on 31st March 2016

Number of Equity Shares held	Number of Share holders	Number of Shares	% of Capital
Upto 500	17,405	22,05,118	12.63
501-1000	354	2,93,300	1.68
1001-2000	164	2,49,800	1.43
2001-3000	387	9,74,710	5.58
3001-4000	21	74,999	0.43
4001-5000	46	2,23,324	1.28
5001-10000	36	2,88,750	1.65
10001 and Above	42	1,31,52,999	75.32
Total	18,455	1,74,63,000	100.00

m) Plant Locations

- 1) Plot No.B-3, M.I.D.C, Waluj, Aurangabad, Maharashtra – 431 136
- 2) Plot No.706 & 708, GIDC, Palej Industrial Estate, Gujarat – 392 220
- 3) Plot No.A-134, Hirawala Industrial Area, Kanota, Jaipur, Rajasthan-303012
- 4) Plot No.37, Belur Industrial Estate, Dharwad, Karnataka – 580 011
- 5) Plot No.32, Khurda Industrial Estate, Khurda, Orissa – 752 055
- 6) Plot No.124 & 125, Tupudana Industrial Area, P.O Hatia, Ranchi – 834 003
- 7) Killa No.170 & 171Sampla Berry Road, Ismaila Village, Rohtak, Haryana - 124517

n) Address for Correspondence

To contact Registrars & Share Transfer Agents for matters relating to shares

M/s. XL Softech Systems Ltd
3, Sagar Society, Road No.2,
Banjara Hills, Hyderabad – 500 034
Tel : 91-40 23545913 / 14
Fax : 91-40-23553214
E-mail : xlfield@rediffmail.com

For any other general matters or in case of any difficulties / grievance

Mr. Rakhil Panigrahi
Company Secretary cum Compliance Officer
Tel : 91-40 23740548
Fax : 91-40 23741096
E-mail : kilshareholders@gmail.com

Email : operationslpg@gmail.com

Grievance redressal division Email: kilshareholders@gmail.com

15. Non-Mandatory Disclosures:

The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below:

(i) The Board

Independent Directors possess the requisite qualification and experience to contribute effectively to the company in their capacity as independent director.

(ii) Shareholders Right:

The quarterly, half yearly and annual results of your Company with necessary report thereon are published in newspapers and posted on Company's website. The same are also available at the sites of the stock exchanges where the shares of the Company are listed i.e. www.bseindia.com and www.kabsonsindustrieslimited.com.

(iii) Audit Qualifications

The statutory financial statements of the company are qualified.

(iv) Reporting of Internal Auditor

The Internal Auditor of the Company is a permanent invitee to the Audit Committee Meeting and regularly attends the Meeting for reporting their findings of the internal audit to the Audit Committee Members. The Internal Auditor of the company directly reports to the Audit Committee.

Declaration by Chairman and Executive Director on Code of Conduct under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013.

To
The Members

I, hereby declare that to the best of my knowledge and information, all the Board Members and Senior Management Personnel have affirmed compliance with the code of conduct for the year ended March 31, 2016.

Place : Hyderabad
Date : 28-07-2016

Sd/-
Rajiv Kabra
Executive Director

Certification by Executive Director and Chief Financial Officer (CFO) to the Board

We, Rajiv Kabra, Executive Director and M Krishna Murthy, Chief Financial Officer of Kabsons Industries Limited, certify that:

1. We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the state of affairs of the company and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept overall responsibility for establishing and maintaining internal control for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness, of internal control. The internal auditor works with all levels of management and statutory auditors and reports significant issues to the audit committee of the Board. The auditors and audit committee are appraised of any corrective action taken with regard to significant deficiencies in the design or operation of internal controls.
4. We indicate to the auditors and to the audit committee:
 - a) Significant changes in internal control over financial reporting during the year;
 - b) Significant changes in accounting policies during the year; and that the same have been disclosed in the notes to the financial statements; and
 - c) Instances of significant fraud of which we have become aware of and which involve management or other employees having significant role in the company's internal control system and financial reporting. However, during the year there was no such instance.

Place : Hyderabad
Date : 28-07-2016

Rajiv Kabra
Executive Director

M Krishna Murthy
Chief Financial Officer

Certificate on Corporate Governance

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 March 31, 2016 as required by the Listing Regulation of the said company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. 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, we certify that the company has complied in general with the conditions of corporate governance as stipulated in the above mentioned Listing Regulation.

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

For M/s. B S S & Associates
Company Secretaries

Place : Hyderabad
Date : 28-07-2016

S.Srikanth
Partner
C.P. No. 7999

Declaration by Executive Director

I, Rajiv Kabra, Executive Director of Kabsons Industries Limited hereby declare that the members of Board, Key Managerial Personnel and other senior level employees of the Company are adhering to the code of conduct adopted by the Board which is posted on the website of the Company.

Place : Hyderabad
Date : 28-07-2016

Rajiv Kabra
Executive Director

INDEPENDENT AUDITORS' REPORT

To the Members of KABSONS INDUSTRIES LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying Standalone Financial Statements of **KABSONS INDUSTRIES LIMITED, HYDERABAD (Telangana)** ("The Company") which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, cash flow statement for the year then ended, and a Summary of Significant Accounting Policies and other explanatory information.

Management's responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

3. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and Matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.

Basis for qualified opinion:

7. *The Company has not adopted and complied with the requirements of AS-15 'Employee Benefits' in respect of the Gratuity liability which constitute a departure from the Accounting standards referred in section 133 of the Act. 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 the same on the loss for the year, income tax and shareholder's funds.*

Qualified Opinion

8. *In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the basis for Qualified Opinion Paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India: of the state of affairs of the company as at March 31, 2016; of the loss and of the cash flows for the year ended on that date.*

Emphasis of matter

9. (a) *We draw attention to Note 24.1 in the financial statements which state that the Company's current liabilities exceeded its current assets by Rs.2.06crores. Further, as indicated by the Company's Balance Sheet as at March 31, 2016, the net worth of the Company has eroded completely. These conditions along with other matters as set forth in Note 24.1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.*

(b) *We draw attention to Note 24.3 in the financial statements which states that the Company has not provided for the interest expense amounting to Rs. 6,33,691 for the year and Rs. 90,74,188 for earlier years against the Trade Deposits received from the Dealers/ Distributors. Consequently, the same has resulted in understatement of loss for the year by Rs. 6,33,691, understatement of the balance in the statement of profit and loss by Rs. 97,07,879 and understatement of Current Liabilities by Rs. 97,07,879.*

Other matters

1. *The Company could not get confirmation of balances in respect of:*

(a) *Trade Receivables amounting to Rs25,75,017/- and (b) Trade Payables amounting to Rs18,85,992/-.* Consequently, we are unable to determine, if any adjustments are required to the amounts reflecting in the Balance Sheet as at March 31, 2016 and the impact of the same on the loss for the year, income tax and shareholder's funds. Our opinion is not qualified in this regard.

Report on other Legal and Regulatory requirements

1. As required by the Companies(Auditor's Report) Order 2016 ("the Order") issued by the Central Government of India in terms of sub-section(11) of section 143 of the Companies Act 2013, we give in the Annexure,-
A a statement on the matters specified in paragraphs 3 and 4 of the Order .
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - (d) *except for the matter described under the basis for qualified opinion paragraph, in our opinion, the Balance sheet, Statement of Profit and Loss, and Cash flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;*
 - (e) on the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure- B; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations which would impact its financial position
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. the instance of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company is as given below.

Amount (Rs.)	Period to which the amount relates	Due date
22,550	1994-95	19.10.2001

For BRAHMAYYA & CO.,
Chartered Accountants
Firms' Regn.No.000513S
Sd/-
(K.SHRAVAN)
Partner
Membership No.215798

Place: Hyderabad
Date: 30.05.2016

ANNEXURE-A REFERRED TO IN PARAGRAPH 11 OF OUR REPORT OF EVEN DATE

Statement on the Companies (Auditor's Report) Order, 2016

Re: KABSONS INDUSTRIES LIMITED

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- 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) the title deeds of the immovable properties are held in the name of the Company;
- ii) the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account;
- iii) the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained u/s.189 of the Act.
- iv) the Company has not advanced any loan, not made investments, not given guarantees and not provided any security. Hence para 3(iv) of the aforesaid Order is not applicable;
- v) the Company has not accepted deposits from the public. Hence the provisions of Sections 73 to 76 and other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 are not applicable to the Company.
- vi) maintenance of cost records has not been specified by the Central Government u/s 148(1) of the Act. Hence para 3(vi) of the aforesaid Order is not applicable;
- vii) (a) the Company is not regular in depositing with appropriate authorities undisputed statutory dues including investor education protection fund, 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 are as given below:

S. No.	Name of the Statue	Nature of the dues	Amount Rs.	Period to which the amount relates	Due Date
1	Maharashtra Sales Tax Act	Sales Tax	5,817	2005-06	15.05.2005
2	Maharashtra Sales Tax Act	Sales Tax	9,538	2004-05	15.04.2005
3	Maharashtra Sales Tax Act	Sales Tax	800	2003-04	15.01.2004
4	BST Act	Sales Tax and Penalty	73,735	1997-98	15.08.2004
5	BST Act	Sales Tax and Penalty	1,34,780	1998-99	15.08.2004
6	CST Act	Sales Tax and Penalty	1,31,000	1997-98	15.08.2004
7	CST Act	Sales Tax and Penalty	5,17,000	1998-99	15.08.2004

- (b) according to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, excise duty, service tax and cess which have not been deposited on account of any dispute;

- viii) during the financial year covered by our audit the Company had not borrowed from financial institutions. Hence, clause 3(viii) of the above referred Order is not applicable;
- ix) the Company has not raised moneys by way of Initial Public Offer or Further Public Offer(including debt instruments) and term loans. Hence clause 3(ix) of the above referred Order is not applicable;
- x) no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year;
- xi) no managerial remuneration has been paid or provided during the year under report. Hence clause 3(xi) of the above referred Order is not applicable;
- xii) the Company is not a Nidhi Company.
- xiii) the Company is in compliance with Section 188 and Section 177 of the Act, wherever applicable, for all transactions with related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards;
- xiv) the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Hence clause 3(xiv) of the above referred Order is not applicable;
- xv) the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Act are not applicable;
- xvi) the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act,1934.

For BRAHMAYYA & CO.,
Chartered Accountants
Firms' Regn.No.000513S
Sd/-
(K.SHRAVAN)
Partner
Membership No.215798

Place: Hyderabad
Date: 30.05.2016

ANNEXURE – B REFERRED TO IN PARAGRAPH 12 (f) OF OUR REPORT OF EVEN DATE
Re: KABSONS INDUSTRIES LIMITED
Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of
Section 143 of the Companies Act, 2013 ("the Act")

1. We have audited the internal financial controls over financial reporting of Kabsons Industries Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For BRAHMAYYA & CO.,
Chartered Accountants
Firms' Regn.No.000513S
Sd/-
(K.SHRAVAN)
Partner
Membership No.215798

Place: Hyderabad
Date: 30.05.2016

BALANCE SHEET AS AT 31-03-2016(All amounts in rupees,
unless otherwise stated)

Particulars	Note No.	As at 31-03-2016	As at 31-03-2015
1	2	3	4
I. EQUITY AND LIABILITIES			
1 Shareholder's funds			
(a) Share Capital	2	17,46,30,000	17,46,30,000
(b) Reserves and surplus	3	(18,62,93,448)	(18,52,11,715)
		<u>(1,16,63,448)</u>	<u>(1,05,81,715)</u>
2 Non-Current Liabilities			
(a) Other long term liabilities	4	1,64,02,133	1,46,81,133
(b) Long-term provisions	5	91,904	76,846
		<u>1,64,94,037</u>	<u>1,47,57,979</u>
3 Current Liabilities			
(a) Short-term borrowings	6	26,00,000	31,00,000
(b) Trade payables		18,85,992	19,02,910
(c) Other current liabilities	7	7,89,62,888	7,98,89,401
(d) Short-term provisions	8	1,98,078	1,20,830
		<u>8,36,46,957</u>	<u>8,50,13,141</u>
TOTAL		8,84,77,546	8,91,89,405
II. ASSETS			
1 Non-current assets			
(a) Fixed Assets			
Tangible assets	9	2,42,29,129	2,43,54,698
Intangible assets	9	428	428
		<u>2,42,29,557</u>	<u>2,43,55,126</u>
(b) Long-term loans and advances	10	10,41,062	10,23,062
(c) Other Non-current assets	11	31,66,848	91,51,923
		<u>42,07,910</u>	<u>1,01,74,985</u>
2 Current assets			
(a) Inventories	12	4,50,382	3,51,277
(b) Trade receivables	13	25,75,017	26,19,628
(c) Cash and cash equivalents	14	2,06,85,721	1,45,31,949
(d) Short-term loans and advances	15	11,66,895	16,42,954
(e) Other current assets	16	3,51,62,063	3,55,13,486
		<u>6,00,40,078</u>	<u>5,46,59,294</u>
TOTAL		8,84,77,546	8,91,89,405
Significant Accounting policies	1		
Other disclosures	24		

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

As per our report of even date

For and on behalf of the Board of Directors

For **BRAHMAYYA & Co.,**
Chartered Accountants
Firm's Regn.No.000513S**P.V.SUBBA RAO**
DirectorSd/-
RAJIV KABRA
Executive DirectorSd/-
K.SHRAVAN
Partner, Membership No.215798Sd/-
M.KRISHNA MURTHY
Chief Financial OfficerSd/-
RAKHAL PANIGRAHI
Company SecretaryPlace : Hyderabad
Date : 30-05-2016

**Statement of Profit and Loss
for the year ended 31-03-2016**

(All amounts in rupees,
unless otherwise stated)

Particulars	Note No.	Current Year	Previous Year
I Revenue from operations	17	1,67,29,327	1,86,84,126
II Other Income	18	27,48,284	18,80,427
III Total Revenue		1,94,77,611	2,05,64,553
IV Expenses			
Purchase of Stock-in-Trade	19	52,32,227	76,95,425
Changes in inventories of Work-in-progress and Stock-in-Trade	20	(99,105)	89,466
Employee benefits expense	21	42,38,967	37,62,834
Depreciation and amortization expense	9	9,53,425	10,16,291
Other expenses	22	74,85,830	51,68,287
Total Expenses		1,78,11,344	1,77,32,303
V Profit before exceptional items and tax		16,66,267	28,32,250
VI. Exceptional Items	23	(27,48,000)	9,67,535
VII Profit before tax		(10,81,733)	37,99,785
VIII Tax expense			
Current tax	25.5.1	-	-
Deferred tax	25.5.2	-	-
IX Profit for the period (VII-VIII)		(10,81,733)	37,99,785
X Earnings per equity share (Face value of Rs.10/- per share) Basic and Diluted	25.4	(0.06)	0.22

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

As per our report of even date

For **BRAHMAYYA & Co.,**
Chartered Accountants
Firm's Regn.No.000513S

Sd/-
K.SHRAVAN
Partner, Membership No.215798

Place : Hyderabad
Date : 30-05-2016

For and on behalf of the Board of Directors

Sd/-
P.V.SUBBA RAO
Director

Sd/-
M.KRISHNA MURTHY
Chief Financial Officer

Sd/-
RAJIV KABRA
Executive Director

Sd/-
RAKHAL PANIGRAHI
Company Secretary

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2016

(All amounts in rupees,
unless otherwise stated)

	Year Ended 31.03.2016	Year Ended 31.03.2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit for the year before extraordinary items	(10,81,733)	37,99,785
Adjustments for:		
Depreciation	9,53,425	10,16,291
Depreciation provided in earlier years now written up	-	(967,535)
Interest Income / earned	(20,80,877)	(18,11,525)
Operating Profit before working Capital Changes	(22,09,185)	20,37,016
Adjustments for:		
Trade and other receivables	15,65,323	6,83,990
Inventories	(99,105)	89,466
Trade payables	8,69,874	(7,38,281)
NET CASH FROM OPERATING ACTIVITIES	1,26,907	20,72,191
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(8,27,856)	(5,16,535)
Proceeds from/(Investment) in term deposits/ margin money deposits	(62,52,121)	23,62,925
Proceeds from/(Investment) in deposits for period exceeding 1 year	60,81,194	(77,97,583)
Interest received	12,73,527	23,70,619
NET CASH USED IN INVESTING ACTIVITIES	2,74,744	(35,80,574)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Loans	(5,00,000)	
NET CASH GENERATED FROM FINANCING ACTIVITIES	(5,00,000)	-
Net Increase/ (Decrease) in cash and cash equivalents (A+B+C)	(98,349)	(15,08,383)
Cash and Cash equivalents as at 01.04.15 (Opening balance)	11,40,075	26,48,458
Cash and Cash equivalents as at 31.03.16 (Closing balance)	10,41,726	11,40,075

Note: Reconciliation of cash and cash equivalents with Balance Sheet as at 31 March 2016

Cash and Cash equivalents as per cash flow statement	10,41,726	11,40,075
Add: Investment in term deposits and margin money deposits	1,96,43,995	1,33,91,874
Cash and Cash equivalents as per Balance Sheet	2,06,85,721	1,45,31,949

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

As per our report of even date

For **BRAHMAYYA & Co.,**
Chartered Accountants
Firm's Regn.No.000513S

Sd/-
K.SHRAVAN
Partner, Membership No.215798

Place : Hyderabad
Date : 30-05-2016

For and on behalf of the Board of Directors

Sd/-
P.V.SUBBA RAO
Director

Sd/-
M.KRISHNA MURTHY
Chief Financial Officer

Sd/-
RAJIV KABRA
Executive Director

Sd/-
RAKHAL PANIGRAHI
Company Secretary

Notes to Financial statements for the year ended 31 March 2016

(All amounts in rupees,
unless otherwise stated)

1. 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 -II to the Companies Act, 2013 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 II to the Companies Act 2013.

- v) Stores and Packing materials, work-in-progress and stock in trade are valued at lower of the cost or realisable value.
- vi) Sales are exclusive of taxes and duties collected.
- vii) Provident Fund is administrated and remittances are made to Provident Fund Commissioner.
- viii) 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.

2. Share Capital

Particulars	As at 31 March 2016		As at 31 March 2015	
	Numbers	Rs.	Numbers	Rs.
Authorised				
Equity Shares of Rs.10 each	1,80,00,000	18,00,00,000	1,80,00,000	18,00,00,000
Issued, Subscribed & Paid up				
Equity Shares of Rs.10 each fully paid	<u>1,74,63,000</u>	<u>17,46,30,000</u>	<u>1,74,63,000</u>	<u>17,46,30,000</u>

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

Particulars	As at 31 March 2016		As at 31 March 2015	
	No. of shares	Rs.	No. of shares	Rs.
Shares outstanding at the beginning of the year	1,74,63,000	17,46,30,000	1,74,63,000	17,46,30,000
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	<u>1,74,63,000</u>	<u>17,46,30,000</u>	<u>1,74,63,000</u>	<u>17,46,30,000</u>

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 2016		As at 31 March 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr.Rajiv Kabra	91,17,400	52.21	91,17,000	52.21
M/s.Lata Engineering Company Pvt. Ltd	10,11,000	5.79	10,11,000	5.79

Notes to Financial statements for the year ended 31 March 2016

(All amounts in rupees, unless otherwise stated)

3. Reserves and Surplus

Particulars	As at 31 March 2016		As at 31 March 2015	
	As at	As at	As at	As at
a. Capital Reserves		30,00,000		30,00,000
b. Securities Premium Reserve		4,72,37,415		4,72,37,415
c. Surplus (Balance in statement of profit and loss)				
Balance as per last financial statements		(23,54,49,130)		(23,88,17,095)
ADD: Adjustment w.r.t. SCH-II *		-		(4,31,820)
		<u>(23,54,49,130)</u>		<u>(23,92,48,915)</u>
Add: Profit for the year		(10,81,733)		37,99,785
Closing Balance		<u>(23,65,30,863)</u>		<u>(23,54,49,130)</u>
Total		<u>(18,62,93,448)</u>		<u>(18,52,11,715)</u>

* Pursuant to the adoption of useful lives specified in Part C of Schedule II to the Companies Act, 2013 for providing depreciation of fixed assets, the carrying amounts as on 01.04.2014 in respect of the useful lives of expired assets is adjusted to accumulated losses as on 01.04.2014.

4. Other long term liabilities

Particulars	Non-current portion		Current portion	
	As at	As at	As at	As at
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Other Liabilities				
i) Security Deposits	64,51,500	60,30,500	-	4,21,000
ii) Security Deposits	99,50,633	86,50,633	-	-
Total	<u>1,64,02,133</u>	<u>1,46,81,133</u>	<u>-</u>	<u>4,21,000</u>

- 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. The Security Deposits are received towards lease of plants at various locations and are interest-free.

5. Long Term Provisions

Particulars	Non-current portion		Current portion	
	As at	As at	As at	As at
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
(a) Gratuity	91,904	76,846	-	-
Total	<u>91,904</u>	<u>76,846</u>	<u>-</u>	<u>-</u>

6. Short Term Borrowings

Particulars	As at 31 March 2016	As at 31 March 2015
Loans and advances from related parties, repayable on demand (interest-free)		
a. Secured - Lata Engineering Company Private Limited	1,00,000	1,00,000
b. Unsecured - Inter Corporate Deposit	25,00,000	25,00,000
Total	<u>26,00,000</u>	<u>26,00,000</u>

- 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 Nellimerla Industrial Area, Vizianagaram Dist, Andhra Pradesh.

7. Other Current Liabilities

Particulars	As at 31 March 2016	As at 31 March 2015
Current maturities of long-term liabilities(Refer Note-4a)	-	4,21,000
Cylinder Deposits from consumers	7,19,62,132	7,19,62,132
Interest accrued and due on Distributor/Dealer deposits (Refer Note - 24.3)	13,13,317	13,13,317
Dues to Dealers and Consumers	26,96,118	30,26,410
Dues to Staff	4,01,288	3,75,367
<u>Other payables</u>		
Statutory Dues	13,16,865	11,23,663
Others	12,50,418	16,44,962
Investor Education and Protection fund – Unpaid application money received for allotment of shares and due for refund	22,550	22,550
Total	<u>7,89,62,888</u>	<u>7,98,89,401</u>

(All amounts in rupees, unless otherwise stated)

8. Notes to Financial statements for the year ended 31 March 2016

Short-Term Provisions

As at 31 March 2015

a) Provision for Employee Benefits:

- Earned Leave Encashment

- Bonus

b) Provision for audit fees

Total

77,221

66,469

54,388

1,98,078

50,819

36,303

33,708

1,20,830

9. FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block			
	As at 31 March 2015	Addi-tions	Deduc-tions	As at 31 March 2016	Upto 31 March 2015	Adjust-ments For the year	On Deduc-tions	Upto 31 March 2016	As at 31 March 2016	As at 31 March 2015
a Tangible Assets										
Land:										
Leasehold	56,48,330	29,540	-	56,77,870	16,97,890	-	78,464	17,76,354	39,01,516	39,50,440
Freehold *	10,14,817	-	-	10,14,817	-	-	-	-	10,14,817	10,14,817
Buildings										
Factory	2,62,11,358	-	-	2,62,11,358	1,81,99,558	-	5,44,849	1,87,44,407	74,66,951	80,11,800
Non Factory	30,30,697	-	-	30,30,697	10,51,540	-	43,753	10,95,293	19,35,404	19,79,157
Plant and Equipment	2,90,27,398	7,98,316	-	2,98,25,714	2,37,31,432	-	1,87,044	2,39,18,476	59,07,238	52,95,966
Electrical Equipment	61,93,592	-	-	61,93,592	58,28,062	-	9,439	58,37,501	3,56,091	3,65,530
Furniture and Fittings	32,28,778	-	-	32,28,778	30,67,339	-	-	30,67,339	1,61,439	1,61,439
Data Processing Equipment	32,88,104	-	-	32,88,104	30,89,993	-	16,039	31,06,032	1,82,072	1,98,111
Office equipment	14,41,524	-	-	14,41,524	13,69,447	-	-	13,69,447	72,077	72,077
Vehicles	5,01,719	-	-	5,01,719	4,02,096	-	73,837	4,75,933	25,786	99,623
Cycle	1,710	-	-	1,710	1,624	-	-	1,624	86	86
Cylinders	6,41,13,619	-	-	6,41,13,619	6,09,07,967	-	-	6,09,07,967	32,05,652	32,05,652
Sub Total:	14,37,01,646	8,27,856	-	14,45,29,502	11,93,46,948	-	9,53,425	12,03,00,373	2,42,29,129	2,43,54,698
b Intangible Assets										
Software	8,550	-	-	8,550	8,122	-	-	8,122	428	428
Sub Total:	8,550	-	-	8,550	8,122	-	-	8,122	428	428
Grand Total :	14,37,10,196	8,27,856	-	14,45,38,052	11,93,55,070	-	9,53,425	12,03,08,495	2,42,29,557	2,43,55,126
Previous Year:	14,36,88,918	5,16,535	4,95,257	14,37,10,196	11,93,69,750	(5,35,714)	10,16,291	4,95,257	11,93,55,070	2,43,55,126

(*) The Company purchased 10 Acres of land at Neelimerla Industrial Area, Vizianagaram District through registered sale deed from APID in the year 1995 for setting up of Industry. The APIC issued cancellation orders for not utilizing the plot and Company filed a petition against the orders in The Court of the Principal Junior Civil Judge at Vizianagaram and the matter is in the Court of Law.

Notes to Financial statements for the year ended 31 March 2016

(All amounts in rupees, unless otherwise stated)

Particulars	As at 31 March 2016	As at 31 March 2015
10. Long Term Loans and Advances (Unsecured, considered good)		
Sundry Deposits	10,41,062	10,23,062
Total	10,41,062	10,23,062
11. Other Non-current Assets		
Prepayments	1,34,056	37,937
Other bank balances – Term Deposits with more than 12 months maturity - Margin Money Deposits - In-Term Deposits	30,32,792	30,32,792
	-	60,81,194
Total	31,66,848	91,51,923
a. Out of the total amount of margin money deposits, deposits amounting to Rs. 26,00,000 have been pledged with the Bankers towards issue of Bank Guarantees		
12. Inventories (Valued and Certified by the Executive Director)		
a. Stock-in-trade (lower of realisable value and cost)	3,33,762	2,34,657
b. Stores and Spares (at realisable value)	78,004	78,004
c. Scrap	38,616	38,616
Total	4,50,383	3,51,277
13. Trade Receivables (Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	6,57,810	8,50,512
Considered doubtful	2,99,233	2,18,412
Less: Provision for doubtful debts	(2,99,233)	(2,18,412)
	6,57,810	8,50,512
Others considered good	19,17,207	17,69,116
Total	25,75,017	26,19,628
14. Cash and cash equivalents		
a. Balances with banks		
In current accounts	9,42,229	10,35,723
In term deposits	1,96,43,995	2,05,86,224
b. Cash on hand	77,420	1,33,91,874
c. Share Application Money Refund A/c.	22,077	1,44,27,597
	82,275	22,077
Total	2,06,85,721	1,45,31,949
a. Term deposits and term deposits have a maturity period of more than three months and less than one year.		
15. Short-term loans and advances (Unsecured, considered good)		
Tax deducted at source	11,66,895	16,42,954
Bills of Exchange (Considered Doubtful)	-	24,50,000
Less: Provision made	-	(24,50,000)
Total	11,66,895	16,42,954
16. Other Current Assets		
Vendor advance	1,57,669	14,24,972
Balances with Govt. Dept. (CBEC & VAT)	1,32,344	60,825
Amounts recoverable from staff	1,000	1,000
Cylinder Deposit	3,34,36,900	3,34,36,900
Interest accrued but not due	12,17,368	4,10,018
Prepayments	2,16,782	1,79,771
Total	3,51,62,063	3,55,13,486

Notes to Financial statements for the year ended 31 March 2016

(All amounts in rupees, unless otherwise stated)

Particulars	Current Year	Previous Year
17. Revenue from Operations		
Sale of gas (trading items)*	58,61,918	88,60,485
Gas filling charges	53,74,436	45,27,062
Unloading/Loading charges collected	2,12,902	-
<u>Other operating revenues</u>		
Rental/ hire charges	2,571	1,77,429
Plants Lease	50,97,500	47,93,400
Rent	1,80,000	3,25,750
Total	<u>1,67,29,327</u>	<u>1,86,84,126</u>
*a. Details of sales of trading items		
Gas	58,61,918	88,60,485
Total	<u>58,61,918</u>	<u>88,60,485</u>
18. Other income		
Interest Income (TDS Rs.2,00,542)	20,80,877	18,11,525
<u>Other non-operating revenue</u>		
Excess Provision written back	492	64,369
Credit balances written back	6,64,427	84
Miscellaneous income	2,488	4,449
Total	<u>27,48,284</u>	<u>18,80,427</u>
19. Purchases of Stock-in-Trade		
Gas	52,32,227	76,95,425
Total	<u>52,32,227</u>	<u>76,95,425</u>
20. Changes in inventories of Work-in-progress and Stock-in-Trade		
Opening Stock		
i) Work-in-progress	-	38,616
ii) Stock-in-trade	2,34,657	3,24,123
	<u>2,34,657</u>	<u>3,62,739</u>
Less: Work-in-progress treated as scrap	-	38,616
	<u>2,34,657</u>	<u>3,24,123</u>
Closing Stock*		
i) Work-in-progress (Scrap)	-	-
ii) Stock-in-trade	3,33,762	2,34,657
	<u>3,33,762</u>	<u>2,34,657</u>
(Increase) / Decrease in stocks	<u>(99,105)</u>	<u>89,466</u>
*a. Details of Stock-in-trade - closing stock		
LPG Gas	3,23,862	2,24,757
Single burner stoves	9,900	9,900
Total	<u>3,33,762</u>	<u>2,34,657</u>
21. Employee benefits expense		
Salaries, Wages, Bonus and Allowances	39,17,739	34,55,187
Contribution to Provident and other funds	2,03,934	1,94,164
Staff Welfare	69,003	84,026
Earned Leave Encashment	33,233	12,842
Gratuity	15,058	16,615
Total	<u>42,38,967</u>	<u>37,62,834</u>

Notes to Financial statements for the year ended 31 March 2016

(All amounts in rupees, unless otherwise stated)

Particulars	Current Year	Previous Year
23. Other expenses		
Consumption of stores and spares	1,66,355	1,01,530
Power and fuel	4,20,572	3,14,955
Rent & Water Charges	6,67,552	6,32,777
Rental/Hire charges paid for Cylinders	-	1,19,048
Repairs & Maintenance		
i) Plant & Machinery	11,90,536	8,41,099
ii) Buildings	59,767	55,650
iii) Other Assets	55,465	79,361
Insurance	1,25,847	1,24,025
Rates & Taxes	2,16,107	1,89,956
Gas Filling Charges	66,918	85,035
Printing & Stationary	25,345	19,672
Postage, Telegrams & Telephones	79,395	58,646
Travelling & Conveyance	2,98,548	2,66,799
Service Charges	16,58,984	8,69,075
Legal & Professional Charges	6,08,467	3,86,057
Listing Fees	2,49,375	1,67,698
Provision for Doubtful Debts	2,99,233	-
Auditors' Remuneration		
: As Auditors	45,800	28,090
: For Tax Audit	11,520	8,427
: For Certification	24,533	27,528
Prior Period Expenses	2,22,857	-
Penalties	30,000	-
General Expenses	2,28,038	1,92,651
Miscellaneous expenses	7,34,616	6,00,208
Total	74,85,830	51,68,287
23. Exceptional Items:		
Re-instatement fee to BSE (inclusive Service Tax)	(27,48,000)	
Prior period item		
Excess Depreciation provided in earlier years now written up		9,67,535
Total	(27,48,000)	9,67,535
24. Other disclosures		
24.1. Financial statements of the Company have been prepared on 'going concern basis' despite:		
a. Complete erosion of net worth as at 31 March 2016;		
b. Current liabilities exceeding the current assets by Rs. 205.74 Lakhs (Previous year 390.04 Lakhs) as at 31 March 2016; and		
c. Uncertainty associated with the operations of the company.		
24.2. Contingent Liabilities not provided for in respect of:		
Particulars	As at 31 March 2016	As at 31 March 2015
i) Bank Guarantees issued by Bankers	26,00,000	26,00,000
ii) Claims made by dealers/distributors not acknowledged by the Company	5,94,315	5,94,315

24. Other disclosures

24.1. Financial statements of the Company have been prepared on 'going concern basis' despite:

- Complete erosion of net worth as at 31 March 2016;
- Current liabilities exceeding the current assets by Rs. 205.74 Lakhs (Previous year 390.04 Lakhs) as at 31 March 2016; and
- Uncertainty associated with the operations of the company.

24.2. Contingent Liabilities not provided for in respect of:

Particulars	As at 31 March 2016	As at 31 March 2015
i) Bank Guarantees issued by Bankers	26,00,000	26,00,000
ii) Claims made by dealers/distributors not acknowledged by the Company	5,94,315	5,94,315

24.3. Interest accrued and due on Distributor/Dealer 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. 6,33,691/- (Previous year: Rs. 6,33,691/-) and interest for earlier years amounting to Rs. 90,74,188/-. Had the interest provision been made, the Loss for the current year would have been more by Rs. 6,33,691/- and current liabilities would have been more by Rs. 97,07,879/-.

24.4. 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 to report.

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 to report.

c. Earnings in foreign exchange:

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

Notes to Financial statements for the year ended 31 March 2016

(All amounts in rupees, unless otherwise stated)

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		Previous Year	
	Amount	%	Amount	%
Indigenous	1,66,355	100	1,01,530	100
Imported	-	-	-	-
Total	1,66,355	100	1,01,530	100

25. Disclosures in accordance with the requirements of Accounting Standards stated under the Companies (Accounts) Rules 2014.

The Company has made disclosures in accordance with the accounting standards as applicable for the year under report.

25.1 Segment Reporting

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

25.2 Related Party Disclosures

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

S.No	Name of the Related Party	Nature of Relationship
1	Rajiv Kabra	Key Management Personnel
2	Satish Kabra	Relatives 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	Kabsons Gas Equipment P. Ltd	

a. Transactions with Key Management personnel

S.No	Nature of transaction	Current Year	Previous Year
1	Remuneration	--	--

b. Transactions with substantial shareholder

Nature of transaction	Current Year	Previous Year
Sale of gas	-	48,507
Supply of Manpower	4,52,935	1,46,068
Cylinder deposit		
Outstanding at the beginning of the year	74,94,200	74,94,200
Outstanding at the closing of the year	74,94,200	74,94,200
Secured Loan:		
Outstanding at the beginning of the year	1,00,000	1,00,000
Received during the year	-	-
Repaid during the year	-	-
Outstanding at the close of the year	1,00,000	1,00,000
Balance in current account receivable	(1,16,808)	(34,915)

c. Transactions with Enterprise having common control by Key Management Personnel

Nature of transaction	Current Year	Previous Year
Godown rent received	1,80,000	1,80,000
Rental hire charges paid	-	1,25,000
Purchase of gas	2,50,984	-
Cylinder deposit:		
Outstanding at the beginning of the year	68,41,250	68,31,250
Received during the year	-	-
Paid during the year	-	10,000
Outstanding at the close of the year	68,41,250	68,41,250
Balance in current account receivable	11,436	14,063

d. Transactions with Subsidiary Company of Substantial Shareholder

Inter corporate deposit received:		
Outstanding at the beginning of the year	30,00,000	30,00,000
Received during the year	-	-
Paid during the year	5,00,000	-
Outstanding at the end of the year	25,00,000	30,00,000

Notes to Financial statements for the year ended 31 March 2016

(All amounts in rupees, unless otherwise stated)

e. Transactions with Enterprise controlled by relatives of the Key Management Personnel

Nature of transaction	Current Year	Previous Year
Gas filling charges paid	9,793	28,855
Transportation Charges paid	10,045	8,500
Minimum commitment charges paid	57,125	56,180
Cylinder deposit:		
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 end of the year	1,92,09,450	1,92,09,450
Trade receivables	Nil	Nil
Trade payables	13,81,803	14,08,013

25.3 Accounting for Leases

The disclosures pursuant to the requirements of AS – 19 are given below:

Class of Asset	Building	Plant and Machinery	Other Assets	Total
Gross Carrying Amount as at 31.03.2016	75,25,172	1,37,32,867	16,23,259	2,28,81,298
Accumulated Depreciation as at 31.03.2016	56,43,841	96,34,556	14,95,687	1,67,74,084
Depreciation recognised for the year	1,21,753	1,59,678	9,439	2,90,870

General description of the Company's significant leasing arrangements:

The company has given on lease, various assets of its LPG Bottling Plants situated at:

- 1) Killa No.170 & 171, Sampla Berry Road, Ismaila Village, Rohtak, Haryana
- 2) Plot No.37, Belur Industrial Estate, Dist. Dharwad, Karnataka
- 3) Plot No. 124 & 125, Tupudana Industrial Estate, P.O. Hatia, Ranchi; and
- 4) Plot No. A-134, Hirawala Industrial Area, Kanota, Jaipur; on a fixed term lease basis, after which the lease agreements can be extended or terminated on mutual consent basis.

25.4. Earnings per share

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

Particulars	Current Year	Previous Year
(Loss)/Profit as per Statement of Profit and Loss (in rupees)	(10,81,733)	37,99,785
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/-)	(0.06)	0.22

25.5. Taxes on income

25.5.1. Current Tax

Provision for current tax is not made, in view of the brought forward unabsorbed depreciation and business loss, in accordance with the provisions of the Income-tax Act, 1961 as well as book profits tax under Section 115JB of the Income-tax Act, 1961.

25.5.2. Deferred tax

In view of the absence of reasonable certainty that sufficient future taxable income will be available against which deferred tax asset can be realized, the Company has considered it prudent not to provide for deferred tax asset of Rs. 4.71 crores (Previous Year Rs. 4.69 crores), in accordance with Accounting Standard – 22, Accounting for taxes on income, resulted on account of brought forward losses and unabsorbed depreciation.

S.No	Particulars	Current Year	Previous Year
A.	Items of Deferred Tax Assets		
	1 Unabsorbed depreciation and other disallowances	16,94,54,583	16,93,59,832
B.	Items of Deferred Tax Liabilities		
	1 Difference in W.D.V as per books and as per Income –tax Act	1,70,69,604	1,76,67,318
	Net Deferred Tax Asset (A-B)	15,23,84,979	15,16,92,514
	Tax thereon @ 30.90%	4,70,86,959	4,68,72,987

26. 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').

27. Previous Year's figures

Previous Year's figures have been reclassified, wherever necessary so as to conform with the requirements of the Schedule III to the Companies Act, 2013.

As per our report of even date

For and on behalf of the Board of Directors

Sd/-

Sd/-

For **BRAHMAYYA & Co.,**
Chartered Accountants
Firm's Regn.No.000513S

P.V.SUBBA RAO
Director

RAJIV KABRA
Executive Director

Sd/-
K.SHRAVAN
Partner, Membership No.215798

Sd/-
M.KRISHNA MURTHY
Chief Financial Officer

Sd/-
RAKHAL PANIGRAHI
Company Secretary

Place : Hyderabad
Date : 30-05-2016



KABSONS INDUSTRIES LIMITED

Regd. Office: # 8-3-1087, Plot No.48 Srinagar Colony, Hyderabad – 500073

Form No. MGT- 11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s):

Registered address:

E-mail Id:

Folio No/ Client Id:

DP ID:

I/ We, being the member (s) of shares of the above named company, hereby appoint

1. Name:.....

E-mail Id:

Address:.....

Signature: or failing him

2. Name:.....

E-mail Id:

Address:.....

Signature: or failing him

3. Name:.....

E-mail Id:

Address:.....

Signature: or failing him

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 24th Annual General Meeting of the Company, to be held on Monday, August 29, 2016 at 4 p.m. IST at the registered office of the Company situated at # 8-3-1087, Plot No.48 Srinagar Colony, Hyderabad – 500073 and at any adjournment thereof in respect of such resolutions as are indicated below:

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2016 and the Reports of the Board of Directors and Auditors thereon.
2. To Appoint a Director in the place of Mr. Rajiv Kabra (DIN: 00038605), who retires by rotation and being eligible, offers himself for re-appointment.
3. Ratification of appointment of auditors of the Company.

**Re. 1.00
Revenue
Stamp**

Signed this..... day of 2016

Signature of shareholder..... Signature of Proxy holder(s)

Note:This form of proxy in order to be effective should be duly completed and deposited at Registered Office of the Company, not less than 48hours before the commencement of the Meeting.

KABSONS INDUSTRIES LIMITED

Regd. Office: # 8-3-1087, Plot No.48 Srinagar Colony, Hyderabad – 500073

(To be handed over at entrance of the Meeting Venue)

ATTENDANCE SLIP

Folio No. DP. ID No./ Client ID

Name of the Member Signature

Name of Proxy Holder Signature

No. of share heldE-mail ID

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the 24th Annual General Meeting of the Company to be held on Monday, the 29th August, 2016 at 4.00 P.M. at the Regd. Office: # 8-3-1087, Plot No.48 Srinagar Colony, Hyderabad – 500073

1. Only Member/Proxyholder can attend the Meeting.
2. Member/Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting.

Note: Please fill this Admission Slip and hand it over at the entrance. Shareholders who come to attend the meeting are requested to bring the copies of the Annual Report also with them.