

**27<sup>th</sup> Annual Report  
2018 - 2019**



**Kabsons Industries Limited**

# KABSONS INDUSTRIES LIMITED

## 27<sup>th</sup> Annual Report 2018-2019

<b>Board of Directors</b>	Sri. Rajiv Kabra	:	Chairman and Executive Director [ DIN:00038605]
	Sri. Venkata Subba Rao Pinapati	:	Independent Director [DIN:02299552]
	Smt. Mangal Rathi	:	Independent Director [DIN:06966755]
	Sri. Krishna Murthy Motamarri	:	Chief Financial Officer
	Sri. Nagaraju Musinam	:	Company Secretary cum Compliance Officer

### Committees of the Board

Audit Committee	Sri. P V Subba Rao	:	Chairman
	Sri. Rajiv Kabra	:	Member
	Smt. Mangal Rathi	:	Member

Stock Exchanges : BSE Limited  
Where company's Securities are Listed: ISIN:INE645C01010

### Nomination & Remuneration Committee

	Sri. P V Subba Rao	:	Chairman
	Sri. Rajiv Kabra	:	Member
	Smt. Mangal Rathi	:	Member

### Share Transfer & Investor's Grievance Committee

	Sri. P V Subba Rao	:	Chairman
	Sri. Rajiv Kabra	:	Member
	Smt. Mangal Rathi	:	Member

Bankers : HDFC Bank Limited  
State Bank of India

Auditors : M/s. K S Rao & Associates  
Chartered Accountants  
Flat No.602, Golden Green Apartments,  
Erramanzil Colony, Somajiguda,  
Hyderabad - 500 082.

Secretarial Auditors : B S S & Associates  
Company Secretaries  
6-3-626, Parameswara Appts., 5<sup>th</sup> Floor, 5A, Anand Nagar,  
Khairatabad, Hyderabad 500004.

Registered Office : Kabsons Industries Limited  
[CIN:L23209TG1993PLC014458]  
Plot No.48, # 8-3-1087, Srinagar Colony, Hyderabad – 500 073,  
Email: operationslpg@gmail.com  
www.kabsonsindustrieslimited.com  
Phone No: +91 40-66630006

Factory : Plot No.B-3, Phase 1, MIDC, Waluj, Aurangabad - 431 136. Maharashtra

Registrars & Share Transfer Agents : M/S.XL SOFTECH SYSTEMS LTD  
#3, Sagar Society, Hyderabad - 500 073.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 27<sup>th</sup> Annual General Meeting (AGM) of the members of **Kabsons Industries Limited** will be held on **Thursday, the 26<sup>th</sup> day of September, 2019 at 4.30 p.m.** at the Registered Office of the Company situated at Plot No.48, Srinagar Colony, Hyderabad-500073, Telangana, India to transact the following business:

### Ordinary Business

#### Item No.1 – Adoption of financial statements

To receive, consider, approve and adopt the Audited Financial Statements of the company for the Financial Year ended 31<sup>st</sup> March, 2019 together with the Reports of the Directors and Auditors thereon.

#### Item No.2 – Re-appointment of Sri. Rajiv Kabra, as a Director liable to retire by rotation

To appoint a director in place of Sri. Rajiv Kabra (DIN:00038605), who retires by rotation and, being eligible, seeks reappointment.

### Special Business

#### Item No.3 – Re-appointment of Sri. Rajiv Kabra, as a Whole Time Director of the Company.

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and Articles of Association of the Company and the consent of the company be and is hereby accorded for re-appointment of Sri.Rajiv Kabra (DIN:00038605), as an Executive Director of the company for a period of five years with effect from 1st August, 2019 without any remuneration as earlier with the following perquisites:

1. Provision for use of chauffeur Driven Car.
2. Company shall provide Telephone or reimburse telephone expenses at Residence for local and long distance official calls.

**"FURTHER RESOLVED THAT** the Board be and is hereby authorized to do all the acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.

#### Item No.4 – Re-appointment of Shri. P.V Subba Rao (DIN: 02299552) as an Independent Director of the Company.

To consider and if thought fit, to pass with or without modification(s), the following resolutions as Special Resolutions:

**"RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors in their respective meetings held on 14<sup>th</sup> August, 2019 and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of Listing Regulations (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of the Members of the Company be and is hereby accorded for re-appointment of Shri. P.V Subba Rao (DIN: 02299552) whose current period of office is expiring on 30<sup>th</sup> September, 2019 and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time, and who is eligible for re-appointment for a second term under the provisions of the Companies Act, 2013, Rules made thereunder and Listing Regulations and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as an Independent Non Executive Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for 5 (five) consecutive years on the Board of the Company for a term w.e.f. 1<sup>st</sup> October, 2019 upto 30<sup>th</sup> September, 2024."

#### Item No.5 – Re-appointment of Smt. Mangal Rathi (DIN: 06966755) as an Independent Director of the Company.

To consider and if thought fit, to pass with or without modification(s), the following resolutions as Special Resolutions:

**"RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors in their respective meetings held on 14<sup>th</sup> August, 2019 and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of Listing Regulations (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of the Members of the Company be and is hereby accorded for re-appointment of Smt. Mangal Rathi (DIN: 06966755) whose current period of office is expiring on 30<sup>th</sup> September, 2019 and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time, and who is eligible for re-appointment for a second term under the provisions of the Companies Act, 2013, Rules made thereunder and Listing Regulations and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as an Independent Non Executive Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for 5 (five) consecutive years on the Board of the Company for a term w.e.f. 1<sup>st</sup> October, 2019 upto 30<sup>th</sup> September, 2024."

Place: Hyderabad  
Date: 14.08.2019

By Order of the Board of Directors  
For Kabsons Industries Limited  
Sd/-  
Nagaraju Musinam  
Company Secretary

## NOTES

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of the Ordinary and Special Businesses set out in the notice and Secretarial Standard on General Meetings (SS-2), wherever applicable, are annexed hereto.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. Members / proxies / authorized representatives should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
8. Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Regulation 42 of SEBI (LODR) Regulations, 2015, the Register of Members and Share Transfer Books of the Company will remain closed from Friday, 20 September, 2019 to Thursday, 26 September, 2019 (both days inclusive).
9. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide Notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting, held on 29<sup>th</sup> September, 2017, for a period of 5 years.
10. 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.
11. 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.
12. Electronic copy of the Annual Report 2018-19 along with the Notice of the 27<sup>th</sup> 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 2018-19 along with the Notice of the 27<sup>th</sup> 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.
13. 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.
14. All documents referred to in the Notice and explanatory statement are open for inspection at the registered office of the company during the normal business hours on all working days.
15. 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.
16. 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).
17. 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.
18. Members may also note that the Notice of the 27<sup>th</sup> Annual General Meeting and the Annual Report 2018-2019 is available on the Company's Website, [www.kabsonsindustriesslimited.com](http://www.kabsonsindustriesslimited.com) Members who require physical copies may write to us at [kilshareholders@gmail.com](mailto:kilshareholders@gmail.com).
19. Members are requested to bring their copy of Annual Report to the Meeting.

20. In compliance with Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by Companies (Management and Administration) Amendment Rules 2015, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, 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.
21. Voting through electronic means:  
 Pursuant to Section 108 of the Companies Act, 2013 read with Rule 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 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 Limited (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., (Thursday, September 19, 2019), may cast their votes electronically.  
 The facility for voting, either through electronic voting system or ballot 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 Monday, 23<sup>rd</sup> day of September, 2019 at 9.00 a.m. IST and ends on Wednesday, 25<sup>th</sup> day of September, 2019 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) Thursday, 19<sup>th</sup> day of September, 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- iii. 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](http://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:

<b>For Members holding shares in Demat Form and Physical Form</b>	
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"> <li>• 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.</li> <li>• 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.</li> </ul>
DOB	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"> <li>• 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".</li> </ul>

- 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:190828015 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 print out 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.
- ix. 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 Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto: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](mailto: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](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**Other Instructions:**

- i. The e-voting period commences on Monday, 23<sup>rd</sup> day of September, 2019 at 9.00 a.m. IST and ends on Wednesday, 25<sup>th</sup> day of September, 2019 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 Thursday, 19<sup>th</sup> September, 2019 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 Thursday, 19<sup>th</sup> day of September, 2019.
- iii. CS.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, count the votes cast at the AGM, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than two days of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
- v. The results declared along with the scrutinizers report shall be placed on the company website [www.kabsonsindustrieslimited.com](http://www.kabsonsindustrieslimited.com) and with the website of CDSL within 48 hours of passing of resolutions at the 27<sup>th</sup> AGM of the company on September 26, 2019 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](mailto:xlfield@rediffmail.com), our Registrar and Share transfer Agent. The Company also appeals and requests the members to opt for Electronic Clearing System (ECS) facility for receiving of Dividends.

Place: Hyderabad  
Date:14.08.2019

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

For Kabsons Industries Limited  
By Order of the Board of Directors  
Sd/-  
Nagaraju Musinam  
Company Secretary

**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	Venkata Subba RaoPinapati	Mangal Rathi
DIN	00038605	02299552	06966755
Date of Birth	01/01/1966	28/09/1934	12/02/1961
Age	52 Years	85 Years	58 Years
Qualification	M.B.A.	Cost Accountant (B.Com FICWA)	Post Graduate (M A)
Experience	29 Years experience in Marketing and Administration	50 years of experience in finance and accounts	Industrialist and 11 years experience in teaching.
Relationship with other director/ Manager and other KMP	None	None	None
No of Shares held	91,17,400	Nil	2500
Directorships of other Board Membership/Chairmanship of	1 Managing Director in	Nil Nil	Nil Nil

**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, Mr. K V Subba Rao and Mrs. Mangal Rathi 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, 3, 4 & 5 of the notice.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:**

**ITEM NO. 3:**

Mr. Rajiv Kabra (DIN: 00038605) is a Post Graduate in Business Administration and associated with your Company since inception. The Board of Directors of the Company had appointed Mr. Rajiv Kabra, as Executive Director effective From 1<sup>st</sup> August, 2019 pursuant to the provisions of Section 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 read with Schedule V thereof as amended upto date the consent of the company, the reappointment of Executive Director of the Company is to be approved by the members of the company by way of Ordinary Resolution as per the above perquisites.

**ITEM NO. 4:**

Re-appointment of Shri. P.V. Subba Rao (DIN: 02299552) as an Independent Director of the Company Pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder and the SEBI (LODR) Regulations, 2015 of Listing Agreement with the stock exchanges, at the 22<sup>nd</sup> Annual General Meeting held on 30<sup>th</sup> September, 2014, Shri. P.V. Subba Rao was appointed as an Independent Director of the Company for a period of 5 (five) consecutive years for a term upto 31<sup>st</sup> March, 2019. Since, Shri. P.V. Subba Rao will complete his initial term as an Independent Director of the Company on 30<sup>th</sup> September, 2019, he is eligible for re-appointment for one more term. Shri. P.V. Subba Rao, aged 85 years, is a cost Accountant and having experience in Finance and Accounts. He is on the Board of the Company since 10<sup>th</sup> June, 2008 as an Independent Director.

**ITEM NO. 5:**

Re-appointment of Smt. Mangal Rathi (DIN: 06966755) as an Independent Woman Director of the Company Pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder and the SEBI (LODR) Regulations, 2015 of Listing Agreement with the stock exchanges, at the 22<sup>nd</sup> Annual General Meeting held on 30<sup>th</sup> September, 2014, Smt. Mangal Rathi was appointed as an Independent Director of the Company for a period of 5 (five) consecutive years for a term upto 31<sup>st</sup> March, 2019. Since, Smt. Mangal Rathi will complete her initial term as an Independent Director of the Company on 30<sup>th</sup> September, 2019, he is eligible for re-appointment for one more term. Smt. Mangal Rathi is a Post Graduate (M.A) and she was an Industrialist and presently working as a Teacher in Private School from last 11 Years. She is on the Board of the Company since 30<sup>th</sup> September, 2014 as an Independent Director.

By Order of the Board of Directors  
For Kabsons Industries Limited

Sd/-  
Nagaraju Musinam  
Company Secretary

Place: Hyderabad  
Date: 14.08.2019



## KABSONS INDUSTRIES LIMITED BOARD'S REPORT

To

The Members of **KABSONS INDUSTRIES LIMITED**,

Your Directors have pleasure in presenting the 27<sup>th</sup> Annual Report of the Company together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2019.

Pursuant to notification dated 16th February, 2015 issued by the Ministry of Corporate Affairs, the Company has adopted the Indian Accounting Standards ("IND AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013 (as amended from time to time) with effect from 1st April, 2017 and the accounts are prepared under INDAS.

**Financial Results:**

(Rs.in Lakhs)

		Year Ended 31.03.2019	Year Ended 31.03.2018
1	Sales, Other Income & Exceptional items	1,072.50	797.69
2	Profit before Finance Cost and Depreciation and Earlier Year tax Paid	117.25	129.96
3	Finance Costs	6.98	7.10
4	Depreciation	20.87	14.58
5	Earlier Year tax Paid	0.08	0.00
6	Profit after Financial Charges and Depreciation and Earlier Year tax Paid	89.32	108.28

**Discussion on Financial Performance:**

During the year under consideration, the Company's has generated profit of Rs.117.25 Lakhs before finance costs and depreciation as against a profit of Rs.129.96 Lakhs during the previous year, which includes lease income and lease income is the major source of revenue to the Company. Your Directors are trying every opportunity for improving the performance with increased revenue in the next year.

**Business Review**

The Company has been focusing on Lease income and as per demand, a new factory shed at our Aurangabad premises is constructed which also improved the revenues for part of the year to the company. The company also started during this year Bottling at our Palej plant for one of the parallel marketers which also improved the revenues.

**Liquefied Petroleum Gas (LPG) Industry Overview**

Most of the LPG volume is handled by PSU's for domestic supplies. The Government of India has issued 115.27 lakhs connections under Pradhan Manthri Ujjwala Yojana (PMUY) scheme during the short period of three months only and leaving limited opportunity for Domestic Parallel Marketers.

**Out Look:**

All the Plants of our Company continue to be operational either by our own or third-party bottling or on leasing out. Company will put all efforts to improve the revenues in the coming year.

**Financial Performance**

The Following is the Financial Performance of your Company:

(Rs.in Lakhs)

	2018-2019	2017-2018	Change in %
<b>INCOME</b>			
Sales	823.43	579.33	42.13
Other Income	239.32	213.48	12.10
Exceptional item	9.75	4.88	99.80
<b>Total</b>	<b>1,072.50</b>	<b>797.69</b>	<b>34.45</b>
<b>EXPENSES</b>			
Operational Expenses	796.51	543.66	(46.51)
Staff cost	65.98	54.84	(20.31)
Finance costs	6.98	7.10	1.69
Other Expenses	92.76	69.23	(33.99)
Depreciation	20.87	14.58	(43.14)
Earlier year Tax	0.08	0.00	(100)
<b>Total:</b>	<b>983.18</b>	<b>689.41</b>	<b>(42.61)</b>
<b>Profit</b>	<b>89.32</b>	<b>108.28</b>	<b>(17.51)</b>



**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, 2019 was Rs. 18,00,00,000/-, comprising of 1,80,00,000 equity shares of Rs. 10/- 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, 2019 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.

**Deposits**

During the year under review, your Company has not accepted any 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 2018-19 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 33.4.5 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, 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 2018-19.

**Number of Board Meetings held**

The Board of Directors duly met 4 times during the financial year from 1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019, 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**

The Company is well supported by the knowledge and experience of its Directors and Executives. In terms of Section 152 of the Companies Act, 2013 and Articles of Association of the Company, Shri. Rajiv Kabra, Executive Director (Whole Time Director) of the Company is liable to retire by rotation and being eligible, has offered himself for re-appointment.

The Nomination and Remuneration Committee and the Board of Directors at their respective meetings held on 30<sup>th</sup> May, 2019 have recommended and approved the re-appointment of Shri. Rajiv Kabra (DIN: 00038605), whose term as Executive Director of the Company expired on 31<sup>st</sup> July, 2019 as Executive Director (Whole Time Director) of the Company for a period of 5 years w.e.f. 1<sup>st</sup> August, 2019 in terms of the provisions of the Companies Act, 2013, subject to approval of Members at this ensuing Annual General Meeting of the Company and all other statutory approvals.

Further, the Nomination and Remuneration Committee and the Board of Directors at their respective meetings held on 14<sup>th</sup> August, 2019, have recommended and approved the re-appointment of Shri. P V Subba Rao, whose first term as Independent Director of the Company will be expiring on 30<sup>th</sup> September, 2019 and proposed to be re-appointed as Independent Director for a second consecutive term period of 5 (five) years w.e.f. 1<sup>st</sup> October, 2019 upto 30<sup>th</sup> September, 2024, subject to approval of Members at this ensuing Annual General Meeting of the Company.

Further, the Nomination and Remuneration Committee and the Board of Directors at their respective meetings held on 14<sup>th</sup> August, 2019, have recommended and approved the re-appointment of Smt. Mangal Rathi, whose first term as Independent Director of the Company will be expiring on 30<sup>th</sup> September, 2019 and proposed to be re-appointed as Independent Director for a second consecutive term period of 5 (five) years w.e.f. 1<sup>st</sup> October, 2019 upto 30<sup>th</sup> September, 2024, subject to approval of Members at this ensuing Annual General Meeting of the Company.

**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 14.02.2019, 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 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 the 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 SEBI (LODR) Regulations, 2015 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 for 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.

**Statutory Auditors**

M/s. K S Rao & Associates, Chartered Accountants, (Firm Registration No.003109S) were appointed as Statutory Auditors of your Company to hold office from the conclusion of the 25<sup>th</sup> AGM held in the year 2017, until the conclusion of the 30<sup>th</sup> AGM to be held in the year 2022. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide Notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting held on 29<sup>th</sup> September, 2017.

**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-19 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) Interest for the year Rs.6,13,849/- 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 over statements of profit by that amount and understatement of current liabilities by Rs.1,15,69,269/-

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 2018-2019. 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 during the year review.

#### **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 Regulations 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 SEBI (LODR) Regulations 2015, 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 ie. (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**

As required by Section 92(3) of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of the Annual Return in Form MGT-9 is available on the Company's website at <http://www.kabsonsindustrieslimited.com/shareholdersinformation>.

#### **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, these particulars are not relevant to the company's operations and hence not furnished the same.

#### **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 – IV**.

#### **Corporate Governance**

The Company is committed to good corporate governance in line with the SEBI (LODR) Regulations, 2015 and Provisions, Rules and Regulations of the Companies Act, 2013. The Company is in compliance with the provisions on corporate governance specified in the SEBI (LODR) Regulations, 2015 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 – V**.

**Disclosures as per the SEBI (LODR) Regulations, 2015.**

**Cash flow statement**

In due compliance of the SEBI (LODR) Regulations, 2015 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.40,025/- and Rs.1,81,922/- to Ahmedabad Stock Exchange Ltd and The Calcutta Stock Association Ltd respectively. The company has paid the listing fee BSE for the financial year 2019-20.

**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.

**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 - VI** 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 of Directors  
For Kabsons Industries Limited

Place: Hyderabad  
Date: 14.08.2019

Sd/-  
Rajiv Kabra  
Executive Director

**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-a-vis the Company.

By Order of the Board of Directors  
For Kabsons Industries Limited

Place: Hyderabad  
Date: 14.08.2019

Sd/-  
Rajiv Kabra  
Executive Director

**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 SEBI (LODR) Regulations, 2015 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 13, 2015. This is in line with the requirements of Companies Act, 2013 ('the Act') and the SEBI (LODR) Regulations, 2015 the Listing agreement entered into 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 board 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 is commensurate with his talent, experience and expertise.

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

By Order of the Board of Directors  
For Kabsons Industries Limited

Sd/-  
Rajiv Kabra  
Executive Director

Place: Hyderabad  
Date: 14.08.2019

**Annexure - III**  
**Secretarial Audit Report**  
**Form No. MR-3**

**For the Financial Year ended 31<sup>st</sup> March, 2019**

[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, 2019, 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, 2019 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) 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:
  - (i) The Environmental Protection Act, 1986
  - (ii) The Competition Act, 2002
  - (iii) Industrial Laws and Labour Laws.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India; and
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

**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.

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors. The Changes in the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

**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.

For **B S S & Associates**

Company Secretaries

Sd/-

S Srikanth

Partner

ACS: 22119 CP: 7999

Place: Hyderabad

Date: 14.08.2019

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. 48, 8-3-1087, Srinagar Colony,  
Hyderabad, Telangana - 500 073.

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

- 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.
- 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.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
- 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.
- 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.

Place: Hyderabad  
Date: 14.08.2019

**For B S S & Associates**  
Company Secretaries  
Sd/-  
S Srikanth  
Partner  
ACS: 22119 CP: 7999

### Annexure - V

#### 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

Sl. No.	Name	Designation	Remuneration Paid For the year 2017-18.	Remuneration Paid For the year 2016-17.	Increase in Remuneration From Previous Year	Ratio/times for median of Employee Remuneration
1	M Krishna Murthy	Chief Financial Officer	18,11,000	17,40,000	71,000	11.45 : 1

- Number of permanent employees on the roles of the company: 17
- Comparison of remuneration of each Key Managerial Personnel against the performance of the Company: Company is having mainly income from Plant leases. Hence not comparable with the performance of the company.

### Annexure - VI

#### CERTIFICATE ON CORPORATE GOVERNANCE REPORT ON CORPORATE GOVERNANCE

##### 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 31<sup>st</sup> March 2019. The composition of the Board is in conformity with Regulation 17 of the SEBI (LODR) Regulations, 2015. 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 31<sup>st</sup> March 2019 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	-	-	-	-



**b) Board Procedure:**

During the year under review Board met four times on 30.05.2018, 11.08.2018, 12.11.2018 and 14.02.2019. 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 26, 2018
	held	Attended	
Mr. Rajiv Kabra	4	4	Yes
Mr. P V Subba Rao	4	4	Yes
Mrs. Mangal Rathi	4	4	Yes

The company places before the Board all those details as required under Schedule-V of the SEBI (LODR) Regulations, 2015. 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 2019:

- |                      |            |
|----------------------|------------|
| 1. Mr.PV Subba Rao   | - Chairman |
| 2. Mr. Rajiv Kabra   | - Member   |
| 3. Mrs. Mangal Rathi | - Member   |

As on 31<sup>st</sup> March 2019 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 26<sup>th</sup> September 2018. The audit committee met 4 times during the year on 30.05.2018, 11.08.2018, 12.11.2018 and 14.02.2019. 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	ChairmanIndependent & Non-Executive Director	4	4
Mr. Rajiv Kabra	MemberExecutive Director	4	4
Ms. Mangal Rathi	MemberIndependent & 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 2019:

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	ChairmanIndependent & Non-Executive Director	2	2
Mr. Rajiv Kabra	MemberExecutive Director	2	2
Ms. Mangal Rathi	MemberIndependent & Non-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 2 non-executive and independent directors and 1 Executive Director. Mr. P V Subba Rao was the chairman of the committee. Mr. Rajiv Kabara and Ms. Mangal Rathi are the other members. During the financial year 2018-2019 the committee met on 11.08.2018 and 14.02.2019

**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**

Out of the total 3 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 2018-2019** – NIL –
- b) **Details of Sitting Fees paid to Non-Executive Directors during the financial year 2018-2019**

Name of the Director	Board Meeting Meeting (Rs)	Audit Committee Meeting (Rs)	Remuneration Committee Meeting (Rs)	Stakeholders' Relationship Committee Meeting (Rs)	Total (Rs)
Mr. P V Subba Rao	17,776	–	-	-	17,776
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 31<sup>st</sup> March, 2019.

**c) Details of shareholding of Directors as on 31<sup>st</sup> March 2019**

As on 31<sup>st</sup> March 2019, the company had one executive director and two 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 Nil 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. 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 2018-2019.

**Complaints received and redressed during the year 2018-2019**

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

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. M Nagaraju is the compliance officer of the company. For any clarification / complaint the shareholders may contact Mr. M Nagaraju, 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	Chairman Independent & Non-Executive Director	4	4
Smt. Mangal Rathi	Member Independent & Non-Executive Director	4	4
Mr. Rajiv Kabra	Member 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 14.02.2019

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.P V Subba Rao and Mrs Mangal Rathi 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	2017-2018	26 <sup>th</sup> September, 2018, 4.30 P.M.
At Registered Office: 8-3-1087, Plot No.48, Srinagar Colony, Hyderabad-73	2016-2017	29 <sup>th</sup> September, 2017, 12.30 P.M.
At Registered Office: 8-3-1087, Plot No.48, Srinagar Colony, Hyderabad-73	2015-2016	29 <sup>th</sup> August, 2016, 4 P.M.
At Registered Office: 8-3-1087, Plot No.48, Srinagar Colony, Hyderabad-73	2014-2015	28 <sup>th</sup> September, 2015, 4 P.M

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

AGM	Subject
September 26, 2018	Nil
September 29, 2017	Nil
August 29, 2016	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 2018-2019.

##### (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 Regulation 24 of the SEBI LODR Regulations, 2015.

#### 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 – I 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, 2019 as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 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 31<sup>st</sup> March 2019 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. 1,42,74,074 equity shares representing 81.74% of the paid up equity capital have been dematerialized as on 31<sup>st</sup> March 2019.

**12. Means of Communication**

- 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.
- The company's website address is: [www.kabsonsindustrieslimited.com](http://www.kabsonsindustrieslimited.com). The website contains basic information about the company and such other details as required under the SEBI (LODR) Regulations, 2015. The company ensures periodical updating of its website. The company has designated the email-id [kilshareholders@gmail.com](mailto:kilshareholders@gmail.com) to enable the shareholders to register their grievances.
- Pursuant to the SEBI (LODR) Regulations, 2015, all data related to quarterly financial results, shareholding pattern, etc., are filed in BSE Listing Centre within the time frame prescribed in this regard.
- 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](http://www.kabsonsindustrieslimited.com). As provided under the SEBI (LODR) Regulations, 2015 with the stock exchanges, the Board members and senior management personnel have affirmed compliance with the code of conduct for the financial year 2018-2019.

**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	26.09.2019 at 4.30 P.M
Venue	At Registered office: #8-3-1087, Plot No.48, Srinagar Colony, Hyderabad – 500 073 (Telangana)
Book Closure Date	Friday, 20 September, 2019 to Thursday, 26 September, 2019 (both days inclusive)
Financial Year	1 <sup>st</sup> April to 31 <sup>st</sup> March

**c) Registered Office:**

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

**d) Financial Year**

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

**Financial Calendar 2019-2020**

Particulars	Tentative Schedule
Quarter ending on 30 <sup>th</sup> June, 2019	Board Meeting Held on August 14, 2019
Quarter ending on 30 <sup>th</sup> September, 2019	On or before November 14, 2019
Quarter ending on 31 <sup>st</sup> December, 2019	On or before February 14, 2019
Quarter ending on 31 <sup>st</sup> March, 2019 & Annual Result of 2018-2019	On or before May 30, 2020
Date of Book Closure	September 20, 2019 to September 26, 2019 (both days include)

**e) Book closure date:**

The Register of Members and Share Transfer Books of the Company will be closed from Friday, September 20, 2019 to Thursday, September 26, 2019 (both days inclusive) for the purpose of 27<sup>th</sup> Annual General Meeting.

**f) Particulars of Dividend for the year ended 31.03.2019**

Company has not declared any dividend.

## g) Listing of Shares

Name of the Stock Exchange	:	Stock Code
BSE Limited, Mumbai	:	524675
ISIN allotted by Depositories (Company ID Number)	:	INE645C01010

Note: Annual Listing fees for the year 2018-19 were duly paid only to the BSE Limited.

## h) Stock Market Data - BSE

Month & Year	Month's High Price (Rs.)	Month's Low Price (Rs.)
April, 2018	5.16	4.35
May, 2018	5.00	3.80
June, 2018	5.11	3.52
July, 2018	7.43	5.35
August, 2018	7.43	5.44
September, 2018	8.00	5.97
October, 2018	8.40	5.80
November, 2018	8.29	5.51
December, 2018	7.98	6.81
January, 2019	6.95	5.44
February, 2019	5.17	3.98
March, 2019	4.04	3.27

## 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 31<sup>st</sup> March 2019

Particulars	Number of Share holders	Shares held in Physical form	Shares held in dematerialized form	Total Number of shares held	% of capital
<b>Promoter and Promoter Group</b>					
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%
<b>Public Shareholding</b>					
<b>I. Institutions</b>					
a. Mutual Funds/UTI	-	-	-	-	-
b. Financial Institutions/Banks	2	100	4,86,456	4,86,456	2.79%
c. Insurance Companies	-	-	-	-	-
d. Foreign Institutional Investors	-	-	-	-	-
<b>II. Non Institutions</b>					
a. Bodies Corporate	144	68,600	92,772	1,61,372	0.92%
b. Individuals	17,730	29,94,726	17,88,138	47,82,864	27.39%
c. Non Resident Indians	37	1,25,500	25,958	1,51,458	0.87%
d. Clearing member	1	-	100	0.00%	
<b>Total</b>	<b>17,926</b>	<b>31,88,926</b>	<b>1,42,74,074</b>	<b>1,74,63,000</b>	<b>100%</b>

I) Distribution of Shareholding as on 31<sup>st</sup> March 2019

Shareholdings of nominal value of (Rs.)	Shareholders		Share Amount	
	Nos	%	In Rs.	%
Upto 5,000	16,846	93.98	2,13,35,340	12.22
5,001 – 10,000	368	2.05	30,53,980	1.75
10,001 – 20,000	17	70.99	27,10,790	1.55
20,001 – 30,000	37	22.07	93,55,130	5.36
30,001 – 40,000	34	0.19	12,17,640	0.70
40,001 – 50,000	48	0.27	23,26,470	1.33
50,001 – 1,00,000	36	0.20	27,28,870	1.56
1,00,001 and Above	45	0.25	13,19,01,780	75.53
Total	17,926	100.00	17,46,30,000	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 & 171 Sampla 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  
91-40 23545914  
E-mail: xlfield@gmail.com

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

Mr. M Nagaraju  
Company Secretary cum Compliance Officer  
Tel : 91-40 66630006

Grievance redressal division

Email: operationslpg@gmail.com  
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: www.kabsonsindustrieslimited.com. 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.

(iii) **Audit Qualifications**

The statutory financial statements of the company are unqualified.

(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.



**Annexure – VI****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, 2019.

Place : Hyderabad  
Date : 14-08-2019

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: 14-08-2019

Sd/-  
Rajiv Kabra  
Executive Director

Sd/-  
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, 2019 as stipulated in Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015.

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 SEBI (LODR) Regulations, 2015.

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.

Place : Hyderabad  
Date : 14-08-2019

For M/s. B S S & Associates  
Company Secretaries  
Sd/-  
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 : 14-08-2019

Sd/-  
Rajiv Kabra  
Executive Director

## INDEPENDENT AUDITOR'S REPORT

To the members of **KABSONS INDUSTRIES LIMITED**, Hyderabad

### Report on the Financial Statements:

#### Qualified Opinion :

We have audited the accompanying financial statements of **THE KABSONS INDUSTRIES LIMITED** ("the company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and a summary of the significant accounting policies and other explanatory information (herein after referred to as "the financial statements")

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** section of our report, the accompanying financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for qualified opinion:

The Company has not adopted and complied with the requirements of Ind AS-19 'Employee Benefits' in respect of the Gratuity liability which constitute a departure from the Accounting standards mentioned in the *Auditors responsibility for the Audit of Financial Statements* section of 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 profit for the year, income tax and shareholder's funds.

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the *Auditors responsibility for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Emphasis of matter

We draw attention to Note 33.2 in the financial statements which states that the Company has not provided for the interest expense amounting to Rs.6,13,849/- for the year and Rs 1,09,55,419 for earlier years against the Trade Deposits received from the Dealers/ Distributors. Consequently, the same has resulted in overstatement of profit for the year by Rs.6,13,849/- overstatement of the balance in the retained earnings, in other equity, by Rs. Rs. 1,15,69,269/- and understatement of Current Liabilities by Rs. 1,15,69,629/-.

#### Key Audit Matters

Key Audit matters are those matters that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### Deferred Tax Assets

##### Key Audit matter description:

The Company has not recognised deferred tax asset for deductible temporary differences and unused tax losses. As, the utilization of deferred tax assets is dependent on the company's ability to generate future taxable profits sufficient to utilize deductible temporary differences and tax losses before they expire. We determined this to be a key audit matter due to inherent limitations in estimation and uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences and utilization of tax losses.

Management has supported the non-utilization of the deferred tax assets mainly with taxable income projections which contain estimates of and tax strategies for future taxable income. Changes in the industrial scenario, the business and its markets and changes in regulations may impact these projections.

#### Our Response

Our audit procedures include, among others, evaluating the future estimated business projections and projected tax computations prepared by the company to assess the recognition and measurement of the current tax and deferred tax assets and liabilities and evaluate the compliance with tax legislation. We paid attention to Long-term Forecasts and critically assessed the assumptions and judgements underlying these forecasts by considering the historical accuracy of forecasts and the sensitivities of the profit forecasts. We assessed the adequacy and the level of estimation involved.

#### Report on Other information other than Financial statements

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

#### **Management's Responsibility for the Financial Statements:**

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India.

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 the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **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 Act, we give in the **Annexure "A"**, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

- 2) As required by Section 143(3) of the Companies Act, 2013 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 including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014;
  - e) on the basis of written representations received from the directors as on 31<sup>st</sup> March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2019 from being appointed as a director in terms of Section 164(2) of the Act;
  - f) with respect to the adequacy of internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**", Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls with reference to financial statements;
  - g) with respect to Managerial Remuneration to be included in the Auditor's report under Section 197(16): Company has not paid any remuneration to the directors other than sitting fees to independent directors. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us;
  - h) 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 has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements **Refer Note 33.1 (a)** to the Ind AS financial statements;
    - ii) The Company has no long-term contracts and did not have derivative contracts; and
    - 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

Place: Hyderabad  
Date: 30<sup>th</sup> May, 2019

For K. S. RAO & CO  
Chartered accountants  
Firm Registration No. 003109S

Sd/-  
P.GOVARDHANA REDDY  
Partner  
ICAI Memb. No.029193

## ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

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 Fixed 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) according to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of the immovable property are held in the name of the company.
- ii) the inventory has been physically verified by the management at reasonable intervals during the year under report and the discrepancies noticed during such physical verification of inventories as compared to book records have been properly dealt with in the books of account;
- iii) the company has not granted any loans to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013. Therefore, the provisions of clauses 3(iii)(a), 3(iii)(b) & 3(iii)(c) of the said Order are not applicable to the company;

- iv) in our opinion and according to the information and explanations given to us, the company has not advanced any loans, given guarantees and security and not made investments .Hence para 3(iv) of the afore said Order is not applicable ;
- v) the Company has not accepted any deposits from the public. Hence the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act,2013, and the rules framed there under, do not apply to this Company;
- vi) maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013. Hence clause 3(vi) of the afore said Order is not applicable;
- vii) (a) the company is not regular in depositing with appropriate authorities undisputed statutory dues including investor education and protection fund ,sales tax .The extent of the arrears of outstanding statutory dues as at the last day of the financial year for the period of more than six months from the date they become payable are as given below:

S.no	Name of the Statute	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 and on the basis of our examination of the records of the company, 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) according to the records of the company examined by us, and the information and explanations given to us, the company had not borrowed from financial institutions. Therefore, the provision of clause 3(viii) of the Order is not applicable;
- ix) in our opinion and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and term loans during theyearTherefore, the provision of clause 3(ix) of the Order is not applicable;
- x) during the course of our examination of the booksand records of the company, carried out in accordance with the Generally Accepted Auditing Practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the company or any fraud on the company by its officersoremployees,noticedorreportedduringthe year, nor we have been informed any such cases by the management;
- xi) according to the information and explanations given to us and based on our examination of the records of the company, no managerial remuneration has been paid/provided during the year under report. Therefore, the provision of clause 3(xi) of the Order is not applicable;
- xii) thecompanyisnotachitfundoraNidhi/mutualbenefit fund/society Therefore, the provision of clause 3(xii) of the Order is not applicable to the company during the year under report;
- xiii) according to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions havebeen disclosed in the financial statements as required by the applicable accounting standards;
- xiv) according to the information and explanations given to us, and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during theyearTherefore, the provision of clause 3(xiv) of the Order is not applicable;
- xv) according to the information and explanations given to us and based on our examinations of the records of the company, the company has not entered into non-cash transactionswithdirectorsorpersonsconnectedwiththem. Therefore, the provision of clause 3(xv) of the Order is not applicable;
- xvi) the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

for K.S. RAO & CO  
Chartered accountants  
Firm Registration No. 003109S  
Sd/-  
P.GOVARDHANA REDDY  
Partner  
(ICAI Memb. No.029193)

Place: Hyderabad  
Date:30<sup>th</sup> May, 2019

## ANNEXURE-'B' TO THE INDEPENDENT AUDITORS' REPORT

### Report on the Internal Financial Controls under Clause (I) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

TheAnnexurereferredto in Paragraph2(f) undertheheading "Report on other Legal and Regulatory Requirements" of our report of even date, to the members of **KABSONS INDUSTRIES LIMITED** for the year ended 31st March2019

We have audited the internal financial controls with reference to financial statements of **KABSONS INDUSTRIES LIMITED**("theCompany") asof31stMarch 2019 in conjunction with our audit of theInd AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls with reference to financial statements**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to financial statements issued by the Institute of Chartered Accountants of India ('ICAI'). 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 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**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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 with reference to financial statements

**Meaning of Internal Financial Controls with reference to financial statements**

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to financial statements issued by the Institute of Chartered Accountants of India.

Place: Hyderabad  
Date: 30<sup>th</sup> May, 2019

for K.S. RAO & CO  
Chartered accountants  
Firm Registration No. 003109S  
Sd/-  
P.GOVARDHANA REDDY  
Partner  
(Memb. No.029193)

## Balance Sheet as at 31st March 2019

(All amounts in rupees, unless otherwise stated)

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	2	26,026,223	26,007,958
(b) Capital Work-in-Progress		15,842,356	-
(c) Investment Property	3	729,220	747,189
(d) Other Intangible assets	4	428	428
(e) Financial Assets			
(i) Investments	5	9,907,306	7,784,953
(ii) Other financial assets	6	6,556,992	1,247,195
(iii) Deferred tax assets (net)	7		
(f) Other non-current assets	8	4,102,424	3,982,633
<b>(2) Current assets</b>			
(a) Inventories	9	1,926,088	827,164
(b) Financial Assets			
(i) Trade Receivables	10	4,130,173	3,738,472
(ii) Cash and cash equivalents	11	796,091	1,409,283
(iii) Bank balances other than (ii) above	12	7,650,729	22,186,833
(iv) Loans	13	1,250	1,000
(v) Others	14	1,476,391	2,869,286
(c) Current Tax Assets (Net)	15	3,587,862	2915041
(d) Other current assets	16	4,179,587	1,386,150
Total Assets		<u>86,913,120</u>	<u>75,103,585</u>
<b>EQUITY AND LIABILITIES</b>			
Equity			
(a) Equity Share capital	17	174,630,000	174,630,000
(b) Other Equity		(126,125,231)	(135,056,638)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Other financial liabilities	18	20,792,229	18,328,406
(b) Provisions	19	425,653	132,231
(c) Other non-current liabilities	20	1,074,953	503,367
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings		-	-
(ii) Trade payables			
a. Total outstanding dues of micro and small enterprises		-	-
b. Dues of others than(ii) (a) above	21	2,419,115	-
(iii) Other financial liabilities	22	11,024,178	11,996,659
(b) Other current liabilities	23	2,309,929	1,843,832
(c) Provisions	24	362,294	290,824
Total Equity and Liabilities		<u>86,913,120</u>	<u>75,103,585</u>

Significant Accounting policies 1  
 Explanatory Notes & Other Disclosures 34

as per our report of even date  
**for K.S.RAO & CO.**  
 Chartered Accountants  
 Firms' Registration No.: 003109S  
 Sd/-

**(P.GOVARDHANA REDDY)**  
 Partner  
 Membership No. 029193

Place: Hyderabad  
 Date: 30th May 2019

For and on behalf of Board of Directors

Sd/-  
**(P.V.SUBBA RAO)**  
 Director  
 DIN: 02299552  
 Sd/-

**(M.KRISHNA MURTHY)**  
 Chief Financial Officer

Sd/-  
**(RAJIV KABRA)**  
 Chairman and Executive Director  
 DIN: 00038605  
 Sd/-

**(M. NAGARAJU)**  
 Company Secretary  
 cum Compliance Officer



## Statement of Profit and Loss for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

Particulars	Note No.	Current year	Previous year
<b>I. Revenue from operations</b>	<b>25</b>	<b>102,253,434</b>	<b>75,257,162</b>
<b>II. Other income</b>	<b>26</b>	<b>4,021,827</b>	<b>4,024,339</b>
<b>III. Total Revenue (I+II)</b>		<b><u>106,275,261</u></b>	<b><u>79,281,501</u></b>
<b>IV. Expenses</b>			
(I) Purchases of Stock-in-Trade	27	80,115,168	53,144,555
(ii) Changes in inventories of stock in trade	28	(1,098,924)	653,458
(iii) Employee benefits expense	29	6,598,103	5,483,632
(iv) Finance costs	30	698,333	709,957
(v) Depreciation and amortization expense	2, 3, 4	2,086,872	1,458,425
(vi) Other expenses	31	9,910,929	7,490,739
<b>Total expenses</b>		<b><u>98,310,481</u></b>	<b><u>68,940,766</u></b>
<b>V. Profit / (Loss) before Exceptional Items (III-IV)</b>		<b>7,964,780</b>	<b>10,340,735</b>
VI. Exceptional Items	32	974,694	487,732
<b>VII. Profit / (Loss) before tax ( V+ VI )</b>		<b>8,939,474</b>	<b>10,828,467</b>
<b>VIII. Tax expense:</b>			
(1) Current tax		-	-
(2) Deferred tax		-	-
(3) Earlier Year Tax Paid		8,068	-
<b>IX. Profit / (Loss) after tax for the year (VII-VIII)</b>		<b><u>8,931,406</u></b>	<b><u>10,828,467</u></b>
<b>X. Other Comprehensive Income</b>			
<b>A</b> Items that will not be reclassified to profit or loss		-	-
<b>B</b> Items that will be reclassified to profit or loss		-	-
<b>Other comprehensive income for the year (net of tax)</b>		<b>-</b>	<b>-</b>
<b>XI. Total Comprehensive Income for the year (IX+X)</b>		<b><u>8,931,406</u></b>	<b><u>10,828,467</u></b>
<b>XII. Earnings per equity share (face value of Rs.10/-)</b>			
Basic & Diluted		<b>0.51</b>	<b>0.62</b>

Significant Accounting policies

1

Explanatory Notes &amp; Other Disclosures

as per our report of even date  
for K.S.RAO & CO.

Chartered Accountants  
Firms' Registration No.: 003109S

Sd/-  
(P.GOVARDHANA REDDY)  
Partner  
Membership No. 029193

Place: Hyderabad  
Date: 30th May 2019

For and on behalf of Board of Directors

Sd/-  
(P.V.SUBBA RAO)  
Director  
DIN: 02299552

Sd/-  
(M.KRISHNA MURTHY)  
Chief Financial Officer

Sd/-  
(RAJIV KABRA)  
Chairman and Executive Director  
DIN: 00038605

Sd/-  
(M. NAGARAJU)  
Company Secretary  
cum Compliance Officer

**Cash Flow Statement for the year ended 31 March 2019**

(All amounts in rupees, unless otherwise stated)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
<b>A Cash flow from Operating Activities:</b>		
<b>Profit Before tax</b>	<b>8,939,474</b>	<b>10,828,467</b>
Adjustments for:		
Depreciation and Amortisation	2,086,872	1,458,425
Loss/ (Gain) on sale of tangible assets (net)	-	(104,326)
Interest Income	(1,420,243)	(1,880,606)
Fair value (Gain)/loss on Investments	(472,353)	215,047
<b>Operating profit before working capital changes</b>	<b>9,133,751</b>	<b>10,517,007</b>
Adjustments for (increase)/decrease in operating assets		
Inventories	(1,098,924)	653,458
Trade Receivables	(391,701)	(809,262)
Other financial assets - current	14,854,692	(5,668,162)
Other financial assets - Non current	(5,309,797)	10,689,260
Other non financial assets - current	(2,793,437)	(674,142)
Other non financial assets - Non current	(119,791)	152,449
Adjustments for increase/(decrease) in operating liabilities		
Trade Payables	(15,789)	718,999
Other financial liabilities - current	(972,481)	(111,154)
Other financial liabilities - Non current	2,463,823	14,619
Short term provisions	71,470	42,842
Long term provisions	293,422	30,116
Other Non financial liabilities - current	466,097	653,904
Other Non financial liabilities - Non current	571,586	(386,679)
<b>Cash generated from operations</b>	<b>17,152,920</b>	<b>15,823,255</b>
Income tax paid	(680,887)	(1,491,360)
<b>Net Cash flow from/(used in) operating activities</b>	<b>16,472,033</b>	<b>14,331,895</b>
<b>B Cash flow from Investing Activities:</b>		
Purchase of Property, plant and Equipment & Intangible assets and Capital Advances & Capital Creditors	(2,087,168)	(5,771,991)
Proceeds from sale of Property, plant and equipment	-	104,326
Additions to CWIP during the year	(15,842,356)	-
Investments made during the year	(1,650,000)	(8,000,000)
Interest income Received	2,494,300	1,048,723
<b>Net Cash flow from/(used in) investing activities</b>	<b>(17,085,224)</b>	<b>(12,618,942)</b>
<b>C Cash flow from Financing Activities:</b>		
Proceeds / (Repayments) of short term borrowings	-	(1,000,000)
Interest paid	-	(35,037)
<b>Net Cash flow from/(used in) financing activities</b>	<b>-</b>	<b>(1,035,037)</b>
<b>Net Increase in Cash and Cash equivalents (A+B+C)</b>	<b>(613,192)</b>	<b>677,916</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>1,409,283</b>	<b>731,367</b>
<b>Cash and Cash equivalents at the end of the year</b>	<b>796,091</b>	<b>1,409,283</b>
<b>Components of Cash and Cash Equivalents</b>		
a. Cash on hand	49,607	31,326
b. Balances with banks		
- In current accounts	746,484	1,377,957
- In term deposits (with original maturity of 3 months or less)	-	-
<b>Cash and Cash Equivalents as per Balance Sheet (Note no. 11)</b>	<b>796,091</b>	<b>1,409,283</b>
c. Bank Overdraft		
<b>Total Cash and Cash Equivalents in Cash Flow Statement</b>	<b>796,091</b>	<b>1,409,283</b>

As per our report of even date  
for K.S.RAO & CO.  
Chartered Accountants  
Firms' Registration No.: 003109S  
Sd/-

(P.GOVARDHANA REDDY)  
Partner  
Membership No. 029193

Place: Hyderabad  
Date: 30th May 2019

For and on behalf of Board of Directors

Sd/-  
(P.V.SUBBA RAO)  
Director  
DIN: 02299552  
Sd/-

(M.KRISHNA MURTHY)  
Chief Financial Officer

Sd/-  
(RAJIV KABRA)  
Chairman and Executive Director  
DIN: 00038605  
Sd/-

(M. NAGARAJU)  
Company Secretary  
cum Compliance Officer

### Statement of Changes in Equity for the year ended 31 March 2019

#### A. Equity Share Capital

(All amounts in rupees, unless otherwise stated)

Particulars	As at	
	31st March 2019	31st March 2018
At the beginning of the year	174,630,000	174,630,000
Changes in equity share capital during the year	-	-
At the end of the year	174,630,000	174,630,000

#### B. Other Equity

Particulars	Reserves and Surplus		Items of Other Comprehensive Income	Total
	Securities Premium Reserve	Retained Earnings	Remeasurements of net defined benefit plans	
Balance as on 01st April 2017	47,237,415	(193,122,520)	-	(145,885,105)
Total Comprehensive Income for the year ended 31st March 2018	-	10,828,467	-	10,828,467
Balance as at 31st March 2018	47,237,415	(182,294,053)	-	(135,056,638)
Total Comprehensive Income for the year ended 31st March 2019	-	8,931,406	-	8,931,406
Balance as at 31st March 2019	47,237,415	(173,362,647)	-	(126,125,232)

As per our report of even date

for K.S.RAO & CO.  
Chartered Accountants  
Firms' Registration No.: 003109S

For and on behalf of Board of Directors

Sd/-  
(P.GOVARDHANA REDDY)  
Partner  
Membership No. 029193

Sd/-  
(P.V.SUBBA RAO)  
Director  
DIN: 02299552

Sd/-  
(RAJIV KABRA)  
Chairman and Executive Director  
DIN: 00038605

Place: Hyderabad  
Date: 30th May 2019

Sd/-  
(M.KRISHNA MURTHY)  
Chief Financial Officer

Sd/-  
(M. NAGARAJU)  
Company Secretary  
cum Compliance Officer

## CORPORATE INFORMATION

Kabsons Industries Limited (the 'company') is a public limited company domiciled and incorporated in India under the Companies Act, 1956 in the year 1993. The registered office of the company is located at 8-3-1087, Plot No 48, Srinagar Colony, Hyderabad, Telangana - 500073.

The company is engaged in the business of bottling and selling of LP Gas under the brand name "KABSONS".

These financial statements are approved by the Board of Directors on 30<sup>th</sup> May, 2019.

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### Statement of compliance

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) and other relevant provisions of the Act.

#### 1.1. **Basis of Preparation and Measurement:**

The financial statements have been prepared on a historical cost basis, except for financial instruments which have been measured at fair value at the end of each reporting period, as explained in the accounting policies mentioned below.

#### **Use of estimates and judgements**

The preparation of the financial statements requires that the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The recognition, measurement, classification or disclosure of an item or information in the financial statements is made relying on these estimates.

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Actual results could differ from those estimates.

Any revision to accounting estimates is recognised prospectively in current and future periods.

#### 1.2. **Current Vs Non-current classifications:**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III (Division II) to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

#### 1.3.1 **Property, Plant and Equipment:**

##### **Measurement at recognition**

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment other than land are carried at their cost less accumulated depreciation and accumulated impairment losses. Freehold land is carried at cost of acquisition.

The cost of an item of property, plant and equipment comprises the purchase price and any cost attributable to bring the asset to its location and working condition for its intended use. Borrowing costs relating to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to put to use.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life.

- Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

- **Capital Work in Progress**

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

##### **Depreciation and amortization methods**

- a) Depreciation is provided on Straight Line Method on the assets over the useful lives specified in Schedule II to the Companies Act, 2013.
- b) Depreciation on additions is being provided on pro rata basis from the date of such additions. Depreciation on assets sold, discarded or demolished during the year is being provided up to the date on which such assets are sold, discarded or demolished.

- **Impairment**

- a) Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

- b) Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset are no longer existing or have decreased.

- **Derecognition**

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

- 1.3.2 **Intangible Assets:**

- Computer Software**

- Computer software is measured on initial recognition at cost. Following initial recognition, software is carried at its cost less accumulated amortization and accumulated impairment losses.

- Amortization Methods**

- The carrying amount of computer software is amortized over the useful life.

- Impairment**

- a) Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use.

- b) Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset are no longer existing or have decreased.

- Derecognition**

- The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

- 1.3.3 **Inventories**

Stock-in-trade is valued at the lower of cost or net realizable value.

Stores and packing material are valued at cost except where net realizable value of the finished goods they are used in, is less than the cost of finished goods and in such an event, if the replacement cost of such materials is less than their book values, they are valued at replacement cost.

Scrap is valued at Net realizable value.

The cost is computed on FIFO Method.

Cost of Stock-in-trade, stores and packing material comprises cost of purchases and includes all other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Spare parts, stand-by equipment and servicing equipment are recognized in accordance with this Ind AS- 16 when they meet the definition of Property, Plant and Equipment. Otherwise, such items are classified as inventory.

- 1.3.4 **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Assets**

- Initial recognition and measurement:**

- All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss.

- Subsequent measurement:**

- For subsequent measurement, the Company classifies its financial assets into the following categories:

- (i) Amortized cost

- (ii) Fair value through profit and loss (FVTPL)

- (iii) Fair value through other comprehensive income (FVOCI).

- a) Financial Asset measured at amortized cost**

- Financial Assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the statement of Profit & Loss.

- The company while applying above criteria has classified all the financial assets (except investments in mutual funds) at amortized cost.

- b) Financial Asset measured at fair value through other comprehensive income**

- Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognized in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

- The company while applying above criteria has identified that there are no financial assets that can be classified at fair value through other comprehensive income

**c) Financial Asset measured at fair value through profit and loss (FVTPL)**

Financial Assets are measured at fair value through Profit & Loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the statement of Profit & Loss.

Investments in Mutual funds are classified as financial assets measured at FVTPL.

• **Impairment**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the debt instruments, that are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

Expected credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive.

The management uses a provision matrix to determine the impairment loss on the portfolio of trade and other receivables. Provision matrix is based on its historically observed expected credit loss rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Expected credit loss allowance or reversal recognized during the period is recognized as income or expense, as the case may be, in the statement of profit and loss. In case of balance sheet, it is shown as reduction from the specific financial asset.

• **Derecognition**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

**Financial Liabilities**

• **Initial Recognition and Measurement**

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value.

• **Subsequent Measurement**

**a. Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gain or losses on liabilities held for trading are recognized in the profit or loss. The Company doesn't designate any financial liability at fair value through profit or loss.

**b. Financial liabilities at amortized cost**

All financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method.

• **Derecognition**

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

**1.3.5 Revenue**

Revenue is measured at the fair value of consideration received or receivable and is recognized to the extent that it is probable that the economic benefits will flow to the Company.

• **Sale of goods:**

Revenue is recognized when the significant risks and rewards of ownership of goods have passed to the buyer. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes.

• **Interest / Dividend**

Interest Income is recognized using the Effective interest rate (EIR) method. Dividend income is recognized when right to receive is established.

**1.3.6 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. In respect of assets taken on operating lease, lease rentals are recognized as an expense in the Statement of Profit and Loss on straight line basis.

**1.3.7 Prior period items**

In case prior period adjustments are material in nature, the Company prepares the restated financial statement as required under Ind AS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors". Immaterial items pertaining to prior periods are shown under respective items in the Statement of Profit and Loss.

**1.3.8 Cash and cash equivalents**

Cash and cash equivalents include cash on hand and at bank, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash which are subject to an insignificant risk of changes in value and are held for meeting short-term cash commitments. For the Statement of Cash Flows, cash and cash equivalents consists of short term deposits, as defined above, net of outstanding bank overdraft as they are being considered as integral part of the Company's cash management.

**1.3.9 Income taxes**

Income tax expense for the year comprises of current tax and deferred tax. It is recognized in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognized directly in equity or in other comprehensive income.

**Current tax** is the expected tax payable/receivable on the taxable income/loss for the year using applicable tax rates at the Balance Sheet date, and any adjustment to taxes in respect of previous years. Interest income/expenses and penalties, if any, related to income tax are included in current tax expense.

**1.3.10**

**Deferred tax** is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes using tax rates enacted, or substantively enacted, by the end of the reporting period. **Provisions and contingent liabilities**

Provisions are recognized when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting issued, the increase in the provisions due to the passage of time is recognized as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**1.3.11 Earnings per share**

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

**1.3.12 Foreign Currency transactions**

- **Functional and Reporting Currency:**

The Company's functional and reporting currency is Indian National Rupee.

- **Initial Recognition:**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amounts the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

- **Conversion on reporting date:**

Foreign currency monetary items are reported using the closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

- **Exchange Differences:**

Exchange difference arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognized as income or as expenses in the year in which they arise.

**1.3.13 Employee Benefits**

- **Defined Contribution Plan**

Employer's contribution to Provident Fund/Employee State Insurance which is in the nature of defined contribution scheme is expensed off when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the fund.

- **Defined Benefit Plan**

- a. **Gratuity**

Gratuity liability is in the nature of defined benefit obligation. Such liability is provided only for employees who have completed 5 years of continuous service as per the provisions of the Payment of Gratuity Act, 1972.

- b. **Compensated absences**

Compensated absences which are in the nature of defined benefit obligation are provided for based on number of leaves outstanding as on balance sheet date according to the policy of the company.

**1.3.14 Dividends**

Annual dividend distribution to the shareholders is recognized as a liability in the period in which the dividend is approved by the shareholders. Any interim dividend paid is recognized on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognized directly in equity.



## 2 Property, Plant and Equipment

(All amounts in rupees, unless otherwise stated)

Sl. No	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 31 March 2018	Additions	Deletions	As at 31 March 2019	Upto 31 March 2018	For the year	On Deletions	Upto 31 March 2019	As at 31 March 2019	As at 31 March 2018
<b>Property, Plant and Equipment:</b>											
1	Land:										
	Freehold(*)	1,014,817			1,014,817	-			-	1,014,817	1,014,817
2	Buildings:										
	Factory	26,211,358			26,211,358	19,795,104	551,018		20,346,122	5,865,236	6,416,254
	Non Factory	1,905,956			1,905,956	806,365	26,438		832,803	1,073,153	1,099,591
3	Plant & Machinery	31,545,643	155,575		31,701,218	24,374,852	252,550		24,627,402	7,073,816	7,170,791
4	Electrical Installations	6,193,592			6,193,592	5,856,340	9,207		5,865,547	328,045	337,252
5	Furniture & Fixtures	3,231,388			3,231,388	3,069,819			3,069,819	161,569	161,569
6	Office equipment	1,471,124	102,193		1,573,317	1,371,581		5,619	1,377,200	196,117	99,543
7	Vehicles	2,376,619			2,376,619	224,878	271,952		496,830	1,879,789	2,151,741
8	Cycle	1,710			1,710	1,624			1,624	86	86
9	Data Processing Equipment	3,364,190			3,364,190	3,136,166	24,094		3,160,260	203,930	228,024
10	Cylinders	68,913,222	1,829,400		70,742,622	61,584,932	928,025		62,512,957	8,229,665	7,328,290
	<b>Total</b>	<b>146,229,619</b>	<b>2,087,168</b>	<b>-</b>	<b>148,316,787</b>	<b>120,221,661</b>	<b>2,068,903</b>	<b>-</b>	<b>122,290,564</b>	<b>26,026,223</b>	<b>26,007,958</b>

(\*)The Company purchased 10 Acres of land at Nellimerla Industrial Area, Vizianagaram District through registered sale deed from APIC 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.

(All amounts in rupees, unless otherwise stated)

Sl. No	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 31 March 2017	Additions	Deletions	As at 31 March 2018	Upto 31 March 2017	For the year	On Deletions	Upto 31 March 2018	As at 31 March 2018	As at 31 March 2017
<b>Property, Plant and Equipment:</b>											
1	Land:										
	Freehold(*)	1,014,817			1,014,817	-			-	1,014,817	1,014,817
2	Buildings:										
	Factory	26,211,358			26,211,358	19,290,495	504,609		19,795,104	6,416,254	6,920,863
	Non Factory	1,905,956			1,905,956	779,183	27,182		806,365	1,099,591	1,126,773
3	Plant & Machinery	31,138,879	406,764		31,545,643	24,126,155	248,697		24,374,852	7,170,791	7,012,724
4	Electrical Installations	6,193,592			6,193,592	5,846,793	9,547		5,856,340	337,252	346,799
5	Furniture & Fixtures	3,231,388			3,231,388	3,069,819			3,069,819	161,569	161,569
6	Office equipment	1,441,524	29,600		1,471,124	1,369,447	2,134		1,371,581	99,543	72,077
7	Vehicles	501,719	2,288,390	413,490	2,376,619	476,181	141,513	392,816	224,878	2,151,741	25,538
8	Cycle	1,710			1,710	1,624			1,624	86	86
9	Data Processing Equipment	3,288,104	76,086		3,364,190	3,117,033	19,133		3,136,166	228,024	171,071
10	Cylinders	65,921,397	2,991,825		68,913,222	61,097,051	487,881		61,584,932	7,328,290	4,824,346
	<b>Total</b>	<b>140,850,444</b>	<b>5,792,665</b>	<b>413,490</b>	<b>146,229,619</b>	<b>119,173,781</b>	<b>1,440,696</b>	<b>392,816</b>	<b>120,221,661</b>	<b>26,007,958</b>	<b>21,676,663</b>

(\*)The Company purchased 10 Acres of land at Nellimerla Industrial Area, Vizianagaram District through registered sale deed from APIC 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.

## 3 Investment Property

Sl. No	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 31 March 2018	Additions	Deletions	As at 31 March 2019	Upto 31 March 2018	For the year	On Deletions	Upto 31 March 2019	As at 31 March 2019	As at 31 March 2018
	Mumbai Godown	1,124,741			1,124,741	377,552	17,969		395,521	729,220	747,189
	<b>Total</b>	<b>1,124,741</b>	<b>-</b>	<b>-</b>	<b>1,124,741</b>	<b>377,552</b>	<b>17,969</b>	<b>-</b>	<b>395,521</b>	<b>729,220</b>	<b>747,189</b>

Sl. No	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 31 March 2017	Additions	Deletions	As at 31 March 2018	Upto 31 March 2017	For the year	On Deletions	Upto 31 March 2018	As at 31 March 2018	As at 31 March 2017
	Mumbai Godown	1,124,741			1,124,741	359,823	17,729		377,552	747,189	764,918
	<b>Total</b>	<b>1,124,741</b>	<b>-</b>	<b>-</b>	<b>1,124,741</b>	<b>359,823</b>	<b>17,729</b>	<b>-</b>	<b>377,552</b>	<b>747,189</b>	<b>764,918</b>

## 4 Other Intangible Assets

Sl. No	Particulars	GROSS BLOCK			AMORTISATION			NET BLOCK			
		As at 31 March 2018	Additions	Deletions	As at 31 March 2019	Upto 31 March 2018	For the year	On Deletions	Upto 31 March 2019	As at 31 March 2019	As at 31 March 2018
	<b>Other Intangible Assets:</b>										
	Computer Software	8,550			8,550	8,122			8,122	428	428
	<b>Total</b>	<b>8,550</b>	<b>-</b>	<b>-</b>	<b>8,550</b>	<b>8,122</b>	<b>-</b>	<b>-</b>	<b>8,122</b>	<b>428</b>	<b>428</b>

Sl. No	Particulars	GROSS BLOCK			AMORTISATION			NET BLOCK			
		As at 31 March 2017	Additions	Deletions	As at 31 March 2018	Upto 31 March 2017	For the year	On Deletions	Upto 31 March 2018	As at 31 March 2018	As at 31 March 2017
	<b>Other Intangible Assets:</b>										
	Computer Software	8,550			8,550	8,122			8,122	428	428
	<b>Total</b>	<b>8,550</b>	<b>-</b>	<b>-</b>	<b>8,550</b>	<b>8,122</b>	<b>-</b>	<b>-</b>	<b>8,122</b>	<b>428</b>	<b>428</b>

## Notes forming part of the Financial Statements for the year ended 31st March, 2019

(All amounts in rupees, unless otherwise stated)

Particulars	As per Ind AS	
	As at	
	31st March 2019	31st March 2018
<b>5 Investments (Quoted, at fair value)</b>		
Investment in Mutual Fund		
ABSL Balanced '95 Fund - Growth	492,545	477,330
ABSL India GenNext Fund - Growth	1,050,629	977,270
ABSL Top 100 Fund - Growth	515,363	475,889
HDFC Balanced Fund - Growth	1,057,759	987,063
ICICI Pru Balanced Fund - Growth	1,586,644	1,474,054
ICICI Pru Focused Bluechip Equity - Growth	516,401	472,950
Kotak Select Focused Fund - Growth	1,098,764	985,258
Tata Equity P/E Fund - Growth	1,950,155	1,935,139
Axis Focus 25 Fund -Growth	1,264,997	-
<b>Total</b>	<b>9,907,306</b>	<b>7,784,953</b>
a. Aggregate amount of Quoted Investments	9,650,000	8,000,000
Market Value of Quoted Investments	9,907,306	7,784,953
b. Aggregate amount of Unquoted investments	-	-
c. Aggregate amount of impairment in value of investments	-	215,047
d. Aggregate amount of Fair value Gains in value of Investments	257,306	-
<b>6 Other financial assets</b>		
Sundry Deposits	920,808	921,866
Other bank Balances - Term Deposits with balance maturity of more than 12 months		
- Margin money deposits	5,488,937	-
Rent Receivable (Equalisation)	147,248	325,330
<b>Total</b>	<b>6,556,992</b>	<b>1,247,195</b>

- a. In accordance with Ind AS 17 Leases, Lease receipts are straightlined over the lease period and the amount of lease income recognised in excess of the lease receipts in accordance with lease agreement is shown as rent receivable and will be adjusted over the lease period.
- b. Margin money deposits have been pledged with the Bankers towards issue of Bank Guarantees

**7 Deferred Tax**

Particulars	As at 31 March 2019	Not Recognised in Statement of Profit & Loss (Refer Note no. 33.4.2(ii)(a))	Recognised in Other Comprehensive Income	As at 31 March 2018	Not Recognised in Statement of Profit & Loss (Refer Note no. 33.4.2(ii)(a))	Recognised in Other Comprehensive Income	As at 1 April 2017
<b>Deferred Tax Liabilities</b>							
Property, Plant & Equipment & Intangible assets	5,047,874	(986,832)		6,034,706	239,957		5,794,749
Fair Value adjustments of financial assets/liabilities	61,401	51,000		10,401	1,470		8,931
Due to Straightling of lease payments	40,964	(66,601)		107,565	(21,533)		129,098
Other Non Current Assets	-	(1,237,965)		1,237,965	(25,996)		1,263,961
	5,150,240	(2,240,397)	-	7,390,637	193,898	-	7,196,739
<b>Deferred Tax Assets</b>							
Unused Tax Losses	30,485,100	(8,874,660)		39,359,760	(3,477,260)		42,837,020
Due to Straightling of lease payments	6,069	2,484		3,585	(6,091)		9,676
TDS non deductions allowed on subsequent remittance of TDS	-	(1,438)		1,438	(853)		2,291
Employee Benefits & Statutory Liabilities allowed on Payment Basis	261,156	71,426		189,730	24,122		165,608
	30,752,325	(8,802,188)	-	39,554,513	(3,460,082)	-	43,014,595
<b>Net Deferred Tax Liability/(Asset)</b>	<b>(25,602,085)</b>	<b>6,561,791</b>	<b>-</b>	<b>(32,163,876)</b>	<b>3,653,980</b>	<b>-</b>	<b>(35,817,856)</b>

## Notes forming part of the Financial Statements for the year ended 31st March, 2019

Particulars	As per Ind AS	
	As at	
	31st March 2019	31st March 2018
<b>8 Other non-current assets</b>		
Security Deposits	94,000	94,000
Prepayments	338,442	141,461
Prepaid Rent	4,350	2,912
Leasehold Land Rent paid in advance	3,665,632	3,744,260
<b>Total</b>	<b>4,102,424</b>	<b>3,982,633</b>
<b>9 Inventories</b>		
a. Stock-in-trade (lower of realisable value and cost)	1,809,468	710,544
b. Stores and Packing materials (at realisable value)	78,004	78,004
c. Scrap	38,616	38,616
<b>Total</b>	<b>1,926,088</b>	<b>827,164</b>
<b>10 Trade Receivables</b>		
Considered good	201,299	332,944
Considered doubtful	-	-
Less: Provision for doubtful debts	-	-
	201,299	332,944
Others considered good	3,928,874	3,405,528
<b>Total</b>	<b>4,130,173</b>	<b>3,738,472</b>
<b>11 Cash and cash equivalents</b>		
Balances with banks		
- In current accounts	746,484	1,377,957
- In term deposits (with original maturity of 3 months or less)	-	-
Cash on hand	49,607	31,326
<b>Total</b>	<b>796,091</b>	<b>1,409,283</b>
<b>12 Other Bank Balances</b>		
Balances with banks		
- In term deposits (with original maturity of more than 3 months and less than 12 months)	7,604,182	18,633,788
- In Margin money deposits (with maturity less than 12 months)	24,470	3,530,968
- Share Application Money Refund A/c.	22,077	22,077
<b>Total</b>	<b>7,650,729</b>	<b>22,186,833</b>
a. Margin money deposits have been pledged with the Bankers towards issue of Bank Guarantees		
<b>13 Loans (Unsecured, considered good)</b>		
<b>Amounts recoverable from staff</b>	<b>1,250</b>	<b>1,000</b>
<b>Total</b>	<b>1,250</b>	<b>1,000</b>
<b>14 Other financial assets (Unsecured, considered good)</b>		
<b>Cylinder Deposits</b>	1,317,610	1,636,448
Interest accrued but not due	158,781	1,232,838
<b>Total</b>	<b>1,476,391</b>	<b>2,869,286</b>
<b>15 Current tax assets (net)</b>		
Advance Income tax & TDS Receivable (Net of provision)	3,587,862	2,915,039
<b>Total</b>	<b>3,587,862</b>	<b>2,915,039</b>
<b>16 Other current assets (Unsecured, considered good)</b>		
Advance for Capital items	200,000	-
Vendor advance	198,400	153,625
Balance with Govt. Dept. (CBEC & VAT)	3,123,922	865,690
Prepayments	657,265	366,835
<b>Total</b>	<b>4,179,587</b>	<b>1,386,150</b>

## Notes forming part of the Financial Statements for the year ended 31st March, 2019

(All amounts in rupees, unless otherwise stated)

## 17 Equity Share Capital

Particulars	As at	As at
	31st March 2019	31st March 2018
<b>a.Authorised:</b> 1,80,00,000 Equity Shares of Rs.10/- each	180,000,000	180,000,000
<b>b.Issued, subscribed and fully paid:</b> 1,74,63,000 Equity Shares of Rs.10/- each	174,630,000	174,630,000

## a. Reconciliation of Equity Shares outstanding at the end of the reporting period

Particulars	As at		As at	
	31st March 2019		31st March 2018	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	17,463,000	174,630,000	17,463,000	174,630,000
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	17,463,000	174,630,000	17,463,000	174,630,000

## b. Terms/ rights attached to equity shares

The company has only one class of equity shares having a face value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The dividends recommended by the Board of Directors if any, are subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the equity share holders are entitled to receive the remaining assets of the Company after distribution of all preferential claims, in proportion to the number of shares held.

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

Name of the Share Holder	As at		As at	
	31st March 2019		31st March 2018	
	Number of Shares held	% holding	Number of Shares held	% holding
<b>Equity Shares of Rs.10/- each:</b>				
Mr.Rajiv Kabra	9,117,400	52.21	9,117,000	52.21
M/s.Lata Engineering Company Pvt. Ltd.	1,011,000	5.79	1,011,000	5.79

## Particulars

## As per Ind AS

As at

	31st March 2019	31st March 2018
	<b>18 Other Financial liabilities</b> (All amounts in rupees, unless otherwise stated)	
i) Security Deposits	10,040,240	7,587,392
ii) Distributor/Dealership Deposit	10,730,172	10,730,172
iii) Rent Payable (Equalisation)	21,815	10,842
<b>Total</b>	<u>20,792,227</u>	<u>18,328,406</u>
In accordance with Ind AS 17 Leases, Lease payments are straightlined over the lease period and the amount of lease expense recognised in excess of the lease payments in accordance with lease agreement is shown as rent payable and will be adjusted over the lease period.		
<b>19 Provisions</b>		
<b>Provision for employee benefits</b>		
Gratuity	425,653	132,231
<b>Total</b>	<u>425,653</u>	<u>132,231</u>
<b>20 Other non-current liabilities</b>		
Rent received in advance	1,074,953	503,367
<b>Total</b>	<u>1,074,953</u>	<u>503,367</u>
<b>21 Trade payables</b>		
Other than Micro, Small and Medium Enterprises	2,419,115	2,434,904
<b>Total</b>	<u>2,419,115</u>	<u>2,434,904</u>

## Notes forming part of the Financial Statements for the year ended 31st March, 2019

Particulars	As per Ind AS As at	
	31st March 2019	31st March 2018
<b>22 Other financial liabilities</b>		
Interest accrued and due on Distributor/Dealer deposits (Refer Note - 33.2)	1,278,280	1,278,280
Cylinder Deposits from Consumers	6,669,752	6,168,896
Advance Received form customers	1,098,304	-
Dues to Dealers and Consumers	-	2,647,019
Dues to Staff	646,137	547,209
Other payables	1,309,155	1,332,705
Investor Education and protection fund - Unpaid application money received for allotment of shares and due for refund	22,550	22,550
<b>Total</b>	<b>11,024,178</b>	<b>11,996,659</b>
<b>23 Other current liabilities</b>		
Statutory dues	2,309,929	1,843,832
<b>Total</b>	<b>2,309,929</b>	<b>1,843,832</b>
<b>24 Provisions</b>		
Provision for Employee Benefits:		
(a) Earned Leave Encashment	222,512	151,042
(b) Bonus	139,782	139,782
<b>Total</b>	<b>362,294</b>	<b>290,824</b>
<b>Particulars</b>	<b>Current year</b>	<b>Previous Year</b>
<b>25 Revenue from operations</b>		
<b>Sale of products</b>		
Sale of gas (trading item)	82,343,089	57,932,814
<b>Other operating revenues</b>		
Gas filling charges	7,232,663	4,694,669
Rental/ hire charges	772,488	1,078,253
Plants Lease	5,863,501	6,268,872
Rent	5,468,991	4,562,232
Unloading/Loading charges collected	133,692	123,321
Sale of Scrap	-	65,100
Lease income( fair value of interest free lease deposits measured at amortised cost)	439,011	531,901
<b>Total</b>	<b>102,253,434</b>	<b>75,257,162</b>
<b>26 Other Income</b>		
Interest Income		
- Unwinding of interest on Rental deposit made	8,235	9,003
- others	1,412,008	1,880,606
Other non-operating revenue		
Excess Provision written back	149,231	222,547
Miscellaneous income	1,980,000	1,912,183
Fair Value Gain on Mutual Funds	472,353	-
<b>Total</b>	<b>4,021,827</b>	<b>4,024,339</b>
<b>27 Purchases of Stock-in-Trade</b>		
Gas	80,115,168	53,144,555
<b>TOTAL</b>	<b>80,115,168</b>	<b>53,144,555</b>
<b>28 Changes in inventories of Stock-in-trade</b>		
<b>Opening Stock:</b>		
Stock-in-trade - LPG Gas	710,544	1,364,002
<b>Less: Closing Stock:</b> Stock-in-trade - LPG Gas	1,809,468	710,544
<b>(Increase)/ Decrease in stocks</b>	<b>(1,098,924)</b>	<b>653,458</b>
<b>29 Employee Benefits Expense</b>		
Salaries, Wages and allowances	5,838,113	5,077,916
Contribution to provident and other funds	265,918	239,558
Gratuity	293,422	30,116
Earned Leave Encashment	71,527	30,634
Staff welfare expenses	129,123	105,408
<b>Total</b>	<b>6,598,103</b>	<b>5,483,632</b>

## Notes forming part of the Financial Statements for the year ended 31st March, 2019

(All amounts in rupees, unless otherwise stated)

Particulars	Current year	Previous Year
<b>30 Finance Costs</b>		
Interest expense:		
Unwinding of interest on Deposits received against leased plants	698,333	709,957
<b>Total</b>	<b>698,333</b>	<b>709,957</b>
<b>31 Other Expenses</b>		
Consumption of stores and spares	179,432	191,491
Power Charges of bottling plants	635,124	567,565
Rent & Water Charges	894,228	793,219
Rental/Hire charges paid for Cylinders	146,188	4,767
Repairs & Maintenance		
i) Plant & Machinery	540,179	328,369
ii) Buildings	1,394,900	53,932
iii) Other Assets	1,171,570	12,139
Insurance	155,108	151,767
Rates & Taxes	377,532	1,241,903
Gas Filling Charges	56,095	58,016
Printing & Stationary	34,108	25,486
Postage & Telephones	73,164	64,829
Travelling & Conveyance	479,000	140,046
Service Charges	1,423,634	1,331,043
Legal & Professional Charges	737,969	746,868
Listing Fees	268,752	306,250
Payments to the Auditor		
: as Auditors	50,000	50,000
: for Tax Audit	20,000	20,000
: for Certification	35,000	24,500
Penalties	-	375
General Expenses	192,173	138,910
Miscellaneous expenses	1,046,774	1,239,264
<b>Total</b>	<b>9,910,929</b>	<b>7,490,739</b>
<b>32 Exceptional Items</b>		
Credit balances written back	2,648,834	-
Subscription Deposit W/back (Net)	383,406	383,406
Profit on sale of assets	-	104,326
Sub lease Charges	(2,057,546)	
<b>Total</b>	<b>974,694</b>	<b>487,732</b>

**Explanatory Notes & Other Disclosures**

33.1. a) Contingent Liabilities not provided for in respect of:

In Rs.

Particulars	As at 31.03.2019	As at 31.03.2018
(I) Bank Guarantee	41,24,470	26,00,000
(ii) Claims made by dealers/distributors not acknowledged by the Company	5,94,315	5,94,315

b) (i) Estimated amount of contracts to be executed on capital account - NIL (Net of advances)

33.2. 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.6,13,849/- (Previous year: Rs.6,13,849/-) and interest for earlier years amounting to Rs.1,09,55,419/-. Had the interest provision been made, the profit for the current year would have been less by Rs.6,13,849/- and current liabilities would have been more by Rs.1,15,69,269/-

33.3. Consumers cylinder subscription deposits collected over a period of time amounting to Rs.7,14,743 is written back, as the cylinders are not returned for a long time. Out of this an amount of Rs.3,31,337 is adjusted against the Cylinder deposits paid by the Company. Net amount of Rs.3,83,406 is shown as Exceptional item.

**33.4. Disclosures in accordance with Companies (India Accounting Standards) Rules, 2015 notified by the Central Government:****33.4.1. Capital Management**

The company's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the company. The company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and other long-term/short term borrowings. The company's policy is aimed at combination of short term and long-term borrowings. The company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the company.

**Explanatory Notes & Other Disclosures****Gearing Ratio**

Particulars	As at 31.03.2019	As at 31.03.2018
(a) Debt	Nil	Nil
(b) Cash & Cash Equivalents	7,96,091	(14,09,283)
(c) Net Debt (a) + (b)	(7,96,091)	(14,09,283)
(d) Total Equity	4,85,04,770	3,95,73,362
Net debt to equity ratio (c)/(d)	0	0

**33.4.2. Income Taxes****(i) 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.

**(ii) Deferred tax:**

(a) The company has not recognized the reversal of deferred tax asset of Rs65,65,791. (Previous year Rs.36,53,980/-) since the company has not originally recognised any deferred tax asset on unused tax losses as it was not probable that sufficient future taxable profit will be available against which unused tax losses can be utilized in accordance with Ind AS 12 Income taxes.

**(b) Reconciliation of Tax Expense and Accounting profit multiplied by Applicable tax rate**

	Current Year (Rs.)	Previous Year (Rs.)
<b>(i) Tax expense recognized in Statement of Profit and loss</b>		
Current Tax	Nil	INil
Deferred Tax (including MAT Credit Entitlement)	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>
<b>(ii) Effective tax Reconciliation</b>		
(a) Profit/(loss) before tax	89,39,474	1,08,28,467
(b) Applicable tax rate	27.82%	33.063%
(c) Tax expense on Net profit (a*b)	24,86,962	35,80,216
(d) Increase/(decrease) in tax expenses on account of:		
- Expenses not allowed under income tax	1,01,499	72,217
- others	(4,768)	1,547
- Reversal of deferred tax asset on unused tax losses not recognized in books	(25,83,692)	(36,53,980)
<b>Total (d)</b>	<b>(24,86,961)</b>	<b>(35,80,216)</b>
(e) Tax Expense as per Statement of Profit and loss (c+d)	Nil	Nil

**33.4.3. Leases**

(a) Upfront premium paid in respect of land taken on lease for bottling plants located at various locations is amortised to the statement of profit and loss over the lease period on a straight line basis. Details of leases arrangements are given below:

**(b) Disclosures in respect of godown and plants at various locations given on lease**

Minimum Lease Payments receivable under operating lease in the aggregate for the periods:	2018-19	2017-18
Not later than one year	1,12,80,604	1,07,14,500
More than one year and less than five years	2,96,25,481	1,57,37,650

**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. Dhanwad, Karnataka;
- 3) Plot No.124 & 125, Tupudana Industrial Estate, P.O. Hatia, Ranchi,
- 4) Plot No. A-134, Hirawala Industrial Area, Kanota, Jaipur,
- 5) Sector.11, Khargar Village, Taluka-Panvel, Dist: Raigad, Maharashtra; and
- 6) Plot No. B-3, Waluj Industrial Area, MIDC, Aurangabad, Maharashtra;

**33.4.4. Post-Employment Benefits****a. Contributions to Defined Contribution Plans**

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Contribution to Provident and other funds	1,93,543	1,77,120
Contribution to Employee State Insurance	64,672	59,430
<b>Total</b>	<b>2,58,215</b>	<b>2,36,550</b>

**b. Defined Benefit Plans****(i) Gratuity & Leave Encashment**

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.



## 33.4.5. Related Party Disclosures

Name of Related Parties	Nature of Relationship
a. PKL Ltd	Enterprises over which Executive director or their relatives have control/significant influence
b. Ideal Engineers Hyderabad P. Ltd	
c. Kabsons Gas Equipment P. Ltd	
d. Prakunequipments P. Ltd	
e. Mr. Satish Kabra	Relatives of Key Managerial Personnel
f. Ms. Annapurna Kabra -	
g. Mr. Rajiv Kabra (Chairman and Executive Director)	Key Managerial Personnel
h. Mr. Krishna Murthy Motamarri (Chief Financial Officer)	
I. Mr. NagarajuMusinam (Company Secretary)	
j. Mr. Venkata Subba Rao Pinapati (Independent Director)	
k. Mr. Mangal Rathi (Independent Director)	
l. Lata Engineering Company Private Ltd	Significant Shareholder
m. Kabsons Technologies P. Ltd	Subsidiary Company of Significant Shareholder
n. Sk leasing services (Proprietary concern)	Propriety concerns in which executive director relatives are sole proprietors
o. AP leasing services (Proprietary concern)	

## (i) Transaction with key management personnel:

Nature of transactions	Current Year	Previous Year
Remuneration	Nil	Nil
M Krishna murthy (CFO)	18,11,000	17,40,000
NagarajuMusinam (CS)	2,40,000	2,40,000
<b>Sitting fees</b>		
P.V.Subba Rao (Independent Director)	17,776	22,220
Mangal Rathi (Independent Director)	17,776	22,220

## (ii) Transactions with Significant Shareholder- Lata Engineering Company Private Limited

Nature of transactions	Current Year	Previous Year
<b>Cylinder deposit:</b>		
Outstanding at the beginning of the year	2,99,728	3,74,660
Less: Written off during the year	74,932	74,932
Outstanding at the end of the year	2,24,796	2,99,728
<b>Balance in current account (payable) / receivable</b>	<b>3,037</b>	<b>2,260</b>

## (iii) Transactions with Enterprises over which Executive Director and his relatives have control/significant influence- PKL Limited

Nature of transactions	Current Year	Previous Year
Godown rent received	1,80,000	1,80,000
Rental/hire charges paid	1,46,188	4,767
Purchase of gas	3,06,000	2,23,200
<b>Cylinder deposit paid:</b>		
Outstanding at the beginning of the year	5,68,344	6,32,205
Less: Written off during the year	64,311	64,311
Add: Paid during the year	12,500	450
Outstanding at the end of the year	5,16,533	5,68,344
<b>Balance in current account (payable) / receivable</b>	<b>22,103</b>	<b>18,657</b>

## (iv) Transactions with Enterprises over which relatives of Executive Directors have control/significant influence- Ideal Engineers Private Limited

Nature of transactions	Current Year	Previous Year
Gas filling charges paid	6,039	8,016
Annual maintenance charges	50,000	50,000
<b>Cylinder deposit paid:</b>		
Outstanding at the beginning of the year	3,91,170	4,88,963
Less: Written off during the year	97,793	97,793
Outstanding at the end of the year	2,93,378	3,91,170
<b>Balance in current account (payable) / receivable</b>	<b>66,124</b>	<b>0</b>

## (v) Transactions with Enterprises over which relatives of Executive Directors have control/significant influence- Kabsons Gas Equipment Private Limited.

Transactions	-	Nil
<b>Nature of transactions</b>	<b>Current Year</b>	<b>Previous Year</b>
<b>Balance in current account (payable) / receivable</b>	<b>13,16,180</b>	<b>13,16,180</b>

## (vi) Transactions with Enterprises over which relatives of Executive Directors have control/significant influence-Prakunequipments P. Ltd

Cylinder deposit paid:	Current Year	Previous Year
Outstanding at the beginning of the year	1,04,208	1,30,260
Less: Written off during the year	26,062	26,062
Outstanding at the end of the year	78,156	1,04,208

## (vii) Transactions with proprietary concerns in which relatives of executive directors are sole proprietors-Sk leasing services

Cylinder deposit paid:	Current Year	Previous Year
Outstanding at the beginning of the year	1,56,000	1,95,000
Less: Written off during the year	39,000	39,000
Outstanding at the end of the year	1,17,000	1,56,000

## (viii) Transactions with proprietary concerns in which relatives of executive directors are sole proprietors-AP leasing services

Cylinder deposit paid:	Current Year	Previous Year
Outstanding at the beginning of the year	1,17,000	1,46,250
Less: Written off during the year	29,250	29,250
Outstanding at the end of the year	87,750	1,17,000

## (ix) Transactions with Subsidiary Company of significant Shareholder- Kabsons Technologies Private Limited

Nature of transactions	Current Year	Previous Year
<b>Inter corporate deposit received :</b>		
Outstanding at the beginning of the year	--	10,00,000
Received during the year	--	--
Repaid during the year	--	10,00,000
<b>Outstanding at the end of the year</b>		

## 33.4.6 Financial Instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to level 3 as described below.

**Level 1 – Quoted prices in an active market:**

This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of mutual fund investments.

**Level 2 – Valuation techniques with observable inputs:**

This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). There are no Financial Instruments to be classified under this category.

**Level 3 – Valuation techniques with significant unobservable inputs:**

This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. There are no Financial Instruments to be classified under this category.

## 33.4.7 Financial Risk Management Objectives and Policies

The company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, market risk, credit risk and liquidity risk. The company has a risk management policy which not only covers the foreign exchange risks, but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management framework aims to:

1. Create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the company's business plan.

2. Achieve greater predictability to earnings by determining the financial value of the expected earnings in advance

The following sections provide the details regarding the Company's exposure to the financial risks associated with financial instruments held in the ordinary course of business and the objectives policies and processes for the management of these risks.

**(i) Market Risk:**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk currency rate risk, interest rate risk and other price risks such as equity risk. Financial instruments affected by market risk include deposits and mutual funds.

**a. Interest Rate Risk :**

Interest rate risk is the risk that the fair value or future cash flows of the Company and the Company's financial instruments will fluctuate because of changes in market interest rates. Since the Company has no interest-bearing debts, exposure to interest rate risk is minimal.

**b. Foreign Currency Risk :**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies. The Company has no transactional currency exposures arising from goods supplied or received that are denominated in a currency other than the functional currency Hence exposure to foreign currency risk is Nil.

**c. Other price risk**

Other price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

The Company is exposed to price risk arising mainly from investments in Mutual Funds recognized at FVTPL.

Sensitivity analysis of 1% change in price of security as on reporting date

Particulars	Impact on Profit & Loss		Impact on OCI	
	2018-19	2017-18	2018-19	2017-18
Mutual Fund (1% change in price)	99,073	77,850	Nil	Nil
<b>Total</b>	<b>99,073</b>	<b>77,850</b>	<b>Nil</b>	<b>Nil</b>

(ii) **Credit Risk:** Credit risk is the risk that counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk arises from its operation activity primarily from trade receivable and from its financial activity. Customer credit risk is controlled by analysis of credit limit and credit worthiness of the customer on a continuous basis to whom the credit has been granted. Long outstanding receivable from customer are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivable.

(iii) **Liquidity Risk:** The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The company ensures that it has sufficient cash on demand to meet expected operational demands including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	Total	On Demand	< 1 year	1 to 5 years	>5 years
<b>As at 31 March 2019</b>					
Other financial liabilities Non Current	2,07,92,228	Nil	Nil	2,07,92,227	Nil
Borrowing - Current	Nil	Nil	Nil	Nil	Nil
Trade Payables	24,19,115	24,19,115	Nil	Nil	Nil
Other Financial liabilities Current	1,10,24,178	1,10,24,178	Nil	Nil	Nil
<b>Total</b>	<b>3,42,35,521</b>	<b>1,34,43,293</b>	<b>Nil</b>	<b>2,07,92,227</b>	<b>Nil</b>
<b>As at 31 March 2018</b>					
Other financial liabilities - Non Current	1,83,28,106	Nil	Nil	1,83,28,106	Nil
Borrowing - Current	Nil	Nil	Nil	Nil	Nil
Trade Payables	24,34,904	24,34,904	Nil	Nil	Nil
Other financial liabilities - Current	1,19,96,659	1,19,96,659	Nil	Nil	Nil
<b>Total</b>	<b>3,27,59,969</b>	<b>36,31,563</b>	<b>Nil</b>	<b>1,83,28,406</b>	<b>Nil</b>

**33.4.8 Operating Segments**

The Company operates only in one business segment namely, sale of gas and hence the requirements of Ind AS - 108 are not applicable.

**(a) Information about Products and Services**

Product / Services	Revenues
<b>Products</b>	
Sale of gas (trading item)	8,23,43,089
<b>Services</b>	
Gas filling charges	72,32,663
Rental / hire charges	7,72,488
Plant Lease	58,63,501
Rent	54,68,991
Others	5,72,703
<b>TOTAL :</b>	<b>10,22,53,435</b>

**(b) Information about geographical are as**

Geographical Location	Revenues	Non Current Assets and other than financial instruments and deferred tax assets
(A) Within India	10,22,53,435	4,67,00,651
(B) Outside India	Nil	Nil
<b>TOTAL</b>	<b>10,22,53,435</b>	<b>4,67,00,651</b>

**(c) Information about major customer**

Revenue from transactions with a single customer exceeds 10% or more of equity revenues in case of 1 customer.

**33.4.9 Earnings per Share**

Particulars		
(a) Profit/(loss) after tax (in Rs.)	89,31,408	1,08,28,467
(b) Number of shares outstanding (face value of Rs. 10 each)	1,74,63,000	1,74,63,000
(c) Earnings Per Share (in Rs. )	0.51	0.62

**33.4.10 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").

33.4.11 Previous Year's figures have been reclassified, wherever necessary so as to conform with those of Current Year.

As per our report of even date  
for K.S.RAO & CO.  
Chartered Accountants  
Firms' Registration No.: 003109S  
Sd/-  
(P.GOVARDHANA REDDY)  
Partner  
Membership No. 029193

For and on behalf of Board of Directors

Sd/-  
(P.V.SUBBA RAO)  
Director  
DIN: 02299552  
Sd/-  
(M.KRISHNA MURTHY)  
Chief Financial Officer

Sd/-  
(RAJIV KABRA)  
Chairman and Executive Director  
DIN: 00038605  
Sd/-  
(M. NAGARAJU)  
Company Secretary cum Compliance Officer

Place: Hyderabad  
Date: 30th May 2019

**ROUTE MAP**



**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]

CIN : L23209TG1993PLC014458  
 Name of the company : **KABSONS INDUSTRIES LIMITED**  
 Registered office : # 8-3-1087, Plot No.48, Srinagar Colony, Hyderabad, Telangana - 500073.  
 Tel: 040-66630006

Name of the member(s) :  
 Registered address :  
 Email Id:  
 Folio No./Client Id :  
 DP ID :

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

1. Name: Address: E-mail Id: Signature:		
2. Name: Address: E-mail Id: Signature:		
3. Name: Address: E-mail Id: Signature:		

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27<sup>th</sup> Annual General Meeting of the Company to be held on Thursday 26<sup>th</sup> September, 2019 at 4.30 P.M. IST at the registered office of the Company situated at # 8-3-1087, Plot No.48, Srinagar Colony, Hyderabad, Telangana – 500073 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Particulars
1.	Adoption of financial statements for the year ended 31.03.2019
2.	Re-appointment of Sri. Rajiv Kabra, as a Director liable to retire by rotation
3.	Re-appointment of Sri. Rajiv Kabra, as a Whole Time Director of the Company
4.	Re-appointment of Shri. P.V. Subba Rao (DIN: 02299552) as an Independent Director of the Company
5.	Re-appointment of Smt. Mangal Rathi (DIN: 06966755) as an Independent Director of the Company

Signed this ..... day of ..... 2019

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 the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

**KABSONS INDUSTRIES LIMITED**

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

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

**ATTENDANCE SLIP**

Regd. Folio No. \_\_\_\_\_ /DP ID \_\_\_\_\_ Client ID/Ben. A/C \_\_\_\_\_ No. of shares held \_\_\_\_\_

I certify that I am a registered shareholder/proxy for the registered Shareholder of the Company and hereby record my presence at the 27<sup>th</sup> Annual General Meeting of the Company on to be held on Thursday, the 26<sup>th</sup> day of September, 2019 at 4.30 PM at the registered office: # 8-3-1087, Plot No.48, Srinagar Colony, Hyderabad, Telangana – 500073.

- Only Member/ Proxy holder can attend the meeting.
- Member/ Proxy holder should bring his/her copy of the Annual Report for reference at the Meeting.

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

THE TRUSTED KABSONS NAME

कैवसन्त एक भरोसे का नाम

కాబ్సన్లకు ఒకటి విశ్వాస పాత్ర



ವಿಶ್ವಾಸಪಾತ್ರ ಕ್ಯಾಬ್‌ಸನ್ಸ್ ಹೆಸರು

సమ్మకానికి మరొకరు-కాబ్సన్స్

भरोसापात्र कैवसन्त नाम

అతి విశ్వాస విశ్వాసపాత్ర పాత్ర

भरवशाचे प्रतीक-कैवसन्त हे नाव

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**KABSONS INDUSTRIES LIMITED**  
Plot No. 48, 8-3-1087,  
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Hyderabad - 500 073.