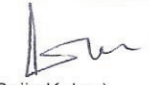

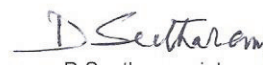

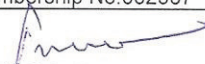


FORM A

(Clause 31(a) of Listing Agreement)

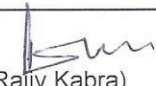

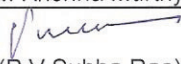
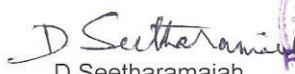

Format of covering letter of the annual audit report to be filed with the Stock Exchanges

1.	Name of the Company:	Kabsons Industries Limited
2.	Annual Financial Statements for the Year Ended	31st March, 2015
3.	Type of Audit observation	<p>Matter of Emphasis</p> <p>(a) We draw attention to Note 24.1 in the financial statements which states that the Company's current liabilities exceeded its current assets by Rs. 3.90 crores. Further, as indicated by the Company's Balance Sheet as at March 31, 2015, the net worth of the Company has eroded completely. These conditions along with other matters as set forth in Note 24.1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.</p> <p>(b) We draw attention to Note 24.3 in the financial statements which states that the Company has not provided for the interest expense amounting to Rs. 6,33,691 for the year and Rs. 84,40,497 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. 6,33,691, understatement of the balance in the statement of profit and loss by Rs. Rs. 90,74,188 and understatement of Current Liabilities by Rs. 90,74,188.</p> <p>Management Response:-</p> <p>a) In spite of continues erosion of networth, position of excess of current liabilities over current assets and uncertainty associated with operations of the company, the Accounts of the Company are prepared on going concern basis.</p> <p>b) Interest for the year Rs.6,33,691/- on deposits of distributors/dealers has not been provided in view of company's adverse financial position and will be negotiated for waiver resulting to overstatement of profit by that amount and understatement of current liabilities by Rs.90,74,188/-</p>
4.	Frequency of observation	a) Repetitive from the financial year ended 31st March 2003 b) Repetitive from the financial year ended 31st March 2002
5.	Signed by -	
	• CEO / Managing Director (Executive Director)	 (Rajiv Kabra)
	• CFO	 (M Krishna Murthy)
	• Auditor of the Company	<p>For Brahmaya & Co., Chartered Accountants Firm's Regn. No.000513S</p> <p> D Seetharamaiah Partner Membership No.002907</p> 
	• Audit Committee Chairman	 (P V Subba Rao)

FORM B

(Clause 31(a) of Listing Agreement)

Format of covering letter of the annual audit report to be filed with the Stock Exchanges

1.	Name of the Company:	Kabsons Industries Limited
2.	Annual Financial Statements for the Year Ended	31st March, 2015
3.	Type of Audit observation	Qualified
4.	Frequency of observation	Repetitive from the financial year ended 31st March 2008
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report.	<p>Observation:- The Company has not adopted and complied with the requirements of AS-15 'Employee Benefits' in respect of the Gratuity Liability which constitute a departure from the Accounting standards referred in section 211 (3C) 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.</p> <p>Management Response:- In view of very limited strength of employees, presently working with the Company, the requirements of AS-15 Employee Benefits in respect of gratuity could not be complied with. However provision for gratuity as required under Payment of Gratuity Act has been provided for.</p>
6.	Additional comments from the Board/Audit Committee Chairman	NIL
7.	To be signed by -	
	• CEO / Managing Director (Executive Director)	 (Rajiv Kabra)
	• CFO	 (M Krishna Murthy)
	• Audit Committee Chairman	 (P V Subba Rao)
	• Auditor of the Company	<p>For Brahmayya & Co., Chartered Accountants Firm's Regn. No.0005135</p> <p> D Seetharamaiah Partner Membership No.0002907</p> 



KABSONS INDUSTRIES LIMITED

23rd Annual Report 2014 – 2015

BOARD OF DIRECTORS	:	Sri Rajiv Kabra Sri P.V Subba Rao Sri Y S Sarma Smt. Mangal Rathi	Chairman and Executive Director Independent Director Independent Director (upto 23-06-2015) Independent Women Director
Committees of the Board	:		
Audit Committee		Sri P.V Subba Rao Sri Rajiv Kabra Sri Y S Sarma Smt. Mangal Rathi	Chairman Member Member (upto 23-06-2015) Member
Nomination and Remuneration Committee		Sri Y S Sarma Sri P.V Subba Rao Sri Rajiv Kabra Smt. Mangal Rathi	Chairman (upto 23-06-2015) Member Member Member
Share Transfer & Investors' Grievance Committee		Sri P.V Subba Rao Sri Y S Sarma Sri Rajiv Kabra Smt. Mangal Rathi	Chairman Member (upto 23-06-2015) Member Member
AUDITORS	:	M/s. BRAHMAYYA & CO., Chartered Accountants, Flat No.403 & 404, Golden Green Appts, Erramanzil Colony, Somajiguda, Hyderabad - 500 082.	
SECRETARIAL AUDITORS	:	M/s. B S S & ASSOCIATES, Company Secretary in Practice, 6-3-626, Parameswara Appts., 5th Floor, 5A, Anand Nagar, Khairtabad, Hyderabad - 500 004.	
BANKERS	:	HDFC BANK LTD, STATE BANK OF INDIA	
Registered Office	:	Plot No.48, 8-3-1087, Srinagar Colony, Hyderabad - 500 073, Telangana. E-mail : operationslpg@gmail.com Website : www.kabsonsindustrieslimited.com	
Registrar & Share Transfer Agents	:	M/S.XL SOFTECH SYSTEMS LTD 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034.	
CIN No.	:	L23209TG1993PLC014458	

**NOTICE**

NOTICE is hereby given that the twenty third Annual General Meeting of the members of the Company will be held on **Monday, September 28, 2015 at 4.00 p.m.** at the Registered Office of the Company i.e. Plot No.48, Srinagar Colony, Hyderabad-500073, to transact the following business:

Ordinary Business

1. To receive, consider, approve and adopt the audited Balance Sheet as at March 31, 2015 and Statement of Profit & Loss Account for the year ended on that date together with Cash Flow Statements, Auditors' report and the Board Report thereon.
2. To appoint a Director in place of Sri.Rajiv Kabra (DIN: 00038605), who retires by rotation and, being eligible, offers himself for reappointment.
3. To ratify the continuation of the Statutory Auditors. The Statutory Auditors M/s. Brahmayya & Co., Chartered Accountants are eligible for continuing appointment.

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and their corresponding Rules, pursuant to the recommendations of the Audit Committee and the resolution passed by the members at their 22nd AGM held on September 30, 2014, the appointment of M/s. Brahmayya & Co., Chartered Accountants (ICAI Firm Registration No. 000513S), who have confirmed their eligibility in terms of the provisions of Section 141 of the Companies Act, 2013 and Rule 4 of Companies (Audit and Auditors) Rules, 2014, as Statutory Auditors to hold office up to the conclusion of the 25th AGM, be and is hereby ratified at such remuneration as may be decided by the Board of Directors of the Company."

By Order of the Board
For Kabsons Industries Limited

Sd/-
Rajiv Kabra
Executive Director

Place : Hyderabad
Date : 13.08.2015

NOTES

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
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. The Register of Members and Share Transfer Books will remain closed from Thursday, September 24, 2015 to Monday September 28, 2015 (both days inclusive) for the purpose of Annual Closing.

9. 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).
10. 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.
11. The Annual Report 2014-15 is being sent through electronic mode to the members whose email addresses are registered with the Company / Depository Participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their email addresses, physical copies of the Annual Report 2014-15 are being sent by the permitted mode.
12. In compliance with 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 Clause 35B of the Listing Agreement, 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.

13. Voting through electronic means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and Clause 35B of the Listing Agreement executed by the company with the BSE Limited, the company is pleased to provide members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Ltd. (CDSL).

A member may exercise his/her votes at any General Meeting by electronic means and Company may pass any resolution by electronic voting system in accordance with the Rule 20 of the Companies (Management and Administration) Rules, 2014.

During the e-voting period, members of the Company holding shares either in physical form or dematerialised form, as on the cut-off date (record date) i.e., (Monday, September 21, 2015), may cast their votes electronically.

Members who do not have access to e-voting facility may send duly completed Ballot Form so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. S.Srikanth, Company Secretary in Practice, at #3, Sagar Society, Road No.2, Banjara Hills, Hyderaad – 500034, Telangana not later than Thursday, September 24, 2015 (6.00 p.m. IST).

Members have the option to request for physical copy of the Ballot Form by sending an e-mail to operationslpg@gmail.com by mentioning their Folio / DP ID and Client ID No. However, the duly completed Ballot Form should reach #3, Sagar Society, Road No.2, Banjara Hills, Hyderaad – 500034, Telangana not later than Thursday, September 24, 2015 (6.00 p.m. IST).

Ballot Form received after this date will be treated as invalid. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.

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 Friday, September 25, 2015 at 9.00 a.m. IST and ends on Sunday, September 27, 2015 at 5.00 p.m. IST. During these period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) Monday, September 21, 2015, 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 during the voting period

KABSONS INDUSTRIES LIMITED



- 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 and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • 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.
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"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction "v".

- ix. After entering these details appropriately, click on "SUBMIT" tab.
- x. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for the relevant KABSONS INDUSTRIES LIMITED EVSN Reference No: 150829026 on which you choose to vote.
- xiii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xviii. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix. Note for Institutional Shareholders
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.



- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

Other Instructions:

- i. The e-voting period commence on Friday, September 25, 2015 at 9.00 a.m. IST and ends on Sunday, September 27, 2015 at 5.00 p.m. IST. During this period, member of the company holding share either in physical form or in dematerialize form as on Monday, September 21, 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting Thereafter. Once the vote on resolution is cast by the member, he shall not be allowed to change it subsequently.
 - ii. The voting rights of members shall be incorporation to their shares of the paid-up equity share capital of the company as on Monday, September 21, 2015.
 - iii. Mr. S.Srikanth, (Membership No. 22119), Company Secretary in Practice, has been appointed as the scrutinizer to scrutinize the voting and remote e-voting process and voting through ballot in a fair and transparent manner.
 - iv. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by the Chairman, who shall declare the result of the voting forthwith.
 - v. The results declared along with the scrutinizers report shall be placed on the company website www.kabsonsindustrieslimited.com and with the website of CDSL within two days of passing of resolutions at the 23rd AGM of the company on September 28, 2015 and communicated to the BSE Limited where the share of the company are listed.
14. Members may also note that the Notice of the 23rd Annual General Meeting and the Annual Report 2014-15 is available on the Company's website, www.kabsonsindustrieslimited.com. Members who require physical copies may write to us at kilshareholders@gmail.com
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their respective Depository Participant(s). Members holding shares in physical form are required to submit their PAN details to the Company.
16. All documents referred to in this Notice are available for inspection at the Company's registered office during normal business hours on working days up to the date of the Annual General Meeting.
17. Members are requested to bring their copy of Annual Report to the Meeting.

By Order of the Board
For Kabsons Industries Limited
Sd/-
Rajiv Kabra
Executive Director

Place : Hyderabad
Date : 13.08.2015



DIRECTORS' REPORT

To

The Members of **KABSONS INDUSTRIES LIMITED**,

Your Directors hereby present the 23rd Annual Report and Accounts of the Company for the year ended 31st March, 2015.

FINANCIAL RESULTS:

(Rs.in Lakhs)

	Year Ended 31.03.2015	Year Ended 31.03.2014
1) Sales, Other Income & Exceptional items	215.32	230.96
2) Profit before Depreciation	48.16	33.59
3) Depreciation	10.16	26.52
4) Profit after Financial Charges and Depreciation	38.00	7.07

DISCUSSION ON FINANCIAL PERFORMANCE:

During the year under consideration the Company got a profit of Rs.48.16 Lakhs before interest and depreciation as against profit of Rs.33.59 Lakhs during the previous year, which includes lease income and lease income is the major source of revenue to the Company.

BUSINESS REVIEW

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

LIQUEFIED PETROLEUM GAS (LPG) INDUSTRY OVERVIEW

Most of the LPG volume is handled by PSU's for domestic supplies. With such large scale penetration on the part of the PSU's at a substantially lower than market price, effect the prospects of the private sector, operating in the same segment and recently the PSU's started limiting the supply of cylinders to 12 numbers in a year to consumers.

OUT LOOK:

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

FINANCIAL PERFORMANCE

The Following is the Financial Performance of your Company:

(Rs.in Lakhs)

	2014-15	2013-14	Inc/(Dec) %
INCOME:			
Sales	90.38	118.94	(24.02)
Other Income	124.94	112.02	11.53
Total :	215.32	230.96	(6.77)
EXPENDITURE:			
Manufacturing Expenses	81.00	111.19	27.15
Staff Cost	37.63	37.32	00.83
Other Expenses	48.53	48.86	00.67
Depreciation	10.16	26.52	61.69
Total :	177.32	223.89	20.80
PROFIT	38.00	7.07	437.48

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, 2015 was Rs.18,00,00,000.00, comprising of 1,80,00,000 equity shares of Rs.10.00 each.

Paid-up Share Capital

During the year under review, there was no change in paid up share capital of the Company. Paid up share capital of the company as on March 31, 2015 was Rs.17,46,30,000.00, comprising of 1,74,63,000 equity shares of Rs.10 each.

Buy Back of Securities

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

Sweat Equity

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

Bonus Shares

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

Employees Stock Option

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

Dividend

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

Transfers to Reserves

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

Fixed Deposits

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

Particulars of Contracts & Arrangements with Related Parties

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

There were no materially significant transactions with Related Parties during the financial year 2014-15 which were in conflict with the interest of the Company. The details of contracts and arrangements with related parties as referred to in Section 188(1) of the Companies Act, 2013 were given as **Annexure - I** to the Board's Report in form No: AOC-2 pursuant to Section 134 (3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules 2014.

Related party Transactions:

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

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

Particulars of Loans, Guarantees or Investments

During the financial year 2014-15 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.

Number of Board Meetings held

The Board of Directors duly met 4 times during the financial year from 1st April, 2014 to 31st March, 2015, the details of which are given in the Corporate Governance Report.

Directors and Key Managerial Personnel

In terms of Section 152 of the Companies Act, 2013, Mr. Rajiv Kabra, Executive Director would retire by rotation at the forthcoming AGM and is eligible for re-appointment. Mr. Rajiv Kabra has offered himself for re-appointment. Mr. P.V Subba Rao (DIN: 02299552), Mr. Y S Sarma (DIN: 06422198) and Smt. Mangal Rathi (DIN: 06966755) were appointed as an independent Directors by the Members at the last Annual General Meeting (AGM) held on September 30, 2014..

Mr. Y S Sarma ceased to be Director on the Board of the Company with effect from 23.06.2015 consequent to his death. The Board of Directors places on record of its appreciation for the valuable services rendered by Mr. Y S Sarma during his tenure as Director.

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

There was no other appointment or cessation of appointment of key managerial personnel during the financial year.

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 14.02.2015, without the attendance of Non-Independent Directors and members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole; the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Board Evaluation:

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

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

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

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

Nomination and Remuneration policy

In compliance to the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement 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.

Auditors

Statutory Auditors

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

Qualification by Statutory Auditor

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

- A) In view of very limited strength of employees, presently working with the Company, the requirements of AS-15 Employee Benefits in respect of gratuity could not be complied with. However provision for gratuity as required under Payment of Gratuity Act has been provided for.
- B) In spite of continuous erosion of networth, position of excess of current liabilities over current assets and uncertainty associated with operations of the company, the Accounts of the Company are prepared on going concern basis.
- C) Interest for the year Rs. 6,33,691/- on deposits of distributors/dealers has not been provided in view of company's adverse financial position and will be negotiated for waiver resulting to overstatement of profit by that amount and understatement of current liabilities by Rs.90,74,188/-
- D) The company could not get confirmation of balances in respect of Trade Receivables and Trade Payables other than due from/to related parties as most of them are very old and presently no transactions are being taken place with them.

This report forms 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 2014-2015. The Secretarial Audit Report is annexed herewith as **Annexure - III**.

Qualification by Secretarial Auditor

The Secretarial Auditor's Report does not contain any qualifications, reservation or adverse remarks except non compliance of Section 203 of the Companies Act, 2013 in respect of appointment of Company Secretary as Key Managerial Person.

The Board has made utmost effort for appointment of the Company Secretary as KMP but has not been able to appoint a Company secretary due to lack of suitability of the candidate to the profile of the Company in terms of Job profile and remuneration.

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 Control Systems

The Company has a well-established system of internal control in operations which complies with the relevant provisions of 'Internal Control' under the Company's Auditor's Report Order 2013 and as prescribed under revised Clause 49 of the Listing Agreement with Stock Exchanges. Internal Audit department put in place and adequate controls are continuously reviewed and risks of inaccurate financial reporting and fraud, if any, are dealt with immediately and eliminated. The status of implementation of recommended solutions are regularly reviewed and presented to the Audit Committee of the Board.

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 Clause 49 of the Listing Agreement, 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

The Management Discussion and Analysis given below discusses the key issues concerning the business and carried on by the Company.

Management of Risks

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

Audit Committee

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

Risk Management

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

Corporate Social Responsibility (CSR) Initiatives:

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

Extract of Annual Return

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

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

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

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

The Company prohibits any form of sexual harassment and any such incidence is immediately investigated and appropriate action taken in the matter against the offending employee(s) based on the nature and the seriousness of the offence. The Company has a policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace (the Policy) and matters connected therewith or incidental thereto covering all the aspects as contained under the "The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013" notified by the Government of India vide Gazette Notification dated 23rd April, 2013. There was no case of sexual harassment reported during the year under review.

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

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

A statement containing names of employees employed throughout the financial year and in receipt of remuneration of Rs.60 lacs or more, employees employed for part of the year and in receipt of Rs.5 lac or more per month, pursuant to Rule 5(2) The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided as **Annexure – VII** to this Report.

Corporate Governance

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

Disclosures as per the Listing Agreement & SEBI Regulations**Cash flow statement**

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

Stock exchanges

Company's equity shares are originally listed in the Stock exchanges of Mumbai (BSE), and other five stock exchanges at Ahmedabad, New Delhi, Kolkata, Chennai and Hyderabad (Regional Stock Exchange). The Board considered that continued listing on all stock exchanges was not necessary and therefore decided to de-list from Ahmedabad, New Delhi, Kolkata, Chennai and Hyderabad stock exchanges in pursuance of special



resolution passed in the 11th Annual General Meeting held on 24th September, 2003. However SEBI had de recognised the Hyderabad Stock exchange, Madras Stock Exchange Limited and The Delhi Stock Exchange Association Limited.

There is an outstanding Listing Fee of Rs.92,278/-, Rs.3,15,763/- and Rs.1,46,897/- to Madras Stock Exchange Ltd, Delhi Stock Exchange Association Ltd and The Calcutta Stock Association Ltd respectively and our Company's shares were suspended for trading from 3rd February, 2003 due to non-payment of re-instatement fee and presently in-principle approval is received from BSE Ltd for revocation of suspension of our Company's shares.

Share transfer agency

The Company has appointed M/s XL Softech Systems Ltd, #3, Sagar Society, Road No.2, Banjara Hills, 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 Managing Director to this effect is furnished in **Annexure - VIII** to the Board's Report.

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, Chennai, Delhi and Kolkata and others for their continued support to the Company's growth. The Directors also wish to place on record, their appreciation for the contribution made by the employees at all levels, for their sincerity, hard work, solidarity and dedicated support to the Company.

By Order of the Board
For Kabsons Industries Limited
Sd/-

Rajiv Kabra
Executive Director

Place : Hyderabad
Date : 13.08.2015

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE - I

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

Form No. AOC-2

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

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

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

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

ANNEXURE - II

NOMINATION AND REMUNERATION POLICY

Introduction

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

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

Objective and purpose of the policy

The objectives and purpose of this policy are

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

The committee

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

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

Policy in respect of appointment of Directors, their remuneration etc

PART I

Criteria for qualification, positive attributes of independence of Directors:

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

Executive Directors

The Policy relating to appointment of executive directors is to

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



**PART II
REMUNERATION POLICY**

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

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

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

Remuneration of Executive Directors and Key Managerial Personnel

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

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

Remuneration of Non-executive Directors

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

Policy relating to Remuneration of Directors etc

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

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

**ANNEXURE - III
SECRETARIAL AUDIT REPORT**

Form No. MR-3

**Secretarial Audit Report
For the Financial Year ended 31st March, 2015**

[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, 2015, 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, 2015 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the Companies Act, 1956 (to the extent applicable) and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not applicable to the Company during the financial year under review;**
 - d. Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ Securities Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 (effective 28th October 2014) - **Not applicable to the Company during the financial year under review;**
 - e. 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;**
 - f. 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 financial year under review;**
 - g. 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 financial year under review;** and
 - h. 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 financial year under review.**

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India - **Not notified during the audit period and hence not applicable.**
- (ii) The Listing Agreements entered into by the Company with the Stock Exchanges.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above. However, the Company has not appointed Company Secretary as required under the Provisions of section 203 of the Companies Act, 2013 and Clause 47(a) of the Listing Agreement entered with Stock Exchange(s).

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

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

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

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

KABSONS INDUSTRIES LIMITED



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.

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

Place: Hyderabad

Date: 10.08.2015.

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

To,

The Members,

Kabsons Industries Limited,

CIN: L23209TG1993PLC014458,

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

Hyderabad, Telangana-500073.

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

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

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

Place: Hyderabad

Date: 10.08.2015.

ANNEXURE - IV **Form No.MGT-9**

EXTRACT OF ANNUAL RETURN for the financial year ended on March 31, 2015

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

I REGISTRATION AND OTHER DETAILS:

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

KABSONS INDUSTRIES LIMITED**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	LPG Filling & Trading	19203	71.65
2	Plant Lease charges		25.66

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

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



IV SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)							
S.No	Category-wise Shareholders	No. of Shares held at the beginning of the year (as on 01-04-2014)		No. of Shares held at the end of the year (as on 31-03-2015)		% change during the year	
		Demat	Physical	Demat	Physical		
		Total	% of Total Shares	Total	% of Total Shares		
A.	Promoters						
(1)	Indian	90,07,900	52.79	90,10,600	52.81	0.02	
(a)	Individuals / HUF	2,10,800	-	2,10,800	-	-	
(b)	Central Government	-	-	-	-	-	
(c)	State Government(s)	-	-	-	-	-	
(d)	Bodies Corporate	26,59,250	15.23	26,59,250	15.23	-	
(e)	Banks/FI	-	-	-	-	-	
(f)	Any Other (Specify)	-	-	-	-	-	
	Sub - Total (A) (1):-	1,16,67,150	68.02	1,16,69,850	68.03	0.02	
(2)	Foreign	-	-	-	-	-	
(a)	NRIs-Individuals	-	-	-	-	-	
(b)	Other - Individuals	-	-	-	-	-	
(c)	Bodies Corporates	-	-	-	-	-	
(d)	Banks/FI	-	-	-	-	-	
(e)	Any other	-	-	-	-	-	
	Sub - Total (A) (2):-	-	-	-	-	-	
	Total Shareholding of Promoter (A) = (A) (1)+(A)(2)	1,16,67,150	68.02	1,16,69,850	68.03	0.02	
B.	Public Shareholding						
1	Institutions						
(a)	Mutual Funds	-	-	-	-	-	
(b)	Banks/FI	5,01,000	2.87	5,01,000	2.87	-	
(c)	Central Government	-	-	-	-	-	
(d)	State Government(s)	-	-	-	-	-	
(e)	Venture Capital Funds	-	-	-	-	-	
(f)	Insurance Companies	-	-	-	-	-	
(g)	FIs	-	-	-	-	-	
(h)	Foreign Venture Capital Funds	-	-	-	-	-	
(i)	Others	-	-	-	-	-	
	Sub - Total (B) (1):-	5,01,000	2.87	5,01,000	2.87	-	
2	Non-institutions						
a)	Bodies Corp.	-	-	-	-	-	
i)	Indian	76,900	0.84	78,600	0.85	0.01	
ii)	Overseas (OCB)	-	-	-	-	-	
b)	Individuals	-	-	-	-	-	
i)	Individual Shareholders holding nominal share capital up to Rs.1 lakh	11,22,565	23.42	11,27,365	23.40	-0.02	
ii)	Individual Shareholders holding nominal share capital in excess of Rs.1 lakh	4,10,549	3.61	4,10,549	3.61	-	
c)	Others (Specify)	15,800	1.24	15,800	1.24	-	
	Sub - Total (B) (2):-	16,25,814	29.11	16,32,314	29.10	-0.01	
	Total Public Shareholding (B)=(1)+(B)(2)	21,26,814	31.98	21,33,314	31.97	-0.01	
C.	Shares held by Custodian for GDR & ADRs	-	-	-	-	-	
	Grand Total (A+B+C)	1,37,93,964	100.00	1,38,03,164	100.00	-	
		36,69,036	1,74,63,000	55,57,036	1,74,63,000	-	



IV(ii) SHAREHOLDING OF PROMOTERS

S No	Shareholder's Name	Shareholding at the beginning of the year (as on 01-04-2014)		Shareholding at the end of the year (as on 31-03-2015)		% change in shareholding during the year
		No of Shares	% of total Shares of the Company	No of Shares	% of total Shares of the Company	
1	RAJIV KABRA	91,14,300	52.19	91,11,000	52.21	0.02
2	SATISH KABRA	81,000	0.46	81,000	0.46	-
3	KAVITA KABRA	20,400	0.12	20,400	0.12	-
4	G K KABRA	1,600	0.01	1,600	0.01	-
5	ANNAPURNA KABRA	500	0.00	500	0.00	-
6	RUCHIRA KABRA	500	0.00	500	0.00	-
7	REETA NYATI	400	0.00	400	0.00	-
8	LATA ENGINEERING COMPANY P.LTD	10,11,000	5.79	10,11,000	5.79	-
9	KABSONS GAS EQUIPMENT P. LTD	7,38,850	4.23	7,38,850	4.23	-
10	IDEAL ENGINEERS HYDERABAD PLTD	5,31,800	3.05	5,31,800	3.05	-
11	PKL LIMITED	2,00,000	1.15	2,00,000	1.15	-
12	KABSONS TECHNOLOGIES P. LTD	1,41,000	0.81	1,41,000	0.81	-
13	GASOLEC APPLIANCES P LTD	16,600	0.10	16,600	0.10	-
14	PRAKUN EQUIPMENTS P. LTD	20,000	0.11	20,000	0.11	-
	Total	1,18,77,950	68.02	1,18,80,650	68.03	0.02

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

S No	Particulars	Shareholding at the beginning the year (as on 01-04-2014)		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (as on 31-03-2015)	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
	At the beginning of the Year	1,18,77,950	68.02	26-05-2014	2,500	Transfer	1,18,80,450	68.03
	At the end of the year	1,18,77,950	68.02	02-06-2014	200	Transfer	1,18,80,650	68.03

IV (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):									
S No	Name	Shareholding at the beginning the year (as on 01-04-2014)		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (as on 31-03-2015)		
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company	
1	ICICI Bank Ltd	5,00,000	2.86	-	-	Nil	5,00,000	2.86	
2	M Krishna Murthy	1,51,950	0.87	-	-	Nil	1,51,950	0.87	
3	Amruthal Ramji	95,100	0.54	-	-	Nil	95,100	0.54	
4	Gyan Kumar Jhavar	31,800	0.18	-	-	Nil	31,800	0.18	
5	Veena Jain	30,000	0.17	-	-	Nil	30,000	0.17	
6	Mohammad Ayub Shaikh	29,500	0.17	-	-	Nil	29,500	0.17	
7	Taranjitsingh Sethi	28,800	0.16	-	-	Nil	28,800	0.16	
8	Allan Keith Remedios	25,000	0.14	-	-	Nil	25,000	0.14	
9	Govind Agarwal	25,000	0.14	-	-	Nil	25,000	0.14	
10	B Sabitha Reddy	22,700	0.13	-	-	Nil	22,700	0.13	
IV (v) Shareholding of Directors and Key Managerial Personnel									
S No	For each of the Directors and KMP	Shareholding at the beginning the year (as on 01-04-2014)		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (as on 31-03-2015)		
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company	
Directors									
1	Rajiv Kabra Executive Director DIN: 00038605	91,14,300	52.19	26-05-2014	2,500	Transfer	91,16,800	52.21	
2	P V Subba Rao Non-Executive/Independent Director DIN: 02299552	200	0.00	02-06-2014	200	Transfer	91,17,000	52.21	
3	Mangal Raihi Non-Executive / Independent Director (Woman) DIN: 06966755	2,500	0.01	-	-	-	2,500	0.01	
4	Y S SARMA Non-Executive/Independent Director DIN: 06422198	Nil	-	-	-	-	Nil	-	
1	Key Managerial Personnel M.Krishna Murthy Chief Financial Officer	1,51,950	0.87	-	-	-	1,51,950	0.87	

KABSONS INDUSTRIES LIMITED


V INDEBTEDNESS in INR '000s					
Indebtedness of the Company including interest outstanding/accrued but not due for payment					
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness	
Indebtedness at the Beginning of the Financial Year					
i) Principal Amount					
ii) Interest due but not paid					
iii) Interest accrued but not due					
Total (i+ii+iii)					
Change in Indebtedness during the financial year					
Addition					
Reduction					
Net Change					
Indebtedness at the end of the Financial year					
i) Principal Amount					
ii) Interest due but not paid					
iii) Interest accrued but not due					
Total (i+ii+iii)					
NIL					
VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL					
A Remuneration to Managing Director, Whole time Directors and / or Manager:					
Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount	
1	Gross Salary				
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961				
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2	Stock option				
3	Sweat Equity				
4	Commission - as % of profit - others, specify...				
5	Others, Please specify				
	Total (A)				
	Ceiling as per the Act				
NIL					
B Remuneration to other directors:					
Sl.	Particulars of Remuneration	Name of Directors			Total Amount
		P V Subba Rao	Y S Sarma	Mangal Rathi	
1	Independent Directors				
	Fee for attending board/committee meetings	14,443	14,443	7,777	36,663
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	14,443	14,443	7,777	36,663
2	Other Non-Executive Directors				
	Fee for attending board/committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	14,443	14,443	7,777	36,663
	Total Managerial Remuneration				
	Overall Ceiling as pe the Act				



C Remuneration to Key Managerial personnel other than MD/Manager/WTD					
S. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Executive Director	Company Secretary	CFO	
1	Gross Salary				
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	-	11,20,627	11,20,627
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	1,39,021	1,39,021
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify...	-	-	-	-
5	Others, Please specify	-	-	-	-
	Total	-	-	12,59,648	12,59,648

VII PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:					
A. Company					
Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT/COURT)	Appeal made, if any (Give Details)
Penalty Punishment Compounding	-----	-----	NIL	-----	-----

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

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

ANNEXURE - V

Details of Conservation of Energy

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

ANNEXURE - VI

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

S.No	Name	Designation	Remuneration Paid For the year 2014-15	Remuneration Paid For the year 2013-14	Increase in Remuneration From Previous Year	Ratio/times for median of Employee Remuneration
1	M Krishna Murthy	Chief Financial Officer	12,59,648	13,29,000	Nil	18.70: 1

- a) Number of permanent employees on the roles of the company: 15
- b) Comparison of remuneration of each Key Managerial Personnel against the performance of the Company: Company is having mainly income from Plant leases and no increase in remuneration to the Key Managerial Personnel, hence not comparable with the performance of the company.

ANNEXURE - VII

Statement of Disclosure of Remuneration under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

S. No.	Name of the Employee	Date of Joining	Gross remuneration (in Rupees)	Educational Qualification	Age	Experience (yrs)	Last Employment	% of Equity Shares	Designation
1	M Krishna Murthy	01.10.93	12,59,648	Chartered Accountant	61	35	Ellipse Industries Ltd	0.87%	CFO

ANNEXURE - VIII

COMPLIANCE REPORT ON CORPORATE GOVERNANCE FOR THE YEAR APRIL 1, 2014 TO MARCH 31, 2015

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 4 Directors as on 31st March 2015. The composition of the Board is in conformity with Clause 49 of the listing agreement. The day-to-day management of the company was carried on by the **Rajiv Kabra**, Executive Directors of the company.

Category	No. of Directors	Names of the Directors
Executive Directors (Promoter Directors)	01	Rajiv Kabra
Non-Executive Independent Directors	03	1. P V Subba Rao 2. Y S Sarma ¹ 3. Mangal Rathi ²
Total	04	

¹ Mr. Y S Sarma ceased to be Director on the Board of the Company with effect from 23.06.2015 consequent to his death.

² Ms. Mangal Rathi Appointed as an Director w.e.f. September 30, 2014.

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

The names of the Directors and the details of other chairmanship / directorship / committee membership of each Director as on 31st March 2015 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	-	-	-	-
Y S Sarma	Non-Executive & Independent	-	-	-	-
Mangal Rathi*	Non-Executive & Independent Woman Director	-	-	-	-

Notes:

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

b) Board Procedure:

During the year under review Board met four times on 26.05.2014, 14.08.2014, 14.11.2014 and 14.02.2015. 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 30, 2014
	Held	Attended	
Rajiv Kabra	4	4	Yes
P V Subba Rao	4	4	Yes
Y S Sarma	4	4	Yes
Mangal Rathi*	4	2	Yes

*Appointed as an Director w.e.f. September 30, 2014.

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

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

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

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 clause 49 of the listing agreement 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 2015:

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

As on 31st March 2015 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 clause 49 of the listing agreement. Chairman of the Audit Committee was present at the previous Annual General Meeting of the company held on 30th September 2014. The audit committee met 4 times during the year on 26.05.2014, 14.08.2014, 14.11.2014 and 14.02.2015. The details are as follows:

Attendance of each Director at Audit Committee Meetings

Name of the Director	Category	Number of committee meetings	
		Held	Attended
Mr. P V Subba Rao – Chairman	Independent & Non-Executive Director	4	4
Mr.Y S Sarma - Member	Independent & Non-Executive Director	4	4
Mr. Rajiv Kabra - Member	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 2015:

1. Mr. P V Subba Rao - Chairman
2. Mr. Y S Sarma – Member (up to 23.06.2015)
3. Ms. Mangal Rathi – Member

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

Name of the Director	Category	Number of committee meetings	
		Held	Attended
Mr. Y S Sarma – Chairman	Independent & Non-Executive Director	2	2
Mr. P V Subba Rao - Member	Independent & Non-Executive Director	2	2
Ms. Mangal Rathi - Member	Independent & Non-Executive Director	2	1

KABSONS INDUSTRIES LIMITED



This committee recommends the appointment/reappointment of executive directors and the appointments of employees from the level of vice-president and above along with the remuneration to be paid to them. The remuneration is fixed keeping in mind the persons track record, his/her potential individual performance, the market trends and scales prevailing in the similar industry. The Remuneration Committee comprises of 3 non-executive and independent directors. Mr. Y S Sarma, was the chairman of the committee. Mr. P V Subba Rao and Ms. Mangal Rathi are the other members. During the financial year 2014-2015 the committee met on 14.08.2014 and 14.02.2015.

Criteria for Performance evaluation:

(IV) Remuneration Policy:

The Policy inter alia provides for the following:

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

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

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

(VI) Remuneration paid to Directors

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

a) Details of Remuneration paid to the all the Directors during the financial year 2014-2015

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

NIL

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

Name of the Director	Board Meeting (Rs)	Audit Committee Meeting (Rs)	Remuneration Committee Meeting (Rs)	Stakeholders' Relationship Committee Meeting (Rs)	Total (Rs)
P V Subba Ra	14,443	-	-	-	14,443
Y S Sarma	14,443	-	-	-	14,443
Mrs.Mangal Rathi	7,777	-	-	-	7,777

There was no pecuniary relationship or transactions of the non-executive directors vis-à-vis the company during the Financial Year ended 31st March, 2015.

c) Details of shareholding of Directors as on 31st March 2015

As on 31st March 2015, the company had one executive director and three non-executive directors. The Executive director, Mr. Rajiv Kabra holds 91,17,000 equity shares in the company. Among the non-executive directors Mr. P V Subba Rao holds 200 equity shares and Mrs. Mangal Rathi holds 2,500 equity shares in the company.

4. Stakeholders' Relationship Committee:

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

The committee met regularly to approve share transfers, transmissions, issue of duplicate share certificates, rematerialisation of shares and all other issues pertaining to shares and also to redress investor grievances like non receipt of dividend warrants, non receipt of share certificates, etc. The committee regularly reviews the movement in shareholding and ownership structure. The committee also reviews the performance of the Registrar and Share Transfer Agents. The committee met 4 times during the year 2014-2015. The committee approved the transfer of 5,500 shares in physical form.

Complaints received and redressed during the year 2014-2015

S.No.	Nature of Complaints	Number of Complaints Received	Number of Complaints Solved	Number of Complaints Pending
1	Regarding annual report	1	1	-
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	-	-	-
	TOTAL	1	1	-

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

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

Attendance of each Director at Stakeholders' Relationship Committee Meeting

Name of the Director	Category	Number of committee meetings	
		Held	Attended
Mr. Rajiv Kabra – Chairman	Executive Director	4	4
Mr. P V Subba Rao - Member	Independent & Non-Executive Director	4	4
Mr. Y S Sarma - Member	Independent & Non-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 14.08.2014

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
Mr. Y S Sarma - Member	Independent & Non-Executive Director	1	1

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

6. Meeting of Independent Directors:

The Independent Directors of the Company had met during the year on 14.02.2015 to review the performance of non- Independent Directors and the Board as a whole, review the performance of the Chairperson of the Company and had accessed the quality, quantity and timeliness of flow of information between the company management and the Board.

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	2011-2012	29 th September, 2012, 4 P.M
At Registered Office: 8-3-1087, Plot No.48, Srinagar Colony, Hyderabad-73	2012-2013	25 th September, 2013, 4 P.M
At Registered Office: 8-3-1087, Plot No.48, Srinagar Colony, Hyderabad-73	2013-2014	30 th September,2014,11.30AM

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

AGM	Subject
September 29, 2012	Nil
September 25, 2013	Nil
September 30, 2014	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 2014-2015.

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

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

9. Subsidiary Companies

Kabsons Technologies P. Ltd, subsidiary of the Associate Company doesn't come under the purview of the term 'material non listed Indian subsidiary' as defined under Clause 49 of the Listing Agreement.

10. Whistle Blower Policy

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

11. Disclosures

(a) Related Party Transaction:

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

(b) Accounting Treatment:

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

(c) Management Discussion and Analysis

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

(d) Compliances:

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



(e) CEO/CFO Certification

The Chief Executive Officer and the Chief Financial Officer have furnished a Certificate to the Board for the year ended on March 31, 2015 in compliance with Clause 49 of Listing Agreement.

(f) Reconciliation of Share Capital Audit

A quarterly audit was conducted by a Practicing Company Secretary, reconciling the issued and listed capital of the company with the aggregate of the number of shares held by investors in physical form and in the depositories and the said certificates were submitted to the stock exchanges within the prescribed time limit. As on 31st March 2015 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. 1,38,03,164 equity shares representing 79.04% of the paid up equity capital have been dematerialized as on 31st March 2015.

12. Means of Communication

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

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

The standards for business conduct provide that the directors and the senior management will uphold ethical values and legal standards as the company pursues its objectives, and that honesty and personal integrity will not be compromised under any circumstances. A copy of the said code of conduct is available on the website www.kabsonsindustrieslimited.com. As provided under clause 49 of the listing agreement with the stock exchanges, the Board members and senior management personnel have affirmed compliance with the code of conduct for the financial year 2014-2015.

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	28.09.2015 at 4.00 p.m
Venue :	At Registered office: #8-3-1087, Plot No.48, Srinagar Colony, Hyderabad – 500 073 (Telangana)
Book Closure Date	24.09.2015 to 28.09.2015 (both days inclusive)
Financial Year	1 st April to 31 st March

c) Registered Office:

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

d) Financial Year

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

Financial Calendar 2015-2016

Particulars	Tentative Schedule
Quarter ending on 30 th June, 2015	August 13, 2015
Quarter ending on 30 th September, 2015	On or before November 14, 2015
Quarter ending on 31 st December, 2015	On or before February 14, 2016
Quarter ending on 31 st March, 2016 & Annual Result of 2015-2016	On or before May 30, 2016
Date of Book Closure	24.09.2015 to 28.09.2015(both days include)

e) Book closure date:

The Register of Members and Share Transfer Books of the Company will be closed from Thursday, September 24, 2015 to Monday September 28, 2015 (both days inclusive) for the purpose of 23rd Annual General Meeting.

f) Particulars of Dividend for the year ended 31.03.2015

Company has not declared any dividend.


g) Listing of Shares

Name of the Stock Exchange	:	Stock Code
Madras Stock Exchange (MSE)	:	-
BSE Limited, Mumbai	:	K0266
The Stock Exchange, Ahmedabad	:	
Delhi Stock Exchange Association Ltd	:	29075/KABSONSIND
The Calcutta Stock Association Ltd	:	7306
ISIN allotted by Depositories (Company ID Number)	:	-
	:	INE645C01010

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

h) Stock Market Data

The Shares of the Company are suspended with BSE Limited and other stock exchanges.

i) Registrar and Share Transfer Agents

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

j) Request to Investors

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

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

k) Shareholding Pattern as on 31st March 2015

Particulars	Number of Share holders	Shares held in Physical form	Shares held in dematerialized form	Total Number of Shares held	% of capital
Promoter and Promoter Group					
a. Bodies Corporate	7	-	26,59,250	26,59,250	15.23%
b. Directors & their relatives	7	2,10,800	90,10,600	92,21,400	52.81%
Public Shareholding					
I. Institutions	3	100	5,01,000	5,01,100	2.87%
a. Mutual Funds/UTI	-	-	-	-	-
b. Financial Institutions/Banks	-	-	-	-	-
c. Insurance Companies	-	-	-	-	-
d. Foreign Institutional Investors	-	-	-	-	-
II. Non Institutions	155	69,000	78,600	1,47,600	0.85%
a. Bodies Corporate	18246	31,79,036	15,37,914	47,16,950	27.01%
b. Individuals	42	200,900	15,800	2,16,700	1.24%
c. Non Resident Indians	-	-	-	-	-
Total	18,460	36,59,836	1,38,03,164	1,74,63,000	100%

l) Distribution of Shareholding as on 31st March 2015

Number of Equity Shares held	Number of Share holders	Number of Shares	% of Capital
Upto 500	17,411	22,06,818	12.64
501-1000	353	2,92,900	1.68
1001-2000	165	2,51,000	1.44
2001-3000	386	9,72,610	5.57
3001-4000	22	78,399	0.45
4001-5000	44	2,13,324	1.22
5001-10000	37	2,95,350	1.69
10001 and Above	42	1,31,52,599	75.31
Total	18,460	1,74,63,000	100.00

m) Plant Locations

- 1) Plot No.B-3, M.I.D.C, Waluj, Aurangabad, Maharashtra – 431 136
- 2) Plot No.706 & 708, GIDC, Palej Industrial Estate, Gujarat – 392 220
- 3) Plot No.A-134, Hirawala Industrial Area, Kanota, Jaipur, Rajasthan-303012
- 4) Plot No.37, Belur Industrial Estate, Dharwad, Karnataka – 580 011
- 5) Plot No.32, Khurda Industrial Estate, Khurda, Orissa – 752 055
- 6) Plot No.124 & 125, Tupudana Industrial Area, P.O Hatia, Ranchi – 834 003
- 7) Killa No.170 & 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 / 14
Fax : 91-40-23553214
E-mail : xlfield@rediffmail.com

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

Mr.Rajiv Kabra
Compliance Officer
Tel : 91-40 23746745
Fax : 91-40 23741096
E-mail : kabsons@gmail.com

Email : operationslpg@gmail.com

Grievance redressal division Email: kilshareholders@gmail.com

15. Non-Mandatory Disclosures:

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

(i) The Board

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

(ii) Shareholders Right:

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

(iii) Audit Qualifications

The statutory financial statements of the company are qualified.

(iv) Reporting of Internal Auditor

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

Declaration by Chairman and Executive Director on Code of Conduct under Clause 49 of the Listing Agreement

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, 2015.

Place : Hyderabad
Date : 13-08-2015

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 : 13.08.2015

Rajiv Kabra
Executive Director

M Krishna Murthy
Chief Financial Officer

Certificate on Corporate Governance

To,
The Members of
Kabsons Industries Limited.

We have examined the compliance of conditions of Corporate Governance by Kabsons Industries Limited for the year ended March 31, 2015 as stipulated in Clause 49 of the Listing Agreement of the said company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied in general with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

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

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

S.Srikanth
Partner
C.P. No. 7999

Place : Hyderabad
Date : 13.08.2015

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 : 13-08-2015

Rajiv Kabra
Executive Director

INDEPENDENT AUDITORS' REPORT

**To the Members of KABSONS INDUSTRIES LIMITED
Report on the Financial Statements**

We have audited the accompanying Financial Statements of **KABSONS INDUSTRIES LIMITED, HYDERABAD (T.S)** ("The Company") which comprise the Balance Sheet as at 31st March, 2015 and the Statement of Profit and Loss and cash flow statement for the year then ended, and Summary of Significant Accounting Policies and other explanatory information.

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 standalone financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for qualified opinion:

The Company has not adopted and complied with the requirements of AS-15 'Employee Benefits' in respect of the Gratuity liability which constitute a departure from the Accounting standards referred in section 133 of the Act. In view of this the liability of the company in this regard could not be ascertained. Consequently, we are unable to comment about the impact of the same on the profit for the year, income tax and shareholder's funds.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the basis for Qualified Opinion Paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2015;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on the date; and
- (c) In the case of the Cash flow statement, of the cash flows for the year ended on that date.

Emphasis of matter

- (a) *We draw attention to Note 24.1 in the financial statements which state that the Company's current liabilities exceeded its current assets by Rs.3.90 crores. Further, as indicated by the Company's Balance Sheet as at March 31, 2015, the net worth of the Company has eroded completely. These conditions along with other matters as set forth in Note 24.1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.*
- (b) *We draw attention to Note 24.3 in the financial statements which states that the Company has not provided for the interest expense amounting to Rs. 6,33,691 for the year and Rs. 84,40,497 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. 6,33,691, understatement of the balance in the statement of profit and loss by Rs. Rs. 90,74,188 and understatement of Current Liabilities by Rs. 90,74,188..*

Other matters

The Company could not get confirmation of balances in respect of:

- (a) *Trade Receivables amounting to Rs26,19,628 and (b) Trade Payables amounting to Rs18,11,077. Consequently, we are unable to determine, if any adjustments are required to the amounts reflecting in the Balance Sheet as at March 31, 2015 and the impact of the same on the profit for the year, income tax and shareholder's funds. Our opinion is not qualified in this regard.*


Report on other Legal and Regulatory requirements

1. As required by the Companies(Auditor's Report) Order 2015 ("the Order") issued by the Central Government of India in terms of sub-section(11) of section 143 of the Companies Act 2013, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order .
2. As required by Section 143 (3) of the Act, we report that:

Amount (Rs.)	Period to which the amount relates	Due date
22,500	1994-95	19.10.2001

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
- (c) the Balance Sheet, the Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account;
- (d) *except for the matter described under the basis for qualified opinion paragraph, in our opinion, the Balance sheet, Statement of Profit and Loss, and Cash flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;*
- (e) on the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations which would impact its financial position
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. the instance of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company is as given above.

For BRAHMAYYA & CO.,
Chartered Accountants
Firms' Regn.No.000513S

Sd/-

(D. SEETHARAMAIAH)
Partner, Membership No.002907

Place: Hyderabad
Date: 21-05-2015

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE
Statement on the Companies (Auditor's Report) Order, 2015
Re: KABSONS INDUSTRIES LIMITED

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- (b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification;
- (c) During the year, the company has not disposed off any fixed assets.
- ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records have been properly dealt with in the books of account.
- iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained u/s.189 of the Act.

- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and gas. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- v) The Company has not accepted deposits from the public. Hence the provisions of Sections 73 to 76 and other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 are not applicable to the Company.
- vi) In view of the present activity carried on by the company the Para 3(vi) of the said Order with respect to cost records is not applicable.
- vii) (a) the Company is not regular in depositing with appropriate authorities undisputed statutory dues including investor education protection fund, sales tax. The extent of the arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable are as given below:

S. No.	Name of the 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, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax and cess which have not been deposited on account of any dispute.
- (c) an amount of Rs.22,550 /- received by the Company as application moneys for allotment of shares in public issue, which is required to be transferred to Investor Education and Protection Fund in accordance with the provisions of the section 205C of the Companies Act, 1956 and Rules made there under has not been transferred to such fund.
- viii) The accumulated losses of the company are more than fifty percent of its net worth. The Company has not incurred cash losses during the financial year covered by our audit and as well as in the immediately preceding financial year.
- ix) During the financial year covered by our audit the Company had not borrowed from financial institutions. Hence, clause 3(ix) of the above referred Order is not applicable.
- x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xi) During the year the Company has not availed any term loans from banks or financial institutions. Accordingly, the provisions of clause 3(xi) of the above referred Order are not applicable to the company.
- xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For BRAHMAYYA & CO.,
Chartered Accountants
Firms' Regn.No.000513S

Sd/-

(D. SEETHARAMAIAH)
Partner, Membership No.002907

Place: Hyderabad
Date: 21-05-2015

**BALANCE SHEET AS AT 31-03-2015**(All amounts in rupees,
unless otherwise stated)

Particulars	Note No.	As at 31-03-2015	As at 31-03-2014
1	2	3	4
I. EQUITY AND LIABILITIES			
1 Shareholder's funds			
(a) Share Capital	2	17,46,30,000	17,46,30,000
(b) Reserves and surplus	3	(18,52,11,715)	(18,85,79,680)
		<u>(1,05,81,715)</u>	<u>(1,39,49,680)</u>
2 Non-Current Liabilities			
(a) Other long term liabilities	4	60,30,500	69,22,500
(b) Long-term provisions	5	76,846	93,046
		<u>61,07,346</u>	<u>70,15,546</u>
3 Current Liabilities			
(a) Short-term borrowings	6	31,00,000	31,00,000
(b) Trade payables		19,02,910	17,43,136
(c) Other current liabilities	7	8,85,40,034	8,85,60,083
(d) Short-term provisions	8	1,20,830	90,636
		<u>9,36,63,774</u>	<u>9,34,93,855</u>
TOTAL		8,91,89,405	8,65,59,721
II. ASSETS			
1 Non-current assets			
(a) Fixed Assets			
Tangible assets	9	2,43,54,698	2,43,19,333
Intangible assets	9	428	-
		<u>2,43,55,126</u>	<u>2,43,19,333</u>
(b) Long-term loans and advances	10	10,23,062	10,23,062
(c) Other Non-current assets	11	91,51,923	13,54,340
		<u>1,01,74,985</u>	<u>23,77,402</u>
2 Current assets			
(a) Inventories	12	3,51,277	4,40,743
(b) Trade receivables	13	26,19,628	42,05,216
(c) Cash and cash equivalents	14	1,45,31,949	1,84,03,257
(d) Short-term loans and advances	15	16,42,954	20,76,028
(e) Other current assets	16	3,55,13,486	3,47,37,742
		<u>5,46,59,294</u>	<u>5,98,62,986</u>
TOTAL		8,91,89,405	8,65,59,721
Significant Accounting policies	1		
Other disclosures	24		

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

As per our report of even date

For and on behalf of the Board of Directors

For **BRAHMAYYA & Co.**,
Chartered Accountants
Firm's Regn.No.000513SSd/-
P.V.SUBBA RAO
DirectorSd/-
M.KRISHNA MURTHY
Chief Financial OfficerSd/-
D.SEETHARAMAIAH
Partner, Membership No.002907Sd/-
RAJIV KABRA
Executive DirectorPlace : Hyderabad
Date : 21-05-2015



**Statement of Profit and Loss
for the year ended 31-03-2015**

(All amounts in rupees,
unless otherwise stated)

Particulars	Note No.	Current Year	Previous Year
I Revenue from operations	17	1,86,84,126	2,12,85,993
II Other Income	18	18,15,974	14,69,312
III Total Revenue		2,05,00,100	2,27,55,305
IV Expenses			
Purchase of Stock-in-Trade	19	76,95,425	1,02,88,672
Changes in inventories of Work-in-progress and Stock-in-Trade	20	89,466	4,59,555
Employee benefits expense	21	37,62,834	37,32,005
Depreciation and amortization expense	9	10,16,291	26,52,363
Other expenses	22	51,68,287	52,57,099
Total Expenses		1,77,32,303	2,23,89,694
V Profit before exceptional items and tax		27,67,797	3,65,611
VI. Exceptional Items	23	10,31,988	3,41,131
VII Profit before tax		37,99,785	7,06,742
VIII Tax expense			
Current tax	25.5.1	-	-
Deferred tax	25.5.2	-	-
IX Profit for the period (VII-VIII)		37,99,785	7,06,742
X Earnings per equity share (Face value of Rs.10/- per share) Basic and Diluted	25.4	0.22	0.04

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

As per our report of even date

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

Sd/-

D.SEETHARAMAIAH
Partner, Membership No.002907

Place : Hyderabad

Date : 21-05-2015

For and on behalf of the Board of Directors

Sd/-

P.V.SUBBA RAO
Director

Sd/-

RAJIV KABRA
Executive Director

Sd/-

M.KRISHNA MURTHY
Chief Financial Officer



CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2015

(All amounts in rupees,
unless otherwise stated)

	Year Ended 31.03.2015	Year Ended 31.03.2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year before extraordinary items	37,99,785	7,06,742
Adjustments for:		
Depreciation	10,16,291	26,52,363
Depreciation provided in earlier years now written up	(9,67,535)	-
Stocks written off	-	3,888
Interest Income / earned	(18,11,525)	(13,69,549)
Interest expenses	-	-
Profit on sale of assets	-	(24,461)
Operating Profit before working Capital Changes	20,37,016	19,68,983
Adjustments for:		
Trade and other receivables	6,83,990	(13,07,272)
Inventories	89,466	4,59,555
Trade payables	(7,38,281)	25,28,972
NET CASH FROM OPERATING ACTIVITIES	20,72,191	36,50,238
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(5,16,535)	(1,69,856)
Sale of assets	-	82,835
Proceeds from/ Investment in term deposits/ margin money deposits	23,62,925	(88,56,335)
Investment in deposits for period exceeding 1 year	(77,97,583)	65,94,356
Interest received	23,70,619	6,05,086
NET CASH USED IN INVESTING ACTIVITIES	(35,80,574)	(17,43,914)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	-	-
Repayment of Loans	-	-
Receipt of Loans	-	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	-	-
Net Increase/ (Decrease) in cash and cash equivalents (A+B+C)	(15,08,383)	19,06,324
Cash and Cash equivalents as at 01.04.14 (Opening balance)	26,48,458	7,42,134
Cash and Cash equivalents as at 31.03.15 (Closing balance)	11,40,075	26,48,458
Note: Reconciliation of cash and cash equivalents with Balance Sheet as at 31 March 2015		
Cash and Cash equivalents as per cash flow statement	11,40,075	26,48,458
Add: Investment in term deposits and margin money deposits	1,33,91,874	1,57,54,799
Cash and Cash equivalents as per Balance Sheet	1,45,31,949	1,84,03,257
The notes to accounts are an integral part of the financial statements.		
As per our report of even date	For and on behalf of the Board of Directors	
	Sd/-	Sd/-
For BRAHMAYYA & Co., Chartered Accountants Firm's Regn.No.000513S	P.V.SUBBA RAO Director	M.KRISHNA MURTHY Chief Financial Officer
Sd/-	Sd/-	
D.SEETHARAMAIAH Partner, Membership No.002907	RAJIV KABRA Executive Director	
Place : Hyderabad		
Date : 21-05-2015		

**Notes to Financial statements for the year ended 31 March 2015**

(All amounts in rupees, unless otherwise stated)

1. Significant Accounting Policies

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

- i) Financial statements are based on historical cost.
- ii) Special Incentive received is treated as Capital Reserve.
- iii) Fixed Assets are stated at cost net of depreciation provided for and MODVAT credit availed.
- iv) Leasehold land is amortized over the period of lease. Immovable assets on the lease hold lands are amortized in accordance with Schedule -II to the Companies Act, 2013 where the estimated life of the assets is less than the lease periods.

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

Depreciation on the assets of the Company, other than those mentioned above, is provided on straight line basis / written down value method in accordance with schedule II to the Companies Act 2013.

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

2. Share Capital

Particulars	As at 31 March 2015		As at 31 March 2014	
	Numbers	Rs.	Numbers	Rs.
Authorised				
Equity Shares of Rs.10 each	1,80,00,000	18,00,00,000	1,80,00,000	18,00,00,000
Issued, Subscribed & Paid up				
Equity Shares of Rs.10 each fully paid	<u>1,74,63,000</u>	<u>17,46,30,000</u>	<u>1,74,63,000</u>	<u>17,46,30,000</u>

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

Particulars	As at 31 March 2015		As at 31 March 2014	
	No. of shares	Rs.	No. of shares	Rs.
Shares outstanding at the beginning of the year	1,74,63,000	17,46,30,000	1,74,63,000	17,46,30,000
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	<u>1,74,63,000</u>	<u>17,46,30,000</u>	<u>1,74,63,000</u>	<u>17,46,30,000</u>

b. Terms/ rights attached to equity shares

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

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

Name of Shareholder	As at 31 March 2015		As at 31 March 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr.Rajiv Kabra	91,17,000	52.21	91,14,300	52.19
M/s.Lata Engineering Company Pvt. Ltd	10,11,000	5.79	10,11,000	5.79

Notes to Financial statements for the year ended 31 March 2015		(All amounts in rupees, unless otherwise stated)		
3. Reserves and Surplus				
Particulars	As at 31 March 2015	As at 31 March 2014		
a. Capital Reserves	30,00,000	30,00,000		
b. Securities Premium Reserve	4,72,37,415	4,72,37,415		
c. Surplus (Balance in statement of profit and loss)				
Balance as per last financial statements	(23,88,17,095)	(23,95,23,837)		
ADD: Adjustment to o/p deficit	(4,31,820)	-		
	(23,92,48,915)	(23,95,23,837)		
Add: Profit for the year	37,99,785	7,06,742		
Closing Balance	(23,54,49,130)	(23,88,17,095)		
Total	(18,52,11,715)	(18,85,79,680)		
4. Other long term liabilities				
Particulars	Non-current portion		Current portion	
	As at	As at	As at	As at
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Other Liabilities				
i) Security Deposits	60,30,500	69,22,500	4,21,000	-
Total	60,30,500	69,22,500	4,21,000	-
a. All the liabilities falling due within 12 months from the date of Balance Sheet have been classified as current liabilities, the aggregate of which is shown as 'current maturities of long-term liabilities' under Note - 7, 'Other Current Liabilities'.				
b. The Security Deposits are received towards lease of plants at various locations and are interest-free.				
5. Long Term Provisions				
Particulars	Non-current portion		Current portion	
	As at	As at	As at	As at
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
(a) Gratuity	76,846	60,231	-	-
(b) Earned Leave Encashment	-	32,815	-	51,231
Total	76,846	93,046	-	51,231
6. Short Term Borrowings				
Particulars	As at 31 March 2015		As at 31 March 2014	
Loans and advances from related parties, repayable on demand (interest-free)				
a. Secured - Lata Engineering Company Private Limited	1,00,000		1,00,000	
b. Unsecured - Inter Corporate Deposit	30,00,000		30,00,000	
Total	31,00,000		31,00,000	
a. Loan of M/s.Lata Engineering Company Private Limited is secured by way of a first charge on the Fixed Assets of the Company located at plot no.124 & 125, Tupudana Industrial Growth Center, Ranchi, Jharkhand and Open plot at Nellimerla Industrial Area, Vizianagaram Dist, Andhra Pradesh.				
7. Other Current Liabilities				
Particulars	As at 31 March 2015		As at 31 March 2014	
Current maturities of long-term liabilities(Refer Note-4a)	4,21,000		-	
Distributor / Dealer Deposit	86,50,633		86,60,633	
Cylinder Deposits from consumers	7,19,62,132		7,19,48,332	
Interest accrued and due on Distributor/Dealer deposits (Refer Note – 24.3)	13,13,317		13,15,117	
Dues to Dealers and Consumers	30,26,410		30,37,905	
Dues to Staff	3,75,367		3,43,286	
Other payables				
Statutory Dues	11,23,663		19,25,044	
Others	16,44,962		13,07,216	
Investor Education and Protection fund – Unpaid application money received for allotment of shares and due for refund	22,550		22,550	
Total	8,85,40,034		8,85,60,083	



Notes to Financial statements for the year ended 31 March 2015		(All amounts in rupees, unless otherwise stated)	
Particulars	As at 31 March 2015	As at 31 March 2014	
10. Long Term Loans and Advances (Unsecured, considered good)			
Sundry Deposits	10,23,062		10,23,062
Total	10,23,062		10,23,062
11. Other Non-current Assets			
Prepayments	37,937		89,068
Other bank balances – Term Deposits with more than 12 months maturity - Margin Money Deposits	30,32,792		-
- In-Term Deposits	60,81,194		12,65,272
Total	91,51,923		13,54,340
a. Out of the total amount of term deposits, deposits amounting to Rs. 26,59,628 have been pledged with the Bankers towards issue of Bank Guarantees			
12. Inventories (Valued and Certified by the Executive Director)			
a. Stock-in-trade (lower of realisable value and cost)	2,34,657		3,24,123
b. Stores and Spares (at realisable value)	78,004		78,004
c. Scrap	38,616		38,616
Total	3,51,277		4,40,743
13. Trade Receivables (Unsecured)			
Debts outstanding for a period exceeding six months			
Considered good	8,50,512		27,32,444
Considered doubtful	2,18,412		2,18,412
Less: Provision for doubtful debts	(2,18,412)		(2,18,412)
	8,50,512		27,32,444
Others considered good	17,69,116		14,72,772
Total	26,19,628		42,05,216
14. Cash and cash equivalents			
a. Balances with banks			
In current accounts	10,35,723		6,99,826
Margin money deposits	-		26,00,000
In term deposits	1,33,91,874	1,44,27,597	1,34,54,799
b. Cash on hand	82,275		93,482
c. Cheques on hand	-		18,33,073
c. Share Application Money Refund A/c.	22,077		22,077
Total	1,45,31,949		1,84,03,257
a. Margin money deposit receipts are held with the bankers with a lien marked in their favour against Bank Guarantees issued by them.			
b. Margin money deposits and term deposits have a maturity period of more than three months and less than one year.			
15. Short-term loans and advances (Unsecured, considered good)			
Tax deducted at source		16,42,954	20,76,028
Bills of Exchange (Considered Doubtful)	24,50,000		24,50,000
Less: Provision made	(24,50,000)	-	(24,50,000)
Total	16,42,954		20,76,028
16. Other Current Assets			
Vendor advance	14,24,972		71,997
Balances with Govt. Dept. (CBEC & VAT)	60,825		5,074
Claims receivable (Refer Note - 24.4)	-		66,403
Amounts recoverable from staff	1,000		9,400
Cylinder Deposit	3,34,36,900		3,34,26,900
Interest accrued but not due	4,10,018		9,69,112
Prepayments	1,79,771		1,88,856
Total	3,55,13,486		3,47,37,742



Notes to Financial statements for the year ended 31 March 2015		(All amounts in rupees, unless otherwise stated)
Particulars	Current Year	Previous Year
17. Revenue from Operations		
Sale of gas (trading items)*	88,60,485	1,18,36,798
Other operating revenues		
Rental/ hire charges	1,77,429	57,214
Plants Lease	47,93,400	37,21,200
Rent	3,25,750	19,29,000
Gas filling charges	45,27,062	37,41,781
Total	<u>1,86,84,126</u>	<u>2,12,85,993</u>
*a. Details of sales of trading items		
Gas	88,60,485	1,18,36,798
Total	<u>88,60,485</u>	<u>1,18,36,798</u>
18. Other income		
Interest Income (TDS Rs.1,76,176)	18,11,525	13,69,549
Other non-operating revenue		
Miscellaneous income	4,449	99,763
Total	<u>18,15,974</u>	<u>14,69,312</u>
19. Purchases of Stock-in-Trade		
Gas	76,95,425	1,02,88,672
Total	<u>76,95,425</u>	<u>1,02,88,672</u>
20. Changes in inventories of Work-in-progress and Stock-in-Trade		
Opening Stock		
i) Work-in-progress	-	42,504
ii) Stock-in-trade	3,24,123	7,83,678
	<u>3,24,123</u>	<u>8,26,182</u>
Less: Stocks written off (Traded Items)	-	3,888
	<u>3,24,123</u>	<u>8,22,294</u>
Closing Stock*		
i) Work-in-progress (Scrap)	-	(38,616)
ii) Stock-in-trade	(2,34,657)	(3,24,123)
(Increase) / Decrease in stocks	<u>89,466</u>	<u>4,59,555</u>
*a. Details of Stock-in-trade - closing stock		
LPG Gas	2,24,757	3,14,223
Single burner stoves	9,900	9,900
Total	<u>2,34,657</u>	<u>3,24,123</u>
21. Employee benefits expense		
Salaries, Wages, Bonus and Allowances	34,55,187	34,91,829
Contribution to Provident and other funds	1,94,164	1,23,528
Staff Welfare	84,026	67,328
Earned Leave Encashment	12,842	40,579
Gratuity	16,615	8,741
Total	<u>37,62,834</u>	<u>37,32,005</u>



Notes to Financial statements for the year ended 31 March 2015		(All amounts in rupees, unless otherwise stated)	
Particulars	Current Year	Previous Year	
23. Other expenses			
Consumption of stores and spares	1,01,530	95,768	
Power and fuel	3,14,955	3,71,034	
Rent & Water Charges	6,32,777	7,60,633	
Rental/Hire charges paid for Cylinders	1,19,048	71,429	
Repairs & Maintenance			
i) Plant & Machinery	8,41,099	5,54,608	
ii) Buildings	55,650	-	
iii) Other Assets	79,361	16,461	
Insurance	1,24,025	1,04,060	
Rates & Taxes	1,89,956	2,85,002	
Gas Filling Charges	85,035	93,416	
Printing & Stationary	19,672	19,740	
Postage, Telegrams & Telephones	58,646	54,324	
Travelling & Conveyance	2,66,799	4,44,865	
Service Charges	8,69,075	11,20,053	
Auditors' Remuneration			
: As Auditors	28,090	25,281	
: For Tax Audit	8,427	5,618	
: For Certification	27,528	17,415	
Prior Period Expenses	-	58,081	
Miscellaneous expenses	13,46,614	11,59,311	
Total	51,68,287	52,57,099	
23. Exceptional Items:			
Credit Balances Written Back	84	3,10,553	
Excess Provisions Written Back (net)	64,369	10,005	
Profit on Sale of Assets	-	24,461	
Stocks Written Off	-	(3,888)	
Prior period item			
Excess Depreciation provided in earlier years now written up	9,67,535	-	
Total	10,31,988	3,41,131	
24. Other disclosures			
24.1. Financial statements of the Company have been prepared on 'going concern basis' despite:			
a. Complete erosion of net worth as at 31 March 2015;			
b. Current liabilities exceeding the current assets by Rs.390.04 Lakhs as at 31 March 2015; and			
c. Uncertainty associated with the operations of the company.			
24.2. Contingent Liabilities not provided for in respect of:			
Particulars	As at 31 March 2015	As at 31 March 2014	
i) Bank Guarantees issued by Bankers	30,32,792	37,20,000	
ii) Claims made by dealers/distributors not acknowledged by the Company	5,94,315	5,94,315	
24.3. Interest accrued and due on Distributor/Dealer deposits			
In view of the Company's adverse financial position, interest payable to various distributors and dealers on their deposits would be negotiated with them for waiver. Hence, no provision is made for interest for the current year amounting to Rs.6,33,691/- (Previous year: Rs.6,34,899/-) and interest for earlier years amounting to Rs.84,40,497/-. Had the interest provision been made, the profit for the current year would have been less by Rs.6,33,691/- and current liabilities would have been more by Rs.90,74,188/-.			
24.4. Claims receivable (included under other current assets)			
Claims receivable are the minimum commitment charges and the operational loss upto 31-03-2013 in respect of Aurangabad bottling plant, collectible from the operations Agent.			
24.5. Additional information			
a. Value of imports calculated on C.I.F basis during the financial year:			
The Company has no imports for the current financial year and the previous year to report.			
b. Expenditure in foreign currency during the financial year on account of:			
The Company has no expenditure in foreign currency for the current financial year and the previous year to report.			
c. Earnings in foreign exchange:			
The Company has no earnings in foreign exchange for the current financial year and the previous year to report.			


Notes to Financial statements for the year ended 31 March 2015 (All amounts in rupees, unless otherwise stated)

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

Particulars	Current Year		Previous Year	
	Amount	%	Amount	%
Indigenous	1,01,530	100	95,768	100
Imported	-	-	-	-
Total	1,01,530	100	95,768	100

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

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

25.1 Segment Reporting

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

25.2 Related Party Disclosures

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

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

a. Transactions with Key Management personnel

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

b. Transactions with substantial shareholder

Nature of transaction	Current Year	Previous Year
Sale of gas	48,507	55,207
Supply of Manpower	1,46,068	-
Rent received	-	66,290
Cylinder deposit	7,49,200	7,49,200
Secured Loan:		
Outstanding at the beginning of the year	1,00,000	1,00,000
Received during the year	-	-
Repaid during the year	-	-
Outstanding at the close of the year	1,00,000	1,00,000
Balance in current account receivable	(34,915)	50,472

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

Nature of transaction	Current Year	Previous Year
Godown rent received	1,80,000	1,80,000
Rental hire charges paid	1,25,000	74,500
Purchase of gas	-	17,08,511
Purchase of Electrical Appliance	-	889
Cylinder deposit:		
Outstanding at the beginning of the year	68,31,250	68,25,250
Received during the year	-	-
Paid during the year	10,000	6,000
Outstanding at the close of the year	68,41,250	68,31,250
Balance in current account receivable	14,063	12,839

d. Transactions with Subsidiary Company of Substantial Shareholder

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



Notes to Financial statements for the year ended 31 March 2015		(All amounts in rupees, unless otherwise stated)		
e. Transactions with Enterprise controlled by relatives of the Key Management Personnel				
Nature of transaction	Current Year	Previous Year		
Gas filling charges paid	28,855	37,236		
Transportation Charges paid	8,500	8,500		
Minimum commitment charges paid	56,180	56,180		
Cylinder deposit:				
Outstanding at the beginning of the year	1,92,09,450	1,92,09,450		
Received during the year	-	-		
Repaid during the year	-	-		
Outstanding at the end of the year	1,92,09,450	1,92,09,450		
Trade receivables	Nil	Nil		
Trade payables	14,08,013	14,41,405		
25.3 Accounting for Leases				
The disclosures pursuant to the requirements of AS – 19 are given below:				
Class of Asset	Building	Plant and Machinery	Other Assets	Total
Gross Carrying Amount as at 31.03.2015	1,75,52,992	2,38,50,103	35,27,963	4,49,31,058
Accumulated Depreciation as at 31.03.2015	1,17,77,448	1,91,16,289	32,86,126	3,41,79,864
Depreciation recognised for the year	3,51,130	1,53,249	9,439	5,13,818
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) Plot No.706 & 708, GIDC, Palej Industrial Estate, Gujarat;				
2) Killa No.170 & 171, Sampla Berry Road, Ismaila Village, Rohtak, Haryana				
3) Plot No.37, Belur Industrial Estate, Dist. Dharwad, Karnataka				
4) Plot No. 124 & 125, Tupudana Industrial Estate, P.O. Hatia, Ranchi; and				
5) Plot No. A-134, Hirawala Industrial Area, Kanota, Jaipur; on a fixed term lease basis, after which the lease agreements can be extended or terminated on mutual consent basis.				
25.4. Earnings per share				
The computation of earnings per share as required under AS – 20 is given below:				
Particulars	Current Year	Previous Year		
Profit as per Statement of Profit and Loss (in rupees)	37,99,785	7,06,742		
Number of equity shares outstanding	1,74,63,000	1,74,63,000		
Basic and diluted earnings per share in rupees (face value of Rs.10/-)	0.22	0.04		
25.5. Taxes on income				
25.5.1. Current Tax				
Provision for current tax is not made, in view of the brought forward unabsorbed depreciation and business loss, in accordance with the provisions of the Income-tax Act, 1961 as well as book profits tax under Section 115JB of the Income-tax Act, 1961.				
25.5.2. Deferred tax				
In view of the absence of reasonable certainty that sufficient future taxable income will be available against which deferred tax asset can be realized, the Company has considered it prudent not to provide for deferred tax asset of Rs. 4.69 crores (Previous Year Rs. 4.81 crores), in accordance with Accounting Standard – 22, Accounting for taxes on income, resulted on account of brought forward losses and unabsorbed depreciation.				
S.No	Particulars	Current Year	Previous Year	
A	Items of Deferred Tax Assets			
	1 Unabsorbed depreciation and other disallowances	16,93,59,832	17,33,86,367	
B	Items of Deferred Tax Liabilities			
	1 Difference in W.D.V as per books and as per Income –tax Act	1,76,67,318	1,77,08,341	
	Net Deferred Tax Asset (A-B)	15,16,92,514	15,56,78,026	
	Tax thereon @ 30.90%	4,68,72,987	4,81,04,510	
26. Dues to Micro, Small and Medium Enterprises				
On the basis of details furnished by the suppliers, there are no amounts to be reported as dues to micro, small and medium enterprises as required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act').				
27. Previous Year's figures				
Previous Year's figures have been reclassified, wherever necessary so as to confirm with the requirements of the Revised Schedule VI to the Companies Act, 1956.				
As per our report of even date		For and on behalf of the Board of Directors		
For BRAHMAYYA & Co., Chartered Accountants Firm's Regn.No.000513S		Sd/- P.V.SUBBA RAO Director		
Sd/- D.SEETHARAMAIAH Partner, Membership No.002907		Sd/- M.KRISHNA MURTHY Chief Financial Officer		
Place : Hyderabad Date : 21-05-2015		Sd/- RAJIV KABRA Executive Director		

KABSONS INDUSTRIES LIMITED



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 – 500073
 E-mail : operationslpg@gmail.com
 Web : www.kabsonsindustrieslimited.com
 Name of the member (s) :
 Registered address :
 E-mail Id :
 Folio No/ Client Id :
 DP ID :

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

1. Name :	2. Name :
Address :	Address :
E-mail Id :	E-mail Id :
Signature :	Signature :
or failing him/her	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23rd Annual general meeting of the company, to be held on the 28th day of September, 2015 at 4.00 p.m. at Regd. Office #8-3-1087, Plot No.48, Srinagar Colony, Hyderabad : 500073 and at any adjournment thereof in respect of such resolutions as are indicated below :

- Resolutions : 1) Adoption of Accounts, 2) Ratification of appointment of Auditors and
 3) Adoption of new regulations of Articles of Association

Signed this day of September, 2015

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.

ADMISSION SLIP

Name & Address of Member	Folio No.	DP ID No.	Client ID No.

I hereby record my attendance at the 23rd Annual General Meeting of the Company, to be held on the 28th day of September, 2015 at 4.00 p.m at Regd. Office #8-3-1087, Plot No.48, Srinagar Colony, Hyderabad : 500073

I Certify that I am a registered member of the Company and hold shares.

Member's / Proxy's Signature