

# KABSONS INDUSTRIES LIMITED

22<sup>nd</sup> Annual Report 2013 – 2014

## Board of Directors

Sri. Rajiv Kabra	Chairman and Executive Director
Sri. P.V Subba Rao	Independent Director
Sri. Y S Sarma	Independent Director

## Committees of the Board: Audit Committee

Sri.P.V Subba Rao	Chairman
Sri. Rajiv Kabra	Member
Sri. Y S Sarma	Member

## Nomination and Remuneration Committee

Sri. Y S Sarma	Chairman
Sri.P.V Subba Rao	Member
Sri. Rajiv Kabra	Member

## Share Transfer & Investors' Grievance Committee

Sri. Rajiv Kabra	Chairman
Sri. Y S Sarma	Member
Sri.P.V Subba Rao	Member

Auditors	:	M/s. Brahmayya & Co., Chartered Accountants, Flat No.403 & 404, Golden Green Appts, Erramanzil Colony, Somajiguda, Hyderabad - 500 082.
Bankers	:	HDFC Bank Ltd., State Bank of India
Registered Office	:	Plot No.48, 8-3-1087, Srinagar Colony, Hyderabad - 500 073.
Registrar & Share Transfer Agents	:	M/S.XL Softech Systems Ltd 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034.
Factory	:	Plot No.B-3, Phase 1, MIDC, Waluj, Aurangabad - 431 133.
Bottling Plants	:	Aurangabad, Dharwad, Jaipur, Rohtak, Baroda, Bhubaneswar, Ranchi.
ISIN	:	INE645C0101
CIN No.	:	L23209TG1993PLC014458

## NOTICE

Notice is hereby given that the 22<sup>nd</sup> Annual General Meeting of the members of the Company will be held **Tuesday, September 30, 2014 at 11.30 a.m.** at the registered office of the Company at 8-3-1087, Plot No.48, Opp. Ratnadeep Super Market, Srinagar Colony, Hyderabad-500 073, Telangana, to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit & Loss Account and cash flow statement for the year ended on that date together with the notes, report of the Director`s and Auditor`s 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 consider the appointment of M/s. Brahmayya & Co., Chartered Accountants, (Firm Regd.No.000513S) as Auditors of the Company to hold the office from the conclusion of this Annual General Meeting, for three consecutive years until the conclusion of the 25<sup>th</sup> Annual General Meeting of the Company at such remuneration and terms as may be mutually agreed to between the Board of Directors and the Auditors.

### **SPECIAL BUSINESS:**

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

“RESOLVED THAT pursuant to the provisions of Sec 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 read with Schedule V thereof as amended upto date the consent of the Company be and is hereby accorded for re-appointment of Sri. Rajiv Kabra (DIN: 00038605), as Executive Director of the Company, for a period of five years with effect from 1<sup>st</sup> August, 2014 without any remuneration as earlier and with the following perquisites.

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

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

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of section 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under including any statutory modifications or reenactments thereof for the time being in force) read with schedule IV to the companies Act, 2013, Mr. P.V Subba Rao (DIN: 02299552) Director of the company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an independent director of the Company to hold office for five consecutive years for a term upto 2019 from the date of

this meeting.”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of section 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under including any statutory modifications or reenactments thereof for the time being in force) read with schedule IV to the companies Act, 2013, Mr. Y S Sarma (DIN: 06422198) Director of the company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an independent director of the Company to hold office for five consecutive years for a term upto 2019 from the date of this meeting.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of section 149(1) of the Companies Act, 2013 and any other applicable provisions of the Companies Act, 2013 and the rules made there under including any statutory modifications or reenactments thereof for the time being in force) read with Chapter XI to the companies Act, 2013, Smt. Mangal Rathi (DIN: 06966755) is being appointed as an Independent Director of the company.”

“FURTHER RESOLVED THAT pursuant to the provisions of section 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under including any statutory modifications or reenactments thereof for the time being in force) read with schedule IV to the companies Act, 2013, Smt. Mangal Rathi (DIN: 06966755), Director of the company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an independent director of the Company to hold office for five consecutive years for a term upto 2019 from the date of this meeting.”

By Order of the Board  
For KABSONS INDUSTRIES LIMITED

Place : Hyderabad  
Date : 14-08-2014

RAJIV KABRA  
Executive Director

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## NOTES

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself. A Proxy need not be a member of the Company. Proxies, to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
2. The Register of Members of the Company will remain closed from September 26, 2014 to September 30, 2014 (both days inclusive).
3. Members are requested to quote their Registered Folio Numbers in all their Correspondence with the Company and notify change in their registered address, if any.
4. Members/proxies should bring the Attendance slips duly signed to the meeting and hand it over at the entrance. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting. Xerox copy of attendance slips will not be accepted at the entrance of the Meeting Hall. Members are requested to bring their copy of the Annual Report to the Meeting as copies will not be distributed at the Meeting hall due to prohibitive cost of printing.
5. Electronic copy of the Notice of the 22<sup>nd</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 22<sup>nd</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
6. Pursuant to Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and the revised Clause 35B of the Listing Agreement, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in this Notice. The detailed instructions for e-voting are given as a separate attachment to the Annual Report.
7. **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., (29<sup>th</sup> August, 2014), may cast their votes electronically.

Members who do not have access to e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. S.Srikanth, (Membership No. 22119), Company secretary in Practice, at # 6-3-626, Parameswara Appartments, 5<sup>th</sup> Floor, 5-A, Anand Nagar, Khairatabad, Hyderabad-500004, Telangana not later than Thursday, September 25, 2014 (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 # 6-3-626, Parameswara Appartments, 5<sup>th</sup> Floor, 5-A, Anand Nagar, Khairatabad, Hyderabad-500004, Telangana not later than Thursday, September 25, 2014 (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 instructions for shareholders voting electronically are as under:**

- i. The voting period begins on Tuesday, September 23, 2014 at 9.00 a.m. and ends on Thursday, September 25, 2014 at 6.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of (29<sup>th</sup> August, 2014), may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period
- iii. Click on "Shareholders" tab.
- iv. Now, select the "Company Name: Kabsons Industries Limited" from the drop down menu and click on "SUBMIT"
- v. Now Enter your User ID,
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi. Next enter the Image Verification Code as displayed and Click on Login.
- vii. If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is</li> </ul>

	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	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction “v”.</li> </ul>

- ix. After entering these details appropriately, click on “SUBMIT” tab.
- x. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for the relevant KABSONS INDUSTRIES LIMITED EVSN Reference No: 140904054 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](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**Other Instructions:**

- i. The e-voting period commence on Tuesday, September 23, 2014 at 9.00 a.m. and ends on Thursday, September 25, 2014 at 6.00 p.m. During this period, member of the company holding share either in physical form or in dematerialize form as on (29<sup>th</sup> August, 2014) may cast their vote electronically. The e-voting module shall be disabling by CDSL for voting Thereafter. Once the vote on resolution is cast by the member, he shall not be allowed to change it subsequently.
- ii. The voting rights of members shall be incorporation to their shares of the paid-up equity share capital of the company as on (29<sup>th</sup> August, 2014).
- iii. Mr. S.Srikanth, (Membership No. 22119), Company Secretary in Practice, has been appointed as the scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) and in a fair and transparent manner.
- iv. The scrutinizer, shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the company and make scrutinizer’s report of the vote cast in favour or against, if any, forthwith to the chairman of the company.
- v. The results declared along with the scrutinizers report shall be placed on the company website [www.kabsonsindustrieslimited.com](http://www.kabsonsindustrieslimited.com) and with the website of CDSL within two days of passing of resolutions at the 22<sup>nd</sup> AGM of the company on September 30, 2014 and communicated to the BSE Limited where the share of the company are listed.

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

**Item No. 4:**

Mr. Rajiv Kabra (DIN: 00038605) is a Post-Graduate in Business Administration and associated with your Company since inception

The Board of Directors of the Company had appointed Mr. Rajiv Kabra, as Executive Director effective from 1<sup>st</sup> August, 2014 pursuant to the provisions of Sec 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 read with Schedule V thereof as amended upto date the consent of the Company, the reappointment of Executive Director of the Company is to be approved by the members of the company by way of ordinary resolution as per above perquisites.

**Item No. 5:**

Mr. P.V. Subba Rao (DIN: 02299552) is a Non-Executive independent Director of the Company. He was co-opted to the Board of Directors of the Company in the year 2008. Mr. P.V. Subba Rao is a Chairman of Audit committee and member of Remuneration committee, investor grievances committee of the Board of Directors.

Mr. P.V. Subba Rao is a Cost Accountant and having experience in Finance and Accounts.

Mr. P.V. Subba Rao is proposed to be appointed as an independent Director for five consecutive years from the date of this meeting. A notice has been received from a member proposing him as a candidature for the office of the Independent Director of the Company.

In the opinion of the Board, Mr. P.V. Subba Rao fulfils the conditions specified in section 149 (6) of the Companies Act, 2013 and Rules made there under for his appointment as an independent Director of the Company and is independent of the management.

The draft letter for appointment of Mr. P.V. Subba Rao as independent Director setting out terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day.

The Board considers that his continued association would be immense benefit to the company and it is desirable to continue to avail his services as an independent Director. Accordingly the Board recommends the resolution in relation to his appointment as an independent Director, for the approval of the shareholders of the Company.

Except Mr. P.V. Subba Rao being an appointee, none of the Directors and Key managerial persons of the Company and their relatives is concerned or interested, financial or otherwise in the resolution setout at Item No.5. The explanatory statement may also be regarded as a disclosure under clause 49 of the listing agreement with the stock exchanges.

**Item No.6:**

Mr. Y S Sarma (DIN: 06422198) is a Non Executive Independent Director of the Company. He was co-opted to the Board of Directors of the Company in the year 2012. Mr. Y S Sarma is a member of Audit committee, investor grievances committee and Chairman of Remuneration committee of the Board of Directors.

Mr. Y S Sarma is B.Sc. & B.Sc. (Electrical Engineering) and having 39 years of experience in various Companies dealing in Capital and Consumer Durable Goods.



Mr. Y S Sarma is proposed to be appointed as an independent Director for five consecutive years from the date of this meeting. A notice has been received from a member proposing him as a candidature for the office of the Independent Director of the Company.

In the opinion of the Board, Mr. Y S Sarma fulfils the conditions specified in section 149 (6) of the Companies Act 2013 and Rules mad there under for his appointment as an independent Director of the Company and is independent of the management.

The draft letter for appointment of Mr. Y S Sarma as independent Director setting out terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day.

The Board considers that his continued association would be immense benefit to the company and it is desirable to continue to avail his services as an independent Director. Accordingly the Board recommends the resolution in relation to his appointment as an independent Director, for the approval of the shareholders of the Company.

Except Mr. Y S Sarma being an appointee, none of the Directors and Key managerial persons of the Company and their relatives is concerned or interested, financial or otherwise in the resolution setout at item no. 6. The explanatory statement may also be regarded as a disclosure under clause 49 of the listing agreement with the stock exchanges.

**Item No. 7:**

Smt. Mangal Rathi (DIN: 06966755) is proposed to be a Non Executive Independent Woman Director of the Company pursuant to the provisions of section 149(1) of the Companies Act, 2013 and any other applicable provisions of the Companies Act, 2013 and the rules made there under including any statutory modifications or reenactments thereof for the time being in force) read with Chapter XI to the companies Act, 2013.

Smt. Mangal Rathi is a Post Graduate (M.A.) and she was an Industrialist and presently working as a Teacher in private school from last 6 years.

Smt. Mangal Rathi is proposed to be appointed as an independent Director for five consecutive years from the date of this meeting. A notice has been received from a member proposing her as a candidature for the office of the Independent Director of the Company.

In the opinion of the Board, Smt. Mangal Rathi fulfils the conditions specified in section 149 (6) of the Companies Act, 2013 and Rules mad there under for his appointment as an independent Director of the Company and is independent of the management.

The draft letter for appointment of Smt. Mangal Rathi as an Independent Director setting out terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day.

Except Smt. Mangal Rathi being an appointee, none of the Directors and Key managerial persons of the Company and their relatives is concerned or interested, financial or otherwise in the resolution setout at Item No. 7. The explanatory statement may also be regarded as a disclosure under clause 49 of the listing agreement with the stock exchanges.

By Order of the Board  
For KABSONS INDUSTRIES LIMITED

Place : Hyderabad  
Date : 14-08-2014

Sd/-  
RAJIV KABRA  
Executive Director

## DIRECTORS' REPORT

To The Members of **KABSONS INDUSTRIES LIMITED,**

Your Directors hereby present the 22nd Annual Report and Accounts of the Company for the year ended 31<sup>st</sup> March, 2014.

### FINANCIAL RESULTS:

(Rs.in Lakhs)

	Year Ended 31.03.2014	Year Ended 31.03.2013
1) Sales, Other Income & Exceptional items	230.96	265.19
2) Profit before Depreciation	33.59	132.65
3) Depreciation	26.52	30.86
4) Profit after Financial Charges and Depreciation	7.07	101.79

### DISCUSSION ON FINANCIAL PERFORMANCE:

During the year under consideration the Company got a profit of Rs.33.59 Lakhs before interest and depreciation as against profit of Rs.132.65 Lakhs during the previous year, which includes lease income and lease income is the major source of revenue to the Company.

### OUT LOOK:

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

**DIRECTORS:** In view of new legislative changes, we have received proposals from the shareholders for reappointment of Sri P V Subba Rao, Sri Y S Sarma and Smt.Mangal Rathi non executive directors as Independent directors of the Company in the ensuing Annual General meeting in accordance with Section 149 of the Companies Act, 2013 and clause 49 of the listing agreement for a period of five years. The profiles of the reappointed directors are mentioned elsewhere in the report.

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

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

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

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

- i) That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit of the Company for the year under review;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies, Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2014 on a going concern basis despite accumulated losses, erosion of net worth, excess of current liabilities over current assets and uncertainty associated with the operations of the Company.

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

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

**DISCLOSURES AS PER LISTING AGREEMENT:**

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

**CORPORATE GOVERNANCE:**

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

**PARTICULARS OF EMPLOYEES:**

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

**INFORMATION & EXPLANATION IN RESPECT OF QUALIFICATION / RESERVATION OR ADVERSE REMARKS CONTAINED IN INDEPENDENT AUDITORS REPORT UNDER PARAS: BASIS FOR QUALIFIED OPINION, EMPHASIS OF MATTER AND OTHER MATTERS:**

A) In view of very limited strength of employees, presently working with the Company, the requirements of AS-15 Employee Benefits in respect of gratuity could not be complied with. However provision for gratuity as required under Payment of Gratuity Act has been provided for.

B) In spite of continues erosion of network, position of excess of current liabilities over current assets and uncertainty associated with operations of the company, the Accounts of the Company are prepared on going concern basis.

C) Interest for the year Rs. 6,34,899/- 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.84,40,497/-

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.

#### **INTERNAL CONTROL SYSTEM**

The company has a well-established system of internal control in operation which complies with the relevant provisions on 'Internal Control' under the Company's Auditor's Report Order 2003 and as prescribed under revised clause 49 of the Listing Agreement with Stock Exchanges. All internal 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.

#### **PERSONNEL:**

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

#### **ACKNOWLEDGMENT:**

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

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

Place: Hyderabad  
Date : 14-08-2014

for and on behalf of the Board  
Sd/-  
**RAJIV KABRA**  
Chairman & Executive Director

**ANNEXURE - A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014:**

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

**FORM – B**

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

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

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

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

**FORM C**

**FOREIGN EXCHANGE EARNINGS & OUT GO**

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

**REPORT ON CORPORATE GOVERNANCE: - Annexure - B.**

**1) COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE:**

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

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

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

## **2) BOARD OF DIRECTORS:**

The Board comprises 3 Directors of which one of them is Chairman and Executive Director. The Non- Executive directors on the Board are experienced, competent and highly reputed persons from their respective fields. The non-executive directors take active part at the Board and Committee Meetings, which adds vision, strategic direction and value in the decision making process of the Board of Directors. The composition of the Board is in conformity with the amendments in the listing agreement.

### **a) Composition of the Board as on 14th August , 2014**

Sl.No.	Name of the Directors	Status	Category
1.	Sri. Rajiv Kabra	Chairman & Executive Director	Promoter / Executive Director
2.	Sri. P.V Subba Rao	Director	Non-Executive/Independent Director
3.	Sri. Y S Sarma	Director	Non-Executive/Independent Director

### **b. Code of Conduct**

The Board shall lay down a code of conduct for all Board members and senior management of the company. All Board members and senior management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the company shall contain a declaration to this effect signed by the Executive Director.

The Board of Directors has laid down the Code of Conduct applicable to all Board members and senior executives of the company.

All Board members and senior management executives have affirmed compliance with the Code of Conduct.

A declaration by Executive Director affirming the compliance of the Code of Conduct for Board Members and senior management executives is also annexed separately at the end of this report.

### **c) BOARD MEETINGS:**

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

**d) DETAILS OF BOARD MEETINGS HELD AND ATTENDANCE OF DIRECTORS:**

Name of the Director	No. of Board Meetings		Attendance at Last AGM
	Held	Attended	
Sri. P V Subba Rao	5	5	Attended
Sri. Rajiv Kabra	5	5	Attended
Sri. Y S Sarma	5	5	Attended

**e) NUMBER OF BOARD MEETINGS HELD AND THE DATES ON WHICH HELD:**

Five Board Meetings were held during the year. The dates on which the meetings were held on 29/05/2013, 25/09/2013, 09/10/2013, 12/11/2013 and 14/02/2014.

**3) AUDIT COMMITTEE:**

a) Brief Description of terms of reference:

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

b) Composition: Names of members and Chairperson:

As on March 31, 2014, the Audit Committee of the Board comprised three members viz., Mr. Rajiv Kabra, Promoter/Director, Mr. P V Subba Rao, and Mr. Y S Sarma are Independent Directors, Mr. P V Subba Rao is the Chairman of the Audit Committee and the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreements have been complied with.

c) Meetings and attendance during the year:

Meetings are scheduled in advance and the committee has met on 29<sup>th</sup> May, 2013, 9<sup>th</sup> October, 2013, 12<sup>th</sup> November, 2013 and 14<sup>th</sup> February, 2014.

All the members of the Audit Committee attended the meetings.

**4) INVESTORS GRIEVANCE COMMITTEE / SHARE TRANSFER COMMITTEE:**

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

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

S.No	Date of Remarks Clearing	Nature of the Receipt	No of Complaints Complaint	No of Complaints Received	Date of Cleared
NIL					



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

Sl.No.	Year	Meeting	Venue	Date	Time
1)	2010 - 2011	A.G.M	At Registered Office 8-3-1087, Plot No.48 Srinagar Colony Hyderabad	29.09.2011	4.00 PM
2)	2011 - 2012	A.G.M	At Registered Office 8-3-1087, Plot No.48 Srinagar Colony Hyderabad	29.09.2012	4.00 PM
3)	2012 - 2013	A.G.M	At Registered Office 8-3-1087, Plot No.48 Srinagar Colony Hyderabad	25.09.2013	4.00 PM

**6) DISCLOSURES:**

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

**7) MEANS OF COMMUNICATION:**

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

**8) GENERAL SHAREHOLDERS INFORMATION:**

a) As indicated in the notice to our shareholders, the Annual General Meeting of the company will be held on Tuesday, September 30<sup>th</sup>, 2014 at 11.30 A.M at Registered Office at 8-3-1087, Plot No.48, Opp.Ratnadeep Super Market, Srinagar Colony, Hyderabad – 500 073.

**b) Financial Calendar:**

Annual General Meeting	30 <sup>th</sup> September, 2014
Unaudited results for the quarter ending June 30 <sup>th</sup> , 2014	14 <sup>th</sup> August 2014
Unaudited results for the Quarter/Half year ending September 30 <sup>th</sup> , 2014	Second week of November, 2014
Unaudited results for the quarter ending December 31 <sup>st</sup> , 2014	Second Week of February, 2014
Audited Results for the year ending March 31 <sup>st</sup> , 2015	Last week of May, 2015

c) **Date of Book Closure:** from 26<sup>th</sup> September, 2014 to 30<sup>th</sup> September, 2014 both days inclusive for the purpose of Annual General Meeting.

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

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

There is an outstanding Listing Fee of Rs.2,93,291, Rs.1,46,798, Rs.1,37,065, Rs.80,480 to Delhi Stock Exchange, Ahmedabad Stock Exchange, KolKata Stock Exchange, Madras Stock Exchange respectively and Rs.33,708 to Mumbai Stock Exchange, where, they have suspended company shares for trading from 3rd February, 2003 due to non- payment of re-instatement fee.

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

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

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

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

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

**g) Share Transfer System:**

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

**h)a) DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2014.**

Share holdings of nominal value of	Share holders		No. of Shares Number	% Total
	Number	% Total		
(1)	(2)	(3)	(4)	(5)
Upto – 5000	17,422	94.29	2,20,88,180	12.65
5,001 – 10,000	354	1.92	29,38,000	1.68
10,001 – 20,000	168	0.91	25,43,000	1.46
20,001 – 30,000	385	2.08	97,01,100	5.56
30,001 – 40,000	22	0.12	7,83,990	0.45
40,001 – 50,000	45	0.24	21,89,240	1.25
50,001 – 1,00,000	38	0.21	30,43,500	1.74
1,00,001 and above	43	0.23	13,13,42,990	75.21
<b>Total :</b>	<b>18,477</b>	<b>100.00</b>	<b>17,46,30,000</b>	<b>100.00</b>

**b) DISTRIBUTION OF SHAREHOLDING PATTERN AS ON 31ST MARCH, 2014:**

Sl.No.	Category	No.of Shares Held	% of Share Holding
A	PROMOTER'S HOLDING:		
1.	PROMOTERS:		
	- Indian Promoters	1,18,77,950	68.02
B	NON-PROMOTERS HOLDING:		
2.	Banks,(OBC)	100	0.00
	Non-Govt Institutions - (ICICI)	5,00,000	2.86
	- (UTI)	1,000	0.01
C	OTHERS:		
3.	Private Corporate Bodies	1,45,900	0.84
4.	Indian Public	47,21,350	27.03
5.	NRIs/OCBs	2,16,700	1.24
	<b>TOTAL:</b>	<b>1,74,63,000</b>	<b>100.00</b>

Please Note that Foreign Shareholding is the sum of:

Particulars	No.of Shares	%
a) Foreign Promoters	: Nil	
b) FIIs	: Nil	
c) NRIs/OCBs	: 2,16,700	1.24%
d) Foreign Banks	: Nil	
e) Foreign Nationals	: Nil	
f) GDRs/ADRs	: Nil	

**i) Dematerialization of shares:**

Trading of Equity shares of the company are compulsory in dematerialised form with effect from 28th December, 2000. The ISIN of Dematerialised shares of the company allotted by the NSDL is "INE645C01010". The modes of holding of the Company's equity shares as on March 31, 2014 is as under:

<b>Description</b>	<b>No. of Shareholders</b>	<b>No. of Shares</b>	<b>% Equity</b>
PHYSICAL	13,939	36,69,036	21.01
NSDL	3,463	1,34,04,484	76.76
CDSL	1,075	3,89,480	2.23
<b>Total</b>	<b>18,477</b>	<b>17463000</b>	<b>100.00</b>

**j) ADDRESS FOR CORRESPONDENCE:**

Shareholders can send in their correspondence to the Company's Registered office address as under:

**REGISTERED OFFICE :** M/s.Kabsons Industries Limited,  
Plot No.48, 8-3-1087,  
Srinagar Colony,  
HYDERABAD - 500 073.  
Ph.No.: 040-66630001,02,06  
E-mail : operationslpg@rediffmail.com  
Grievance redressal division Email : kilshareholders@gmail.com

## **CERTIFICATE UNDER CLAUSE 49 (v) OF THE LISTING AGREEMENT**

We, as required under Clause 49(v) of the Listing Agreement with Stock Exchanges, certify that

- (a) We have reviewed financial statements and the Cash flow statement for the year 2013-14 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations
- (b) to the best of our knowledge and belief, there are no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
  - (a) significant changes, if any, in internal control over financial reporting during the year;
  - (b) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
  - (c) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Hyderabad  
Date : 14-08-2014

Sd/-  
**RAJIV KABRA**  
Chairman & Executive Director

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

I, Rajiv Kabra, Executive Director of Kabsons Industries Limited, to the best of my knowledge and belief, declare that all the members of the Board and Senior Management Personnel have affirmed compliance with the code of conduct of the Company in respect of the financial year ended 31<sup>st</sup> March, 2014.

Place: Hyderabad  
Date : 14-08-2014

Sd/-  
**RAJIV KABRA**  
Chairman & Executive Director

**ANNEXURE - C**

**PRACTICING COMPANY SECRETARY' CERTIFICATE ON COMPLIANCE OF  
CONDITIONS OF CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING  
AGREEMENT WITH THE STOCK EXCHANGES:**

To  
The Members of  
KABSONS INDUSTRIES LIMITED

We have examined all the relevant records of Kabsons Industries Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges for the year ended March 31, 2014. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance.

This certificate 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.

On the basis of our examination of the records, produced and the explanations and information furnished, we certify that the Company has complied with all the mandatory conditions of the said Clause 49 of the Listing Agreement.

Hyderabad  
August 14, 2014

For s.Srikanth & Associates  
Company Secretaries  
Sd/-  
S.Srikanth  
Proprietor  
CP No.7999

## ANNEXURE - D MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

**A) LPG Industry:** Most of the LPG volume is handled by PSU's for domestic supplies. With such large scale penetration on the part of the PSU's at a substantially lower than market price, effect the prospects of the private sector, operating in the same segment and recently the PSU's started limiting the supply of cylinders to 9 numbers in a year to consumers and issuing cash subsidy to this extent.

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

**C) Management of risks:** There is considerable pressure to keep up the realization from the services in view of the highly competitive market.

### D) Financial Performance:

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

	2013-14	2012-13	Inc/(Dec) %
<b>INCOME:</b>			
Sales	<b>118.94</b>	50.90	133.67
Other Income	<b>112.02</b>	214.90	(47.87)
Total :	<b>230.96</b>	256.19	(9.85)
<b>EXPENDITURE:</b>			
Manufacturing Expenses	<b>111.19</b>	50.37	(120.75)
Staff Cost	<b>37.32</b>	22.76	(63.97)
Other Expenses	<b>48.86</b>	59.41	17.76
Depreciation	<b>26.52</b>	30.86	14.06
Total :	<b>223.89</b>	171.77	(30.34)
<b>PROFIT / (LOSS)</b>	<b>7.07</b>	69.71	(89.86)



## **NDEPENDENT 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 (A.P)**(“The Company”) which comprise the Balance Sheet as at 31st March, 2014 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**

Management is responsible for the preparation of these 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 Standards referred in the sub-section(3C)of section 211 of the Companies Act 1956(“the Act”). This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our Audit. We conducted our Audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain the 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 disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, 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 qualified audit opinion.

**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 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.*

**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, 2014;
- (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 states that the Company's current liabilities exceeded its current assets by Rs. 3.36 crores. Further, as indicated by the Company's Balance Sheet as at March 31, 2014, 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. 6,34,899 for the year and Rs. 78,05,598 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. 6,34,889, understatement of the balance in the statement of profit and loss by Rs. Rs. 84,40,497 and understatement of Current Liabilities by Rs. 84,40,497.*

**Other matters**

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

- (a) *Trade Receivables amounting to Rs.42,05,216 and (b) Trade Payables amounting to Rs. 17,43,136. Consequently, we are unable to determine, if any adjustments are required to the amounts reflecting in the Balance Sheet as at March 31, 2014 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, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:
- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (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 referred to in sub-section (3C) of section 211 of the Act;*
  - (e) on the basis of Written representations received from the Directors as on March 31,2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a Director in terms of clause(g) of sub-section (1) of section 274 of the Act;
  - (f) Since the Central Government has not issued any notification as to the rate at which cess is to be paid under section 441A of the Companies Act 1956 nor has it issued any rules under the said section prescribing the manner in which such cess is to be paid, no cess is due and payable by the company.

Place: Hyderabad  
Date: 26-05-2014

for BRAHMAYYA & CO.,  
Chartered Accountants.  
Firm's Regn.No.000513S  
Sd/-  
(D.SEETHARAMAIAH)  
Partner  
Membership No.002907

## ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

### Statement on the Companies (Auditor's Report) Order 2003

#### Re: KABSONS INDUSTRIES LIMITED

- i)
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) During the year, the company has disposed off fixed assets which are not substantial part of the 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)
  - (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained u/s. 301 of the Act.
  - (b) The company had taken interest free secured loan from a Company, interest-free unsecured loan from another Company and from a party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 31 Lakhs and the year-end balance of loans taken from such parties was Rs. 31 Lakhs.
  - (c) In our opinion, the terms and conditions on which loans have been taken from companies, and parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie, prejudicial to the interest of the company.
  - (d) According to explanations given to us, the lenders have not specified repayment terms. In view of this we cannot comment upon whether the payment of principal is regular.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and gas. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- v)
  - (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section; and
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- vi) The company has not accepted the deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the Rules framed thereunder.
- vii) The company has no internal audit system.
- viii) The Central Government has not prescribed maintenance of cost records under clause (d) of subsection (1) of Section 209 (1)(d) of the Companies Act, 1956 for the products/items dealt with by the company.
- ix) (a) The company is not regular in depositing with appropriate authorities undisputed statutory dues including investor education protection fund, employee's state insurance, sales tax. The extent of the arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable 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	Companies Act, 1956	Investor Education and Protection Fund	22,550	1994-95	19.10.2001
2	Maharashtra Sales Tax Act	Sales Tax	5,817	2005-06	15.05.2005
3	Maharashtra Sales Tax Act	Sales Tax	9,538	2004-05	15.04.2005
4	Maharashtra Sales Tax Act	Sales Tax	800	2003-04	15.01.2004
5	BST Act	Sales Tax and Penalty	73,735	1997-98	15.08.2004
6	BST Act	Sales Tax and Penalty	1,34,780	1998-99	15.08.2004
7	CST Act	Sales Tax and Penalty	1,31,000	1997-98	15.08.2004
8	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.

- x) The accumulated losses of the company are more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and as well as in the immediately preceding financial year.
- xi) During the financial year covered by our audit the Company had not borrowed from financial institutions. Hence, clause (xi) of the above referred Order is not applicable.
- xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The company is neither a chit fund nor a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the above referred Order are not applicable to the company.
- xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the above referred Order are not applicable to the company.
- xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) During the year the company has not availed any term loans from banks or financial institutions. Accordingly, the provisions of clause 4(xvi) of the above referred Order are not applicable to the company.

- xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii) The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- xix) The company has not issued any debentures. Accordingly, the provisions of clause 4(xix) of the above referred Order are not applicable to the company.
- xx) During the year the company has not raised money by public issue. Accordingly, the provisions of clause 4(xx) of the above referred Order are not applicable to the company.
- xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

Place: Hyderabad  
Date: 26-05-2014

for BRAHMAYYA & CO.,  
Chartered Accountants.  
Firm's Regn.No.000513S  
Sd/-  
(D.SEETHARAMAIAH)  
Partner  
Membership No.002907

**Kabsons Industries Limited**

**Balance Sheet as at 31st March 2014**

(All amounts in rupees, unless otherwise stated)

	Particulars	Note No.	As at 31st March 2014		As at 31st March 2013	
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>					
<b>1</b>	<b>Shareholder's funds</b>					
	(a) Share capital	2	174,630,000		174,630,000	
	(b) Reserves and surplus	3	(188,579,680)	<b>(13,949,680)</b>	(189,286,422)	<b>(14,656,422)</b>
<b>2</b>	<b>Non-current Liabilities</b>					
	(a) Other long term liabilities	4	6,922,500		2,922,500	
	(b) Long-term provisions	5	93,046	<b>7,015,546</b>	109,464	<b>3,031,964</b>
<b>3</b>	<b>Current Liabilities</b>					
	(a) Short-term borrowings	6	3,100,000		3,100,000	
	(b) Trade payables		1,743,136		2,152,146	
	(c) Other current liabilities	7	88,560,083		89,661,047	
	(d) Short-term provisions	8	90,636	<b>93,493,855</b>	35,273	<b>94,948,466</b>
	<b>Total</b>			<b>86,559,721</b>		<b>83,324,008</b>
<b>II.</b>	<b>ASSETS</b>					
<b>1</b>	<b>Non-current assets</b>					
	<b>(a) Fixed Assets</b>					
	Tangible assets	9	24,319,333		26,860,214	
	Intangible assets	9	-	<b>24,319,333</b>	-	<b>26,860,214</b>
	<b>(b) Long-term loans and advances</b>	10	1,023,062		1,014,952	
	<b>(c) Other Non-Current Assets</b>	11	1,354,340	<b>2,377,402</b>	7,973,079	<b>8,988,031</b>
<b>2</b>	<b>Current assets</b>					
	<b>(a) Inventories</b>	12	440,743		904,186	
	<b>(b) Trade receivables</b>	13	4,205,216		1,759,604	
	<b>(c) Cash and cash equivalents</b>	14	18,403,257		7,640,598	
	(d) Short-term loans and advances	15	2,076,028		2,378,159	
	(e) Other current assets	16	34,737,742	<b>59,862,986</b>	34,793,216	<b>47,475,763</b>
	<b>Total</b>			<b>86,559,721</b>		<b>83,324,008</b>
	Significant Accounting policies	1				
	Other disclosures	24				

The notes to financial statements form an integral part of the financial statements.

As per our report of even date  
for BRAHMAYYA & CO.

Chartered Accountants

Firms' Registration No.: 000513S

For and on behalf of the Board of Directors

Sd/-  
D. Seetharamaiah  
Partner  
Membership No: 002907

Sd/-  
(P V Subba Rao)  
Director

Sd/-  
(Rajiv Kabra)  
Executive Director

Sd/-  
(M. Krishna Murthy)  
G.M (Finance)

Place: Hyderabad

Date: 26-05-2014

**Kabsons Industries Limited**

**Statement of Profit and Loss for the period ended 31st March 2014**

(All amounts in rupees, unless otherwise stated)

	Particulars	Note No.	Current Year	Previous Year
I.	<b>Revenue from operations</b>	17	21,285,993	13,245,196
II.	<b>Other income</b>	18	1,469,312	1,486,980
III.	<b>Total Revenue</b>		<b>22,755,305</b>	<b>14,732,176</b>
IV.	<b>Expenses</b>			
	Purchases of Stock-in-Trade	19	10,288,672	4,759,562
	Changes in inventories of work-in-progress and Stock-in-Trade	20	459,555	(412,775)
	Employee benefits expense	21	3,732,005	2,276,178
	Finance costs		-	-
	Depreciation and amortization expense	9	2,652,363	3,086,083
	Other expenses	22	5,257,099	6,631,530
	<b>Total expenses</b>		<b>22,389,694</b>	<b>16,340,578</b>
V.	<b>Profit before exceptional items and tax</b>		<b>365,611</b>	<b>(1,608,402)</b>
VI.	Exceptional items	23	341,131	11,786,942
VII.	<b>Profit/ (Loss) before tax</b>		<b>706,742</b>	<b>10,178,540</b>
VII.	<b>Tax expense</b>			
	Current tax	25.5.1	-	-
	Deferred tax	25.5.2	-	-
IX.	<b>Profit/ (Loss) for the period (XI + XIV)</b>		<b>706,742</b>	<b>10,178,540</b>
X.	<b>Earnings per equity share (Face value Rs. 10/- per share)</b>			
	Basic and Diluted	25.4	0.04	0.58
	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 **BRAHMAYYA & CO.**  
Chartered Accountants  
Firms' Registration No.: 000513S

**For and on behalf of Board of Directors**

Sd/-  
**D. Seetharamaiah**  
Partner  
Membership No: 002907

Sd/-  
**(P.V Subba Rao)**  
Director

Sd/-  
**(Rajiv Kabra)**  
Executive Director

Sd/-  
**(M. Krishna Murthy)**  
G.M (Finance)

Place: Hyderabad  
Date: 26-05-2014



**KABSONS INDUSTRIES LIMITED, HYDERABAD**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

(In Rupees)

		<b>Year Ended 31.03.2014</b>	<b>Year Ended 31.03.2013</b>
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>Rs.</b>	<b>Rs.</b>
	<b>Profit for the year before extraordinary items</b>	<b>706,742</b>	<b>10,178,540</b>
	<b>Adjustments for:</b>		
	Depreciation	2,652,363	3,086,083
	Depreciation provided in earlier years now written up	-	(2,881,775)
	Stocks written off	3,888	-
	Interest Income / earned	(1,369,549)	(676,167)
	Interest expenses	-	-
	Profit on sale of assets	(24,461)	(9,311,205)
	<b>Operating Profit before working Capital Changes</b>	<b>1,968,983</b>	<b>395,476</b>
	<b>Adjustments for:</b>		
	Trade and other receivables	(1,307,272)	1,000,886
	Inventories	459,555	(412,775)
	Trade payables	2,528,972	(1,875,438)
	<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>3,650,238</b>	<b>(891,851)</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets	(169,856)	(137,704)
	Sale of assets	82,835	10,282,000
	Proceeds from/ Investment in term deposits/ margin money deposits	(8,856,335)	140,543
	Investment in deposits for period exceeding 1 year	6,594,356	(7,758,134)
	Interest received	605,086	608,510
	<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,743,914)</b>	<b>3,135,215</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Interest paid	-	-
	Repayment of Loans	-	(2,200,000)
	Receipt of Loans	-	-
	<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>(2,200,000)</b>
	<b>Net Increase/ (Decrease) in cash and cash equivalents ( A+B+C )</b>	<b>1,906,324</b>	<b>43,364</b>
	Cash and Cash equivalents as at 01.04.13 (Opening balance)	<b>742,134</b>	<b>698,770</b>
	<b>Cash and Cash equivalents as at 31.03.14 (Closing balance)</b>	<b>2,648,458</b>	<b>742,134</b>

Note: Reconciliation of cash and cash equivalents with Balance Sheet as at 31 March 2014

<b>Cash and Cash equivalents as per cash flow statement</b>	2,648,458	742,134
Add: Investment in term deposits and margin money deposits	15,754,799	6,898,464
<b>Cash and Cash equivalents as per Balance Sheet</b>	<b>18,403,257</b>	<b>7,640,598</b>

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

Sd/-

**D.SEETHARAMAIAH**  
Partner  
Membership No.002907

Sd/-  
**P.V SUBBA RAO**  
Director

Sd/-  
**RAJIV KABRA**  
Executive Director

Sd/-  
**M KRISHNA MURTHY**  
General Manager (F)

Place : Hyderabad  
Date : 26-05-2014

## Notes to Financial statements for the year ended 31 March 2014

### 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 -XIV to the Companies Act, 1956 where the estimated life of the assets is less than the lease periods.

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

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

- v) 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.

**Notes to Financial statements for the year ended 31st March 2014**

**2. Share Capital**

(All amounts in rupees, unless otherwise stated)

Particulars	As at 31 March 2014		As at 31 March 2013	
	Numbers	Rs.	Numbers	Rs.
<b>Authorised</b>				
Equity Shares of Rs.10 each	18,000,000	180,000,000	18,000,000	180,000,000
<b>Issued, Subscribed &amp; Paid up</b>				
Equity Shares of Rs.10 each fully paid	17,463,000	174,630,000	17,463,000	174,630,000
<b>Total</b>	<b>17,463,000</b>	<b>174,630,000</b>	<b>17,463,000</b>	<b>174,630,000</b>

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

Particulars	As at 31 March 2014		As at 31 March 2013	
	No. of shares	Rs.	No. of shares	Rs.
Shares outstanding at the beginning of the year	17,463,000	174,630,000	17,463,000	174,630,000
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	<b>17,463,000</b>	<b>174,630,000</b>	<b>17,463,000</b>	<b>174,630,000</b>

**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 31st March 2014		As at 31 March 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr.Rajiv Kabra	9,114,300	52.19	9,114,300	52.19
M/s.Lata Engineering Company Pvt. Ltd.	1,011,000	5.79	1,011,000	5.79

**3. Reserves and Surplus**

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
<b>a. Capital Reserves</b>	3,000,000	3,000,000
<b>b. Securities Premium Reserve</b>	47,237,415	47,237,415
<b><u>c. Surplus (Balance in statement of profit and loss)</u></b>		
Balance as per last financial statements	(239,523,837)	(249,702,377)
Add: Profit for the year	706,742	10,178,540
Closing Balance	(238,817,095)	(239,523,837)
<b>Total</b>	<b>(188,579,680)</b>	<b>(189,286,422)</b>

## Notes to Financial statements for the year ended 31st March 2014

### 4. Other long term liabilities

(All amounts in rupees, unless otherwise stated)

Particulars	Non-current portion		Current portion	
	As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013
Sales Tax Deferred Liability	-	-	-	21,919
Other liabilities				
i) Security Deposits	6,922,500	2,922,500	-	-
ii) Other liabilities	-	-	294,184	2,250,772
<b>Total</b>	<b>6,922,500</b>	<b>2,922,500</b>	<b>294,184</b>	<b>2,272,691</b>

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 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013
<u>Provision for Employee Benefits :</u>				
(a) Gratuity	60,231	51,490	-	-
(b) Earned Leave Encashment	32,815	57,974	51,231	-
<b>Total</b>	<b>93,046</b>	<b>109,464</b>	<b>51,231</b>	<b>-</b>

### 6. Short Term Borrowings

Particulars	As at 31 March 2014	As at 31 March 2013
<u>Loans and advances from related parties, repayable on demand (interest-free)</u>		
a. Secured		
Lata Engineering Company Private Limited	100,000	100,000
b. Unsecured		
Inter Corporate Deposit	3,000,000	3,000,000
<b>Total</b>	<b>3,100,000</b>	<b>3,100,000</b>

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.

**Notes to Financial statements for the year ended 31st March 2014**

**7. Other Current Liabilities**

<b>Particulars</b>	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
Current maturities of long-term liabilities (Refer Note - 4a)	294,184	2,272,691
Distributor / Dealer Deposit	8,660,633	8,720,633
Cylinder Deposits from Consumers	71,948,332	71,943,882
Interest accrued and due on Distributor/Dealer deposits (Refer Note - 24.3)	1,315,117	1,317,817
Dues to Dealers and Consumers	3,037,905	3,062,998
Dues towards Capital Items	-	21,869
Dues to Staff	343,286	363,375
<u>Other payables</u>		
Statutory dues	1,925,044	1,085,827
Others	1,013,032	849,405
Investor Education and protection fund - Unpaid application money received for allotment of shares and due for refund	22,550	22,550
<b>Total</b>	<b>88,560,083</b>	<b>89,661,047</b>

**8. Short-Term Provisions**

<b>Particulars</b>	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
<u>Provision for Employee Benefits:</u>		
(a) Earned Leave Encashment	51,231	-
(b) Bonus	8,506	4,374
Provision for audit fees	30,899	30,899
<b>Total</b>	<b>90,636</b>	<b>35,273</b>

Notes to Financial statements for the year ended 31st March 2014

9. Fixed Assets

(All amounts in rupees, unless otherwise stated)

Particulars	Gross Block				Depreciation				Net Block	
	As at 31st March 2013	Additions	Deductions	As at 31st March 2014	Upto 31 March 2013	For the period	On deductions	Upto 31st March 2014	As at 31st March 2014	As at 31st March 2013
<b>a Tangible Assets</b>										
Land:										
Leasehold	5,447,478			5,447,478	1,974,909	73,369		2,048,278	3,399,200	3,472,569
Freehold	1,281,926			1,281,926	-			-	1,281,926	1,281,926
Buildings										
Factory	26,151,358	60,000		26,211,358	16,779,751	874,958		17,654,709	8,556,649	9,371,607
Non Factory	3,030,697			3,030,697	963,651	48,106		1,011,757	2,018,940	2,067,046
Plant and Equipment	28,956,771	94,967	82,835	28,968,903	22,816,722	1,291,238	24,461	24,083,499	4,885,404	6,140,049
Electrical Equipment	6,192,703	889		6,193,592	5,347,719	238,688		5,586,407	607,185	844,984
Furniture and Fittings	3,227,778			3,227,778	3,177,744	1,067		3,178,811	48,967	50,034
Data Processing Equipment	3,246,064	14,000		3,260,064	3,075,784	3,096		3,078,880	181,184	170,280
Office equipment	1,441,524			1,441,524	1,322,155	47,866		1,370,021	71,503	119,369
Vehicles	501,719			501,719	400,730	42,817		443,547	58,172	100,989
Cycle	1,710			1,710	1,710	-		1,710	-	-
Cylinders	64,113,619			64,113,619	60,872,258	31,158		60,903,416	3,210,203	3,241,361
<b>Sub Total:</b>	<b>143,593,347</b>	<b>169,856</b>	<b>82,835</b>	<b>143,680,368</b>	<b>116,733,133</b>	<b>2,652,363</b>	<b>24,461</b>	<b>119,361,035</b>	<b>24,319,333</b>	<b>26,860,214</b>
<b>b Intangible Assets</b>										
Software	8,550	-	-	8,550	8,550	-	-	8,550	-	-
<b>Sub Total:</b>	<b>8,550</b>	<b>-</b>	<b>-</b>	<b>8,550</b>	<b>8,550</b>	<b>-</b>	<b>-</b>	<b>8,550</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>	<b>143,601,897</b>	<b>169,856</b>	<b>82,835</b>	<b>143,688,918</b>	<b>116,741,683</b>	<b>2,652,363</b>	<b>24,461</b>	<b>119,369,585</b>	<b>24,319,333</b>	<b>26,860,214</b>
<b>Previous Year:</b>	<b>148,302,755</b>	<b>137,704</b>	<b>4,838,562</b>	<b>143,601,897</b>	<b>120,405,142</b>	<b>3,086,083</b>	<b>3,867,767</b>	<b>116,741,683</b>	<b>26,860,214</b>	<b>27,897,613</b>

**Notes to Financial statements for the year ended 31st March 2014**

**10. Long Term Loans and Advances (Unsecured, considered good)**

(All amounts in rupees, unless otherwise stated)

Particulars	As at 31 March 2014	As at 31 March 2013
Sundry Deposits	1,023,062	1,014,952
<b>Total</b>	<b>1,023,062</b>	<b>1,014,952</b>

**11. Other Non-current Assets**

Particulars	As at 31 March 2014	As at 31 March 2013
Prepayments	89,068	113,451
Other bank Balances - Term Deposits with more than 12 months maturity	1,265,272	7,859,628
<b>Total</b>	<b>1,354,340</b>	<b>7,973,079</b>

**12. Inventories (Valued and Certified by the Executive Director)**

Particulars	As at 31 March 2014	As at 31 March 2013
a. Work-in-progress (at realisable value)	-	42,504
b. Stock-in-trade (lower of realisable value and cost)	324,123	783,678
c. Stores and Packing materials (at realisable value)	78,004	78,004
d. Scrap	38,616	-
<b>Total</b>	<b>440,743</b>	<b>904,186</b>

**13. Trade Receivables (Unsecured)**

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Debts outstanding for a period exceeding six months</b>		
Considered good	2,732,444	771,454
Considered doubtful	218,412	218,412
Less: Provision for doubtful debts	(218,412)	(218,412)
	2,732,444	771,454
Others considered good	1,472,772	988,150
<b>Total</b>	<b>4,205,216</b>	<b>1,759,604</b>

## Notes to Financial statements for the year ended 31st March 2014

### 14. Cash and cash equivalents

(All amounts in rupees, unless otherwise stated)

Particulars	As at 31 March 2014		As at 31 March 2013	
	Rs.	Rs.	Rs.	Rs.
a. Balances with banks				
In current accounts	699,826		658,639	
Margin money deposits	2,600,000		1,301,967	
In term deposits	13,154,799	16,454,625	5,596,497	7,557,103
b. Cash on hand		93,482		61,418
c. Cheques on hand		1,833,073		-
d. Share Application Money Refund A/c.		22,077		22,077
<b>Total :</b>		<b>18,403,257</b>		<b>7,640,598</b>

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)

Particulars	As at 31 March 2014		As at 31 March 2013	
Deposit		-		1,000,000
Short term loan (unsecured)		-		-
Tax deducted at source		2,076,028		1,378,159
Bills of Exchange (Considered Doubtful)	2,450,000		2,450,000	
Less: Provision made	(2,450,000)	-	(2,450,000)	-
<b>Total :</b>		<b>2,076,028</b>		<b>2,378,159</b>

### 16. Other Current Assets

Particulars	As at 31 March 2014	As at 31 March 2013
Vendor advance	71,997	72,576
Balance with Govt. Dept. (CBEC & VAT)	5,074	78,426
Claims receivable (Refer Note - 24.4)	66,403	723,273
Earnst Money Deposit	-	100,000
Amounts recoverable from staff	9,400	41,066
Cylinder Deposits	33,426,900	33,420,900
Interest accrued but not due	969,112	204,649
Prepayments	188,856	152,326
<b>Total</b>	<b>34,737,742</b>	<b>34,793,216</b>



**Notes to Financial statements for the period ended 31st March 2014**

**17. Revenue from Operations**

(All amounts in rupees, unless otherwise stated)

Particulars	Current Year	Previous Year
Sale of gas (trading item)	11,836,798	5,010,161
<u>Other operating revenues</u>		
Rental/ hire charges	57,214	79,952
Plants Lease	3,721,200	2,911,800
Rent	1,929,000	1,929,000
Gas filling charges	3,741,781	3,314,284
<b>Total</b>	<b>21,285,993</b>	<b>13,245,196</b>

**a. Details of sales of trading item**

Particulars	Current Year	Previous Year
Gas	11,836,798	5,010,161
<b>Total</b>	<b>11,836,798</b>	<b>5,010,161</b>

**18. Other income**

Particulars	Current Year	Previous Year
Interest Income (T.D.S - Rs.1,36,321)	1,369,549	676,167
<u>Other non-operating revenue</u>		
Loading/ unloading charges	-	416,450
Miscellaneous income	99,763	394,363
<b>Total</b>	<b>1,469,312</b>	<b>1,486,980</b>

**19. Purchases of Stock-in-Trade**

Particulars	Current Year	Previous Year
Gas	10,288,672	4,759,562
<b>Total</b>	<b>10,288,672</b>	<b>4,759,562</b>

**Notes to Financial statements for the period ended 31st March 2014**

**20. Changes in inventories of Work-in-progress and Stock-in-Trade**

(All amounts in rupees, unless otherwise stated)

Particulars	Current Year	Previous Year
<b>Opening Stock</b>		
i) Work-in-progress	42,504	42,504
ii) Stock-in-trade	783,678	370,903
	<b>826,182</b>	<b>413,407</b>
<b>Less: Stocks written off (Work-in-progress)</b>	3,888	-
	<b>822,294</b>	<b>413,407</b>
<b>Closing Stock</b>		
i) Work-in-progress	(38,616)	(42,504)
ii) Stock-in-trade	(324,123)	(783,678)
<b>(Increase) / Decrease in stocks</b>	<b>459,555</b>	<b>(412,775)</b>

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

Particulars	Current Year	Previous Year
LPG Gas	314,223	773,778
Single burner stoves	9,900	9,900
<b>Total</b>	<b>324,123</b>	<b>783,678</b>

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

Particulars	Current Year	Previous Year
Brazed cylinders	-	30,456
Others	-	12,048
<b>Total</b>	<b>-</b>	<b>42,504</b>

**21. Employee benefits expense**

Particulars	Current Year	Previous Year
Salaries, Wages and Allowances	3,491,829	1,969,618
Contribution to Provident and other funds	123,528	94,112
Staff Welfare	67,328	91,843
Earned Leave Encashment	40,579	-
Gratuity	8,741	120,605
<b>Total</b>	<b>3,732,005</b>	<b>2,276,178</b>

**Notes to Financial statements for the period ended 31st March 2014**

**22. Other expenses**

(All amounts in rupees, unless otherwise stated)

Particulars	Current Year	Previous Year
Consumption of stores and spares	95,768	23,540
Power and fuel	371,034	689,965
Rent & Water Charges	760,633	502,641
Rental/Hire charges paid for Cylinders	71,429	91,429
Repairs & Maintenance		
i) Plant & Machinery	554,608	520,983
ii) Buildings	-	8,300
iii) Other Assets	16,461	17,171
Insurance	104,060	83,693
Rates & Taxes	285,002	278,558
Gas Filling Charges	93,416	91,782
Printing & Stationary	19,740	22,924
Postage & Telephones	54,324	95,569
Travelling & Conveyance	444,865	294,681
Service Charges	1,120,053	2,897,778
Auditors' Remuneration		
: As Auditors	25,281	25,281
: For Tax Audit	5,618	5,618
: For Certification	17,415	10,266
Prior Period Expenses	58,081	45,984
Miscellaneous expenses	1,159,311	925,367
<b>Total</b>	<b>5,257,099</b>	<b>6,631,530</b>

**23. Exceptional Items:**

Particulars	Current Year	Previous Year
Credit Balances Written Back	310,553	479,888
Excess Provisions Written Back (net)	10,005	64,074
Profit on Sale of Assets	24,461	9,311,205
Stocks Written Off	(3,888)	-
Compensation to Civil Contractor	-	(950,000)
<u>Prior period item</u>		
Excess Depreciation provided in earlier years now written up	-	2,881,775
<b>Total</b>	<b>341,131</b>	<b>11,786,942</b>

## Notes to Financial statements for the year ended 31 March 2014

### 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 2014;
- b. Current liabilities exceeded the current assets by Rs.336.31 Lakhs as at 31 March 2014; 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 2014	As at 31 March 2013
i) Bank Guarantees issued by Bankers	26,00,000	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.6,34,899/-(Previous year: Rs.6,40,343/-) and interest for earlier years amounting to Rs.78,05,598/. Had the interest provision been made, the profit for the current year would have been less by Rs.6,34,899./- and current liabilities would have been more by Rs.84,40,497/-.

### 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 2014

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

Particulars	Current Year Rs.		Previous Year Rs.	
	Amount	%	Amount	%
Indigenous	95,768	100	23,540	100
Imported	-	-	-	-
<b>Total</b>	<b>95,768</b>	<b>100</b>	<b>23,540</b>	<b>100</b>

### 25. Disclosures in accordance with the requirements of Accounting Standards stated under the Companies (Accounting standards) Rules 2006.

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	Enterprises controlled by relatives of the Key Management Personnel
8	A.P.Leasing Services	
9	Kabsons Gas Equipment P. Ltd	
10	Gasolec Appliances P. Ltd	
11	S.K.Leasing Services	
12	Detective Devices P. Ltd	

#### a. Transactions with Key Management Personnel

## Notes to Financial statements for the year ended 31 March 2014

S.no.	Nature of transaction	Current Year Rs.	Previous Year Rs.
<b>1</b>	<b>Remuneration*</b>	--	--
<b>2</b>	<b>Un secured Loans:</b>		
	Outstanding at the beginning of the year	--	3,00,000
	Received during the year	--	--
	Repaid during the year	--	3,00,000
	Outstanding at the end of the year	Nil	Nil

\* Director's remuneration as approved in the earlier Annual General Meeting effective from 01.08.2009 @ Rs.25,000/- P.M. amounting to Rs.23,50,000/- upto 31<sup>st</sup> March, 2014 (previous year Rs.20,50,000/-) is not provided for in the books, pending approval from the Central Government.

### b. Transactions with Substantial Shareholder

Nature of transaction	Current Year Rs.	Previous Year Rs.
<b>Rendering of technical services</b>	--	--
<b>Sale of Gas</b>	55,207	78,432
<b>Rent received</b>	66290	1,80,000
<b>Cylinder deposit paid</b>	74,94,200	74,94,200
<b>Secured Loan:</b>		
Outstanding at the beginning of the year	1,00,000	20,00,000
Received during the year	--	--
Repaid during the year	--	1900000
Outstanding at the end of the year	1,00,000	1,00,000
<b>Balance in current account receivable</b>	<b>50,472</b>	<b>26,475</b>

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

Nature of transaction	Current Year Rs.	Previous Year Rs.
<b>Godown rent received</b>	1,80,000	1,80,000
<b>Rental/ hire charges paid</b>	74,500	96,000
<b>Purchase of gas</b>	17,08,511	16,68,290
<b>Purchase of Electrical Appliance (Ceiling Fan)</b>	889	--
<b>Cylinder deposit paid:</b>		
Outstanding at the beginning of the year	68,25,250	68,17,250
Received during the year	--	--
Paid during the year	6,000	8,000
Outstanding at the end of the year	68,31,250	68,25,250
<b>Balance in current account receivable</b>	<b>12,839</b>	<b>34,417</b>

## Notes to Financial statements for the year ended 31 March 2014

### d. Transactions with Subsidiary Company of Substantial Shareholder

Nature of transaction	Current Year Rs.	Previous Year Rs.
<b>Inter corporate deposit received:</b>		
Outstanding at the beginning of the year	30,00,000	30,00,000
Received during the year	--	--
Repaid during the year	--	--
Outstanding at the end of the year	30,00,000	30,00,000

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

Nature of transaction	Current Year Rs.	Previous Year Rs.
<b>Purchase of gas</b>	--	6,28,651
<b>Gas filling charges paid</b>	37,236	35,602
<b>Transport Charges paid</b>	8,500	--
<b>Minimum commitment charges paid</b>	56,180	56,180
<b>Rendering of technical services</b>	--	36,000
<b>Cylinder deposit paid:</b>		
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
<b>Trade receivables</b>	<b>Nil</b>	<b>Nil</b>
<b>Trade payables</b>	<b>15,41,453</b>	<b>14,41,405</b>

### 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
<b>Gross Carrying Amount</b>	1,50,90,760	2,20,29,602	30,21,787	4,01,42,149
<b>Accumulated Depreciation</b>	94,88,800	1,70,69,158	27,42,934	2,93,00,892
<b>Depreciation recognised for the year</b>	5,04,031	10,48,641	1,03,628	16,56,301

#### 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; and
- 3) Plot No.37, Belur Industrial Estate, Dist. Dharwad, Karnataka

on a fixed term lease basis, after which the lease agreements can be extended or terminated on mutual consent basis.

## Notes to Financial statements for the year ended 31 March 2014

### 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)	7,06,742	1,01,78,540
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/-)	0.04	0.58

### 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.4.81 crores (Previous Year Rs. 4.84 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 Rs.	Previous Year Rs.
<b>A. Items of Deferred Tax Assets</b>			
1	Unabsorbed depreciation and other disallowances	17,33,86,367	17,66,85,486
<b>B. Items of Deferred Tax Liabilities</b>			
1	Difference in W.D.V as per books and as per Income-tax Act	1,77,08,341	2,01,06,358
<b>Net Deferred Tax Asset (A-B)</b>		<b>15,56,78,026</b>	<b>15,65,79,128</b>
<b>Tax thereon @ 30.90 %</b>		<b>4,81,04,510</b>	<b>4,83,82,951</b>

### 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



## Notes to Financial statements for the year ended 31 March 2014

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

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Per our report of even date

For Brahmayya & Co.

Chartered Accountants

Firms' Registration No.: 000513S

Sd/-

(D. Seetharamaiah)

Partner

Membership No: 002907

Sd/-

(P V Subba Rao)

Director

Sd/-

(Rajiv Kabra)

Executive Director

Sd/-

(M. Krishna Murthy)

G.M (Finance)

For and on behalf of the Board of Directors

Place: Hyderabad

Date: 26.05.2014

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**Registration No:  State CodeBalance Sheet Date **II. Capital Raised during the year (Amount in Rs. Thousands)**Public issue  Rights Issue Bonus Issue  Private Placement **III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**Total Liabilities  Total Assets **Sources of Funds:**Paid-up Capital  Reserves & Surplus Non-Current Liabilities  Current Liabilities **Application of Funds:**Net Non-Current Assets  Non Current Assets **IV. Performance of Company (Amount is Rs.Thousands)**Turnover  Total Expenditure Profit Before Tax  Profit After Tax Earning per Share in Rs.  Dividend @ % **V. Generic names of Three Principal Products/Services of Company  
(as per monetary terms)**1. Item code   
Product Description Cylinder Manufacturing2. Item Code  
Service Description Gas Filling / Distribution3. Item Code  
Service Description Gas Transportation

**KABSONS INDUSTRIES LIMITED**

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

**PROXY FORM**

Regd. Folio No. \_\_\_\_\_ \* Email I.D \_\_\_\_\_  
\* Client I.D \_\_\_\_\_  
\* D.P.I.D \_\_\_\_\_

I/ We \_\_\_\_\_ of \_\_\_\_\_ being a Member/Members of M/s.Kabsons Industries Limited, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our behalf at the Twenty Second Annual General Meeting of the Company to be held on 30<sup>th</sup> September, 2014 at Registered Office at 8-3-1087, Plot No.48, Opp.Ratnadeep Super Market, Srinagar Colony, Hyderabad - 500 073, at 11.30 A.M

Re.1.00 Revenue Stamp
-----------------------------

Signed: \_\_\_\_\_

Date : \_\_\_\_\_

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

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

**KABSONS INDUSTRIES LIMITED**

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

**ATTENDANCE SLIP**

Regd. Folio No. \_\_\_\_\_ \* Client I.D \_\_\_\_\_  
\* D.P.I.D \_\_\_\_\_

**22nd ANNUAL GENERAL MEETING – 30<sup>th</sup> SEPTEMBER, 2014**

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

I hereby record my presence at the Twenty Second Annual General Meeting of the Company to be held on 30<sup>th</sup> September, 2014 at 11.30 A.M, at Registered Office at 8-3-1087, Plot No.48, Opp.Ratnadeep Super Market, Srinagar Colony, Hyderabad - 500 073.

\_\_\_\_\_  
\*Member's / Proxy's name in Block Letters                      \* Member's / Proxy's Signature

**Note:** 1) Member/ Proxy must bring the Attendance slip to the meeting and hand it over, duly signed, at the registration counter.

- 2) The Copy of the Notice may please be brought to the meeting hall.  
\* Stike out whichever is not applicable.