

KABSONS INDUSTRIES LIMITED

26th Annual Report 2017-2018

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

Committees of the Board

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

Nomination &

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

Bankers : HDFC Bank Limited
State Bank of India

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

Secretarial Auditors : B S S & Associates
Company Secretaries
6-3-626, Parameswara Appts., 5th Floor, 5A, Anand Nagar, Khairatabad,
Hyderabad 500 004.

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

Registered Office : Kabsons Industries Limited
[CIN:L23209TG1993PLC014458]
Plot No.48, # 8-3-1087, Srinagar Colony, Hyderabad – 500073,
Email:operationspg@gmail.com www.kabsonsindustrieslimited.com
Phone No: +91-4066630006

Factory : Plot No.B-3, Phase 1, MIDC, Waluj, Aurangabad - 431 133.
Hyderabad - 500 073.

Registrars & Share : M/S.XL SOFTECH SYSTEMS LTD
Transfer Agents
#3, Sagar Society, Road No.2, Banjarahills, Hyderabad - 500 073.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the members of the Company will be held on **Wednesday, the 26th day of September, 2018 at 4.30 p.m.** at the Registered Office of the Company situated at Plot No.48, Srinagar Colony, Hyderabad-500073, Telangana, India to transact the following business:

Ordinary Business

- 1 To receive, consider, approve and adopt the Audited Financial Statements for the Financial Year ended 31st March, 2018 together with the Reports of the Directors and Auditors thereon.
- 2 To reappoint a Director in place of Sri. Rajiv Kabra (DIN:00038605), who retires by rotation and, being eligible, offers himself for reappointment.

Place: Hyderabad
Date: 11.08.2018

By Order of the Board of Directors
For Kabsons Industries Limited

Nagaraju Musinam
Company Secretary

Registered Office of the Company situated at Plot No.48, Srinagar Colony, Hyderabad-500073, Telangana, India

NOTES

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of the Ordinary Business set out in the notice and Secretarial Standard on General Meetings (SS-2), wherever applicable, are annexed hereto.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll in the meeting instead of such member. The proxy need not be a member of the Company. A person can act as a proxy on behalf of members not exceeding fifty (50) members and holding in aggregate not more than ten (10) percent of the total share capital of the Company. A member holding more than ten (10) percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as proxy for any other member or shareholder.
3. A member of a company registered under Section 8 of the Companies Act, 2013 shall not be entitled to appoint any other person as its proxy unless such other person is also a member of such company.
4. The instrument appointing the proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for this Annual General Meeting is enclosed.
5. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.
6. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged with the Company at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company by such intending person.
7. Members / proxies / authorized representatives should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
8. Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Regulation 42 of SEBI (LODR) Regulations, 2015, the Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 20 September, 2018 to Wednesday, 26 September, 2018 (both days inclusive).
9. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide Notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting held on 29th September, 2017, for a period of 5 years.
10. Additional Information, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and pursuant to Secretarial Standard on General Meeting (SS-2) in respect of the Directors seeking appointment at the Annual General Meeting, forms integral part of the Notice. The Directors have furnished the requisite declarations for their appointment.

11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the Registrar. SEBI has also mandated, that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company.
12. Electronic copy of the Annual Report 2017-18 along with the Notice of the 26th Annual General Meeting of the Company (including Attendance Slip and Proxy Form) is being sent to all the members whose email IDs are registered with the Registrar / Depository Participant(s), unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the Financial Year 2017-18 along with the Notice of the 26th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent by other permissible modes.
13. Pursuant to the provisions of Section 72 of the Companies Act, 2013, the member(s) holding shares in physical form may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the joint holders. Member(s) holding shares in demat form may contact their respective Depository Participant for availing this facility.
14. All documents referred to in the Notice and explanatory statement are open for inspection at the Registered office of the company during the normal business hours on all working days.
15. The Register of Director and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, and Register of Contracts or Arrangements in which Directors are interested under section 189 will be made available for inspection by members of the Company at the meeting.
16. Members whose shareholding is in electronic mode are requested to update the change of address, email IDs and change in Bank Account details, if any with the respective Depository Participant(s).
17. With a view to using natural resources responsibly, we request the shareholders to update respective email addresses with your Depository Participants, if not already done, to enable the Company to send communications electronically.
18. Members may also note that the Notice of the 26th Annual General Meeting and the Annual Report 2017-2018 is available on the Company's Website, www.kabsonsindustrieslimited.com Members who require physical copies may write to us at kilshareholders@gmail.com.
19. Members are requested to bring their copy of Annual Report to the Meeting.
20. In compliance with Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by Companies (Management and Administration) Amendment Rules 2015, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by Central Depository Services (India) Limited. The facility for voting, through ballot paper, will also be made available at the Annual General Meeting and the members attending the Annual General Meeting who have not already cast their votes by remote e-voting shall be able to exercise their right at the Annual General Meeting through ballot paper. Members who have casted their votes by remote e-voting prior to the Annual General Meeting may attend the Annual General Meeting but shall not be entitled to cast their votes again.
21. Voting through electronic means:
Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 executed by the company with the BSE Limited, the company is pleased to provide members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Limited (CDSL).
A member may exercise his/her votes at any General Meeting by electronic means and Company may pass any resolution by electronic voting system in accordance with Companies (Management and Administration) Amendment Rules, 2015.
During the e-voting period, members of the Company holding shares either in physical form or dematerialised form, as on the cut-off date (record date) i.e., (Wednesday, September 19, 2018), may cast their votes electronically.
The facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting or by ballot form shall be able to exercise their right at the meeting.

The instructions for shareholders voting electronically are as under:

- i. The voting period begins on Sunday, 23rd day of September, 2018 at 9.00 a.m. IST and ends on Tuesday, 25th day of September, 2018 at 5.00 p.m. IST. During these period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) Wednesday, 19th day of September, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on the e-voting website www.evotingindia.com during the voting period.
- iii. Click on "Shareholders" tab.
- iv. Now, select the "Company Name: Kabsons Industries Limited" from the drop down menu and click on "SUBMIT"
- v. Now Enter your User ID,
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi. Next enter the Image Verification Code as displayed and Click on Login.
- vii. If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

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

- ix. After entering these details appropriately, click on "SUBMIT" tab.
- x. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for the relevant KABSONS INDUSTRIES LIMITED EVSN Reference No: 180829034 on which you choose to vote.
- xiii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take print out of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xviii. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- 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 Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

Other Instructions:

- I. The e-voting period commences on Sunday, 23rd day of September, 2018 at 9.00 a.m. IST and ends on Tuesday, 25th day of September, 2018 at 5.00 p.m. IST. During this period, member of the company holding share either in physical form or in dematerialize form as on Wednesday, September 19, 2018 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 Wednesday, September 19, 2018 .
- iii. B S S. & Associates, Company Secretaries have been appointed as the scrutinizer to scrutinize the voting and remote e-voting process and voting through ballot in a fair and transparent manner.
- iv. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by the Chairman, who shall declare the result of the voting forthwith.
- v. The results declared along with the scrutinizers report shall be placed on the company website www.kabsonsindustrieslimited.com and with the website of CDSL within 48 hours of passing of resolutions at the 26th AGM of the company on September 26, 2018 and communicated to the BSE Limited where the share of the company are listed.

APPEAL TO MEMBERS

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

Place: Hyderabad
Date: 11.08.2018

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

Registered Office:
Plot No 8, 8-3-1087, Srinagar Colony, Hyderabad - 500 073.
Email id: operationslpg@gmail.com

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

Name of the Director	Rajiv Kabra
DIN	00038605
Date of Birth	01/01/1966
Age	52 Years
Qualification	M.B.A.
Experience	28Years experience in Marketing and Administration
Relationship with other director/Manager and other KMP	None
No of Shares held	91,17,400
Directorships of other Board	1
Membership/Chairmanship of Committees of other Board	Managing Director in PKL Limited

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

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

BOARD'S REPORT

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

Your Directors have pleasure in presenting the Twenty Sixth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2018.

Financial Results:

(Rs.in Lakhs)

		Year Ended 31.03.2018	Year Ended 31.03.2017
1	Sales, Other Income & Exceptional items	797.69	791.36
2	Profit before Interest and Depreciation	129.96	415.68
3	Finance costs	7.10	6.09
4	Depreciation	14.58	10.10
5	Profit after Financial Costs and Depreciation	108.28	399.49

Discussion on Financial Performance:

During the year under consideration, the Company's has generated profit of Rs. 129.96 Lakhs before Finance costs and depreciation as against a profit of Rs. 415.68 Lakhs during the previous year, which includes lease income and lease income is the major source of revenue to the Company. Your Directors are hopeful of better performance with increased revenue in the next year.

Business Review

The Company has been focusing on Lease income and as per demand of a new factory shed at our Aurangabad premises by existing Licensee, it is decided to construct a new factory shed which will also improve the revenues to the Company in the last quarter of the current year. Since the launching of our LPG Cylinders in Domestic and Commercial Gas segment at our Palej (Gujarat) bottling plant from August-2016 through Distributor network, the Company's turnover has been significantly increased and our Company continues for making efforts to give bottling assistance to third party at this plant, being the biggest plant among others and hope to get bottling contract from them during the current year under consideration.

Liquefied Petroleum Gas (LPG) Industry Overview

Most of the LPG volume is handled by PSU's for domestic supplies. The Government of India stopped passing on the monthly subsidy to the Customers who's total income is Rs.10 Lakhs or more based on the data available with the Govt. and in addition to this the Oil Marketing Companies is increasing the LPG price of the Cylinders depending on the Import price of the LPG periodically.

Out Look:

All the Plants of our Company continue to be operational either by our own or third party bottling are on leasing out. In view of this, the financial results for the year are more encouraging when compare to that of previous year and would be still better for the coming years from 2018-19 onwards.

Financial Performance

The Following is the Financial Performance of your Company:

(Rs.in Lakhs)

	2017-2018	2016-2017 %	Inc/(Dec)
INCOME			
Sales	579.33	262.89	120.37
Other Income	213.48	164.23	29.99
Exceptional item	4.88	364.24	(98.66)
Total	797.69	791.36	0.80
Operational Expenses	543.66	235.32	(131.03)
Staff cost	54.84	51.22	(7.07)
Finance costs	7.10	6.09	(16.58)
Other Expenses	69.23	89.14	22.33
Depreciation	14.58	10.10	(44.36)
Total:	689.41	391.87	(75.93)
Profit	108.28	399.49	(72.89)

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

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

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

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

Share Capital:**Authorized Share Capital**

During the year under review, there was no change in authorized share capital of the Company. Authorized share capital of the company as on March 31, 2018 was Rs.18,00,00,000/-, comprising of 1,80,00,000 equity shares of Rs.10/- each.

Paid-up Share Capital

During the year under review, there was no change in paid up share capital of the Company. Paid up share capital of the company as on March 31, 2018 was Rs.17,46,30,000/-, comprising of 1,74,63,000 equity shares of Rs.10/- each.

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

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

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

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

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

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

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

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

There were no materially significant transactions with Related Parties during the financial year 2017-18 which were in conflict with the interest of the Company. The details of contracts and arrangements with related parties as referred to in Section 188(1) of the Companies Act, 2013 were given as **Annexure - I** to the Board's Report in form No: AOC-2 pursuant to Section 134 (3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules 2014.

Related party Transactions: The details of the Related Party Transactions are furnished in Note 34.5.5 of the Notes on the Financial Statements attached to this Report. All the related party transactions have been on an arm's length basis.

Particulars of Loans, Guarantees or Investments

Pursuant to section 186 of Companies Act, 2013 and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company neither has, directly or indirectly, given any loan to its Directors nor extended any guarantee or provided any security in connection with any loan taken by them. Further, the Company has neither given any inter-corporate loan / advance nor made any investments in other companies during the financial year 2017-18.

Number of Board Meetings held

The Board of Directors duly met 5 times during the financial year from 1st April, 2017 to 31st March, 2018, the details of which are given in the Corporate Governance Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013 and Secretarial Standard -1.

Directors and Key Managerial Personnel

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

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

Declaration by Independent Directors

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

Familiarization programme for Independent Directors

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

Independent Directors' Meeting

The Independent Directors met on 12.02.2018, without the attendance of Non-Independent Directors and members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole; the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Board Evaluation:

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

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

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

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

Nomination and Remuneration policy

In compliance to the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR) Regulations, 2015 entered into with the Stock Exchanges, the Nomination and Remuneration Committee has recommended to the Board a Nomination and Remuneration policy with respect to appointment / nomination and remuneration payable for the Directors, Key Managerial Personnel and senior level employees of the Company. The said policy has been adopted by the Board and the same will form part of the Annual Report as **Annexure - II** to the Board's Report.

Statutory Auditors

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

Qualification by Statutory Auditor

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

- A) In view of very limited strength of employees, presently working with the Company, the requirements of Ind AS-19 Employee Benefits in respect of gratuity, could not be complied with. However provision for gratuity as required under Payment of Gratuity Act has been provided for.
- B) Interest for the year Rs. 6,13,849/- on deposits of distributors/dealers has not been provided in view of company's adverse financial position and will be negotiated for waiver resulting to over statement of profit by that amount and understatement of current liabilities by Rs.1,09,55,419/-.

This report form part of the Annual Report.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors has appointed M/s. B S S & Associates, Practising Company Secretaries for conducting Secretarial Audit of the Company for the financial year 2017-2018. The Secretarial Audit Report is annexed herewith as **Annexure - III**.

Qualification by Secretarial Auditor

The Secretarial Auditor's Report does not contain any qualifications, reservation or adverse remarks during the year review.

Internal Auditors

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

Internal financial control and its adequacy

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

INDIAN ACCOUNTING STANDARDS (IND-AS)

Your Company has adopted Indian Accounting Standards (Ind AS) with effect from April 1, 2017 pursuant to the Companies (Indian Accounting Standard) Rules, 2015 as notified by the Ministry of Corporate Affairs on February 16, 2015. Accordingly, your Company has prepared financial results on standalone basis as per Ind-AS for the first three quarters of the FY 2017-18 on and from the period ending March 31, 2018, the formats for Unaudited/Audited quarterly financial results i.e. Statement of Profit and Loss and the Unaudited/Audited Half-Yearly Balance Sheet are to be submitted to the stock exchanges, shall be as per the formats for revised Balance Sheet and Statement of Profit and Loss as prescribed in Schedule III to the Companies Act, 2013.

Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the SEBI (LODR) Regulations 2015, the Board has adopted Whistle Blower Policy. This policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior.

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

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

Management Discussion and Analysis

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

Management of Risks

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

Audit Committee

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

Risk Management

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

Corporate Social Responsibility (CSR) Initiatives:

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

Extract of Annual Return

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

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

Pursuant to the provisions of Section 134 (3) (m) of the Companies Act, 2013 read with Rule 3 of Companies (Accounts) Rules, 2014, these particulars are not relevant to the Company's operations and hence not furnished the same.

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

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

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

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

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

Corporate Governance

The Company is committed to good corporate governance in line with the SEBI (LODR) Regulations, 2015 and Provisions, Rules and Regulations of the Companies Act, 2013. The Company is in compliance with the provisions on corporate governance specified in the SEBI (LODR) Regulations, 2015 with BSE. A certificate of compliance from Mr. Sompally Srikanth, a practicing Company Secretary and the report on Corporate Governance form part of this Directors' Report as **Annexure – V**.

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

In due compliance of the SEBI (LODR) Regulations, 2015 and in accordance with the requirements prescribed by SEBI, the cash flow statement is prepared and is appended to this Annual Report.

Stock exchanges

Company's equity shares are presently listed in the Stock exchanges of Mumbai (BSE), and other 2 stock exchanges at Ahmedabad and Kolkata. There is an outstanding Listing Fee of Rs.30,025/- and Rs.1,73,170/- to Ahmedabad Stock Exchange Ltd and The Calcutta Stock Association Ltd respectively. The company has paid the listing fee BSE for the financial year 2018-19.

Policies

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

I) Whistleblower Policy (Policy on vigil mechanism)

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

ii) Policy for Determining Materiality for Disclosures

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

iii) Policy on Document Retention

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

Share transfer agency

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

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

Awards and recognition : The Company has not received any award during the Financial Year.

Acknowledgments : The Directors wish to place on record their gratitude to shareholders and thank the customers, vendors, franchisees, bankers, Department of Explosives and their Officials, Central Excise, Pollution Control Boards and Commercial Tax Departments of respective States, host of other State and Central Government Departments, Security Exchange Board of India and Stock Exchanges at Mumbai, Ahmedabad and Kolkata and others for their continued support to the Company's growth. The Directors also wish to place on record, their appreciation for the contribution made by the employees at all levels, for their sincerity, hard work, solidarity and dedicated support to the Company.

By Order of the Board of Directors
For Kabsons Industries Limited

Place: Hyderabad
Date: 11.08.2018

Rajiv Kabra
Executive Director

Annexure to Directors' Report

Annexure - I Disclosure of Particulars of Contracts / Arrangements entered into by the Company

Form No. AOC-2

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

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

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

Annexure -II Nomination and Remuneration policy

Introduction

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

The nomination and remuneration policy provided herewith is in line with the requirements of Section 178(4) of the Companies Act read with rules made there under and SEBI (LODR) Regulations, 2015 the Listing Agreement entered into with the Stock Exchanges.

Objective and purpose of the policy

The objectives and purpose of this policy are

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

The committee

The Board has constituted the nomination and remuneration committee of the Board on August 13, 2015. This is in line with the requirements of Companies Act, 2013 (the Act) and the SEBI (LODR) Regulations, 2015 the Listing agreement entered into with Stock Exchanges.

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

Policy in respect of appointment of Directors, their remuneration etc

Part I

Criteria for qualification, positive attributes of independence of Directors:

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

Executive Directors

- The Policy relating to appointment of executive directors is to
- Provide adequate opportunity for career advancement of the executives already working in the company
- Simultaneously attract talent from outside for direct recruitment as Executive Directors at the Board level.

Part II

Remuneration Policy

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

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

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

Remuneration of Executive Directors and Key Managerial Personnel

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

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

Remuneration of Non-executive Directors

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

Policy relating to Remuneration of Directors etc

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

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

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

For the Financial Year ended 31st March, 2018

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

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

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

Based on our verification of **M/s. Kabsons Industries Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **Not applicable to the Company during the Audit Period;**
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **Not applicable as the Company has not issued any debt securities during the audit period;**
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the audit period;**
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable as the Company has not delisted / propose to delist its equity shares from any stock exchange during the audit period;** and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable as the Company has not bought back / propose to buyback any of its securities during the audit period;**
6. We further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company:
 - (i) The Environmental Protection Act, 1986
 - (ii) The Competition Act, 2002
 - (iii) Industrial Laws and Labour Laws.

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

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

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

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

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

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

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

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

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

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

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

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

Place: Hyderabad
Date: 11.08.2018

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

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

To,
The Members,
Kabsons Industries Limited,
CIN: L23209TG1993PLC014458,
Plot No. 48, 8-3-1087, Srinagar Colony,
Hyderabad, Telangana - 500 073.

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

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

Place: Hyderabad
Date: 11.08..2018

For **B S S & Associates**
Company Secretaries

S Srikanth
Partner
ACS: 22119 CP: 7999

Annexure - IV
Information pursuant to Section 197 of the Companies Act, 2013 read with

Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl. No.	Name	Designation	Remuneration Paid For the year 2017-18.	Remuneration Paid For the year 2016-17.	Increase in Remuneration From Previous Year	Ratio/times for median of Employee Remuneration
1	M. Krishna Murthy	Chief Financial Officer	17,40,000	15,02,000	2,38,000	11.64 : 1

- Number of permanent employees on the roles of the company: 16
- Comparison of remuneration of each Key Managerial Personnel against the performance of the Company: Company is having mainly income from Plant leases. Hence not comparable with the performance of the company.

Annexure - V
CERTIFICATE ON CORPORATE GOVERNANCE

REPORT ON CORPORATE GOVERNANCE

Corporate Governance Philosophy

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

1. Board of Directors

a) Composition

The Board consists of 3 Directors as on 31st March 2018. The composition of the Board is in conformity with Regulation 17 of the SEBI (LODR) Regulations, 2015. The day-to-day management of the company was carried on by the **Rajiv Kabra**, Executive Directors of the company.

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

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

The names of the Directors and the details of other chairmanship / directorship / committee membership of each Director as on 31st March 2018 is given below:

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

b) Board Procedure:

During the year under review Board met five times on 29.05.2017, 14.08.2017, 14.09.2017, 14.12.2017 and 12.02.2018. The Board meets at least once in every quarter to review the Company's operations and the maximum time gap between any two meetings is not more than 120 days.

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

Name of Director	Meetings		Attendance at last AGM held on September 29, 2017
	Held	Attended	
Mr. Rajiv Kabra	5	5	Yes
Mr. P V Subba Rao	5	5	Yes
Mrs. Mangal Rathi	5	5	Yes

The company places before the Board all those details as required under Schedule-V of the SEBI (LODR) Regulations, 2015. The dates for the board meetings are fixed after taking into account the convenience of all the directors and sufficient notice is given to them. Detailed agenda notes are sent to the directors. All the information required for decision making are incorporated in the agenda. Those that cannot be included in the agenda are tabled at the meeting. The chairman appraises the Board on the overall performance of the company at every board meeting. Legal issues, write-offs, provisions, purchase and disposal of capital assets are all brought to the notice of the Board. The Board reviews performance, approves capital expenditures, sets the strategy the company should follow and ensures financial stability. The Board takes on record the actions taken by the company on all its decisions periodically.

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

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

Independent directors meeting

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

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

2. AUDIT COMMITTEE

The audit committee assists the board in the dissemination of financial information and in overseeing the financial and accounting processes in the company. The terms of reference of the audit committee covers all matters specified in and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also those specified in section 177 of the Companies Act 2013. The terms of reference broadly include review of internal audit reports and action taken reports, assessment of the efficacy of the internal control systems/ financial reporting systems and reviewing the adequacy of the financial policies and practices followed by the company. The audit committee reviews the compliance with legal and statutory requirements, the quarterly and annual financial statements and related party transactions and reports its findings to the Board. The committee also recommends the appointment of internal auditor, statutory auditor. The audit committee takes note of any default in the payments to creditors and shareholders. The committee also looks into those matters specifically referred to it by the Board. The statutory auditors were present at all audit committee meetings. The audit committee comprised of the following directors for the year ended 31st March 2018:

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

As on 31st March 2018 the committee comprised of two independent directors and one executive director, all of whom are financially literate and have relevant finance / audit exposure. The chief financial officer is permanent invitee to the meetings of the committee. The other directors are invited to attend the audit committee meetings as and when required. The composition of the audit committee is as per and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Chairman of the Audit Committee was present at the previous Annual General Meeting of the company held on 29th September 2017. The audit committee met 5 times during the year on 29.05.2017, 14.08.2017, 14.09.2017, 14.12.2017 and 12.02.2018. The details are as follows:

Attendance of each Director at Audit Committee Meetings

Name of the Director	Category	Number of committee meetings	
		Held	Attended
Mr. P V Subba Rao –Chairman	Independent & Non-Executive Director	5	5
Mr. Rajiv Kabra -Member	Executive Director	5	5
Ms. Mangal Rathi – Member	Independent & Non-Executive Director	5	5

3. Nomination and Remuneration Committee

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

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

(II) Composition of committee

The Nomination and Remuneration Committee comprised of the following directors for the year ended 31st March 2018:

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

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

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

This committee recommends the appointment/reappointment of executive directors and the appointments of employees from the level of vice-president and above along with the remuneration to be paid to them. The remuneration is fixed keeping in mind the persons track record, his/her potential individual performance, the market trends and scales prevailing in the similar industry. The Remuneration Committee comprises of 3 non-executive and independent directors. Mr. P V Subba Rao was the chairman of the committee. Mr. Rajiv Kabara and Ms. Mangal Rathi are the other members. During the financial year 2017-2018 the committee met on 29.05.2017 and 12.02.2018.

Criteria for Performance evaluation:

(IV) Remuneration Policy:

The Policy inter alia provides for the following:

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

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

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

(VI) Remuneration paid to Directors

Of the total 3 directors, one is executive director. The remuneration payable to these directors is determined by the Board on the recommendation of the remuneration committee. This is subject to the approval of the shareholders at the Annual General Meeting and that of the Central Government and such other authorities as may be necessary. However no remuneration is being paid even to the Executive Director. The non executive directors do not draw any remuneration from the company except sitting fees for attending the meetings of the board and the committees.

- a) **Details of Remuneration paid to the all the Directors during the financial year 2017-2018** – NIL –
b) **Details of Sitting Fees paid to Non-Executive Directors during the financial year 2017-2018**

Name of the Director	Board Meeting (Rs)	Audit Committee Meeting (Rs)	Remuneration Committee Meeting (Rs)	Stakeholders' Relationship Committee Meeting (Rs)	Total (Rs)
Mr. P V Subba Rao	22,220	-	-	-	22,220
Mrs.MangalRathi	22,220	-	-	-	22,220

There was no pecuniary relationship or transactions of the non-executive directors vis-à-vis the company during the Financial Year ended 31st March, 2018.

c) Details of shareholding of Directors as on 31st March 2018

As on 31st March 2018, the company had one executive director and two non-executive directors. The Executive director, Mr. Rajiv Kabra holds 91,17,400 equity shares in the company. Among the non-executive directors Mr. P V Subba Rao holds 200 equity shares and Mrs. Mangal Rathi holds 2,500 equity shares in the company.

4. Stakeholders' Relationship Committee:

Mr. P V Subba Rao, Non-Executive director was the Chairman of the committee. Mrs Mangal Rathi, and Mr. Rajiv Kabra are the other members of the committee which also constitute as Share Transfer Committee to approve share transfer, transmissions, issue of duplicate share certificates, rematerialisation of shares etc.

The committee met regularly to approve share transfers, transmissions, issue of duplicate share certificates, rematerialisation of shares and all other issues pertaining to shares and also to redress investor grievances like non receipt of dividend warrants, non receipt of share certificates, etc. The committee regularly reviews the movement in shareholding and ownership structure. The committee also reviews the performance of the Registrar and Share Transfer Agents. The committee met 4 times during the year 2017-2018.

Complaints received and redressed during the year 2017-2018

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

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

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

Attendance of each Director at Stakeholders' Relationship Committee Meeting

Name of the Director	Category	Number of committee meetings	
		Held	Attended
Mr. P V Subba Rao - Chairman	Independent & Non-Executive Director	5	5
Ms. Mangal Rathi - Member	Independent & Non-Executive Director	5	5
Mr. Rajiv Kabra-Member	Executive Director	5	5

5. Risk Management Committee

The Company has constituted a Risk Management Committee. The Committee is required to lay down the procedures to inform to the Board about the risk assessment and minimization procedures and the Board shall be responsible for framing, implementing and monitoring the risk management plan of the Company. During the year under review, the Risk Management Committee met on 12.02.2018

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

Attendance of each Director at Risk Management

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

Mr. Rajiv Kabra, Executive director was the Chairman of the committee. Mr.P V Subba Rao and Mrs Mangal Rathi are the other members of the committee which also constitute as Risk Management Committee.

Investor grievance and share transfer

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

7. Familiarization programme for Independent Directors

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

8. Annual General Meetings

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

(i) Annual General Meetings of the Company :

Venue	Financial Year	Date & Time
At Registered Office: 8-3-1087, Plot No.48, Srinagar Colony, Hyderabad-73	2016-2017	29 th September, 2017, 12.30 P.M.
At Registered Office: 8-3-1087, Plot No.48, Srinagar Colony, Hyderabad-73	2015-2016	29 th August, 2016, 4 P.M.
At Registered Office: 8-3-1087, Plot No.48, Srinagar Colony, Hyderabad-73	2014-2015	28 th September, 2015, 4 P.M.

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

AGM	Subject
September 29, 2017	Nil
August 29, 2016	Nil
September 28, 2015	Nil

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

No special resolutions were necessitated and passed by the shareholders of the company through postal ballot during the year 2017-2018.

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

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

9. Subsidiary Companies

Kabsons Technologies P. Ltd, subsidiary of the Associate Company doesn't come under the purview of the term 'material non-listed Indian subsidiary' as defined under Regulation 24 of the SEBI LODR Regulations, 2015.

10. Whistle Blower Policy

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

11. Disclosures**(a) Related Party Transaction:**

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

(b) Accounting Treatment:

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

(c) Management Discussion and Analysis

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

(d) Compliances:

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

(e) ED/CFO Certification

The Executive Director and the Chief Financial Officer have furnished a Certificate to the Board for the year ended on March 31, 2018 as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(f) Reconciliation of Share Capital Audit

A quarterly audit was conducted by a Practicing Company Secretary, reconciling the issued and listed capital of the company with the aggregate of the number of shares held by investors in physical form and in the depositories and the said certificates were submitted to the stock exchanges within the prescribed time limit. As on 31st March 2018 there was no difference between the issued and listed capital and the aggregate of shares held by investors in both physical form and in electronic form with the depositories. 1,41,19,274 equity shares representing 80.85% of the paid up equity capital have been dematerialized as on 31st March 2018.

12. Means of Communication

- The quarterly, half-yearly and annual results are published in leading newspapers such as The Financial Express and Nava Telangana. These are not sent individually to the shareholders.
- The company's website address is: www.kabsonsindustrieslimited.com. The website contains basic information about the company and such other details as required under the SEBI (LODR) Regulations, 2015. The company ensures periodical updating of its website. The company has designated the email-id kilshareholders@gmail.com to enable the shareholders to register their grievances.
- Pursuant to the SEBI (LODR) Regulations, 2015, all data related to quarterly financial results, shareholding pattern, etc., are filed in BSE Listing Centre within the time frame prescribed in this regard.
- No presentations have been made to institutional investors or to analysts.

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

The standards for business conduct provide that the directors and the senior management will uphold ethical values and legal standards as the company pursues its objectives, and that honesty and personal integrity will not be compromised under any circumstances. A copy of the said code of conduct is available on the website www.kabsonsindustrieslimited.com. As provided under the SEBI (LODR) Regulations, 2015 with the stock exchanges, the Board members and senior management personnel have affirmed compliance with the code of conduct for the financial year 2017-2018.

14. General Shareholder Information**a) Company Registration details:**

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

b) Annual General Meeting

Date and time	26.09.2018 at 4.30 P.M
Venue :	At Registered office: #8-3-1087, Plot No.48, Srinagar Colony, Hyderabad – 500 073 (Telangana)
Book Closure Date	Thursday, 20 September, 2018 to Wednesday, 26 September, 2018 (both days inclusive)
Financial Year	1 st April to 31 st March

c) Registered Office: #8-3-1087, Plot No.48, Srinagar Colony, Hyderabad, Telangana-500 073.

d) Financial Year

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

Financial Calendar 2018-2019

Particulars	Tentative Schedule
Quarter ending on 30 th June, 2018	Held on August 11, 2018
Quarter ending on 30 th September, 2018	On or before November 14, 2018
Quarter ending on 31 st December, 2018	On or before February 14, 2019
Quarter ending on 31 st March, 2019 & Annual Result of 2018-2019	On or before May 30, 2019
Date of Book Closure	September 20, 2018 to September 26, 2018 (both days include)

e) Book closure date:

The Register of Members and Share Transfer Books of the Company will be closed from Thursday, September 20, 2018 to Wednesday, September 26, 2018 (both days inclusive) for the purpose of 26th Annual General Meeting.

f) Particulars of Dividend for the year ended 31.03.2018

Company has not declared any dividend.

g) Listing of Shares

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

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

h) Stock Market Data - BSE

Month & Year	Month's High Price (Rs.)	Month's Low Price (Rs.)
April, 2017	5.14	4.61
May, 2017	4.85	4.38
June, 2017	–	--
July, 2017	4.38	3.97
August, 2017	4.20	3.43
September, 2017	4.75	3.10
October, 2017	4.73	4.28
November, 2017	6.57	4.07
December, 2017	8.07	6.89
January, 2018	10.20	8.20
February, 2018	9.65	6.75
March, 2018	7.80	5.17

i) Registrar and Share Transfer Agents

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

j) Request to Investors

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

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

k) Shareholding Pattern as on 31st March 2018

Particulars	Number of Share holders	Shares held in Physical form	Shares held in dematerialized form	Total Number of shares held	% of capital
Promoter and Promoter Group					
a. Bodies Corporate	7	-	26,59,250	26,59,250	15.23%
b. Directors & their relatives	5	-	92,21,400	92,21,400	52.81%
Public Shareholding					
I. Institutions					
a. Mutual Funds/UTI	-	-	-	-	-
b. Financial Institutions/Banks	3	100	4,87,456	4,87,456	2.79%
c. Insurance Companies	-	-	-	-	-
d. Foreign Institutional Investors	-	-	-	-	-
II. Non Institutions					
a. Bodies Corporate	154	69,000	90,428	1,59,428	0.91%
b. Individuals	17884	30,73,726	16,44,040	47,17,766	27.02%
c. Non Resident Indians	42	2,00,900	16,700	2,17,600	1.24%
Total	18,095	33,43,726	1,41,19,274	1,74,63,000	100%

l) Distribution of Shareholding as on 31st March 2018

Number of Equity Shares held	Number of Share holders	Number of Shares	% Capital
Upto 500	17,017	21,58,222	12.36
501-1000	367	3,05,434	1.75
1001-2000	173	2,65,018	1.52
2001-3000	381	9,57,444	5.48
3001-4000	29	1,03,167	0.59
4001-5000	48	2,33,744	1.34
5001-10000	39	3,17,454	1.82
10001 and Above	41	1,31,22,517	75.14
Total	18,095	1,74,63,000	100.00

m) Plant Locations

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

n) Address for Correspondence

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

M/s. XL Softech Systems Ltd
#3, Sagar Society, Road No.2,
Banjara Hills, Hyderabad – 500 034
Tel : 91-40 23545913
91-40 23545914
E-mail: xlfield@rediffmail.com

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

Mr. M Nagaraju
Company Secretary cum Compliance Officer
Tel : 91-40 66630006
Email: operationslpg@gmail.com
Email: kilshareholders@gmail.com

Grievance redressal division

15. Non-Mandatory Disclosures:

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

(i) The Board

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

(ii) Shareholders Right:

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

(iii) Audit Qualifications

The statutory financial statements of the company are unqualified.

(iv) Reporting of Internal Auditor

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

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

To
The Members

I, hereby declare that to the best of my knowledge and information, all the Board Members and Senior Management Personnel have affirmed compliance with the code of conduct for the year ended March 31, 2018.

Place : Hyderabad
Date : 11-08-2018

Rajiv Kabra
Executive Director

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

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

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

Place: Hyderabad
Date: 11-08-2018

Rajiv Kabra
Executive Director

M Krishna Murthy
Chief Financial Officer

Certificate on Corporate Governance

To,
The Members of
Kabsons Industries Limited.

We have examined the compliance of conditions of Corporate Governance by Kabsons Industries Limited for the year ended March 31, 2018 as stipulated in Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied in general with the conditions of corporate governance as stipulated in the above mentioned SEBI (LODR) Regulations, 2015.

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

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

Sd/-
S.Srikanth
Partner
C.P. No. 7999

Place : Hyderabad
Date :11-08-2018

Declaration by Executive Director

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

Place : Hyderabad
Date : 11-08-2018

Sd/-
Rajiv Kabra
Executive Director

INDEPENDENT AUDITOR'S REPORT

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

Report on Ind-AS Financial Statements:

We have audited the accompanying Ind AS financial statements of **KABSONS INDUSTRIES LIMITED** which comprise the Balance sheet as at 31st March, 2018, the Statement of Profit and Loss (including other comprehensive income), the Cash Flows and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Companies Act, 2013 the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Companies Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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

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

Basis for qualified opinion:

The Company has not adopted and complied with the requirements of Ind AS-19 'Employee Benefits' in respect of the Gratuity liability which constitute a departure from the Accounting standards mentioned in the Companies (Indian Accounting Standards) Rules 2015 referred in section 133 of the Act. In view of this the liability of the company in this regard could not be ascertained. Consequently, we are unable to comment about the impact of the same on the profit for the year, income tax and shareholder's funds.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the basis for Qualified Opinion Paragraph, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India: of the state of affairs of the company as at March 31, 2018; of total comprehensive Income (comprising profit and other comprehensive Income) its cash flows and changes in equity for the year ended on that date

Emphasis of matter

We draw attention to Note 34.2 in the Ind AS financial statements which states that the Company has not provided for the interest expense amounting to Rs. 6,13,849 for the year and Rs.1,03,41,570 for earlier years against the Trade Deposits received from the Dealers/ Distributors. Consequently, the same has resulted in overstatement of profit for the year by Rs. 6,13,849, understatement of the balance in the statement of profit and loss by Rs. 1,09,55,419 and understatement of Current Liabilities by Rs.1,09,55,419

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order,2016("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143(3) of the Companies Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books.
 - c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement and changes in equity dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, read with relevant rules issued there under and other accounting principles generally accepted in India;
 - e) on the basis of written representations received from the directors as on 31stMarch, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31stMarch, 2018 from being appointed as a director in terms of Section 164(2) of the Companies Act;
 - f) with respect to the adequacy of internal financial controls with reference to financial statements of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B", and
 - g) with respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) the Company does not have any pending litigations which would impact its financial position
 - ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) the instance of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company is as given below.

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

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

Place: Hyderabad
Date:30th May, 2018

P.GOVARDHANA REDDY
Partner
(ICAI Memb. No.029193)

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Paragraph 1 under the heading "Report on other Legal and Regulatory Requirements" of our report of even date, to the members of **KABSONS INDUSTRIES LIMITED** for the year ended 31st March 2018.

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

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

- i) (a) the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- (b) all the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification;
- (c) the title deeds of the immovable properties are held in the name of the Company;
- ii) the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account;
- iii) the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained u/s. 189 of the Act;
- iv) the Company has not advanced any loan, not made investments, not given guarantees and not provided any security. Hence para 3(iv) of the aforesaid Order is not applicable;
- v) the Company has not accepted deposits from the public. Hence the provisions of Sections 73 to 76 and other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 are not applicable to the Company.
- vi) maintenance of cost records has not been specified by the Central Government u/s 148(1) of the Act. Hence para 3(vi) of the aforesaid Order is not applicable;
- vii) (a) the Company is not regular in depositing with appropriate authorities undisputed statutory dues including investor education protection fund, sales tax. The extent of the arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable are as given below:

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

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

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

Place: Hyderabad
Date: 30th May, 2018

P.GOVARDHANA REDDY
Partner
(ICAI Memb. No.029193)

ANNEXURE - 'B' TO THE INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls with reference to financial statements of **KABSONS INDUSTRIES LIMITED** ("the Company") as of 31st March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

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

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

Place: Hyderabad
Date: 30th May, 2018

P.GOVARDHANA REDDY
Partner
(ICAI Memb. No. 029193)

Balance Sheet as at 31st March 2018

(All amounts in rupees, unless otherwise stated)

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment	2	26,007,958	21,676,663	19,545,445
(b) Investment Property	3	747,189	764,918	782,168
(c) Other Intangible assets	4	428	428	428
(d) Financial Assets				
(i) Investments	5	7,784,953	-	-
(ii) Other financial assets	6	1,247,198	11,936,458	4,436,559
(e) Deferred tax assets (net)	19	-	-	-
(e) Other non-current assets	7	3,982,632	4,135,081	4,149,955
(2) Current assets				
(a) Inventories	8	827,164	1,480,622	450,382
(b) Financial Assets				
(i) Trade Receivables	9	3,738,472	2,929,210	2,575,017
(ii) Cash and cash equivalents	10	1,409,283	731,367	1,019,649
(iii) Bank balances other than (ii) above	11	22,186,833	16,187,784	19,666,072
(iv) Loans	12	1,000	1,000	1,000
(v) Others	13	2,869,286	2,368,290	34,654,268
(c) Current Tax Assets (Net)	14	2,915,039	1,423,679	1,166,895
(d) Other current assets	15	1,386,150	712,008	506,795
Total Assets		75,103,585	64,347,508	88,954,633
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	16	174,630,000	174,630,000	174,630,000
(b) Other Equity		(135,056,638)	(145,885,105)	(185,834,659)
Liabilities				
(1) Non-current liabilities				
(a) Financial Liabilities				
(i) Other financial liabilities	17	18,328,406	18,313,787	15,660,232
(b) Provisions	18	132,231	102,115	91,904
(c) Deferred Tax Liability (net)	19	-	-	-
(d) Other Non Current liabilities	20	503,367	890,046	760,198
(2) Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	21	-	1,000,000	2,600,000
(ii) Trade payables				
- total outstanding dues of micro enterprises and small enterprises; and		-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	22	2,434,904	1,715,905	1,885,992
(iii) Other financial liabilities	23	11,996,659	12,142,850	77,700,411
(b) Other current liabilities	24	1,843,832	1,189,928	1,316,865
(c) Provisions	18	290,824	247,982	143,690
(d) Current Tax Liabilities (Net)	25	-	-	-
Total Equity and Liabilities		75,103,585	64,347,508	88,954,633
Significant Accounting policies	1			
Explanatory Notes & Other Disclosures	34			
as per our report of even date for K.S.RAO & CO. Chartered Accountants Firms' Registration No.: 003109S			For and on behalf of Board of Directors	
(P.GOVARDHANA REDDY) Partner Membership No. 029193	(P.V.SUBBA RAO) Director DIN: 02299552	(RAJIV KABRA) Chairman and Executive Director DIN: 00038605		
Place: Hyderabad Date: 30th May 2018	(M.KRISHNA MURTHY) Chief Financial Officer	(M. NAGARAJU) Company Secretary cum Compliance Officer		

Statement of Profit and Loss for the year ended 31 March 2018

(All amounts in rupees, unless otherwise stated)

Particulars	Note No.	Current year	Previous year
I. Revenue from operations	26	75,257,162	39,915,509
II. Other income	27	4,024,339	2,796,913
III. Total Revenue (I+II)		79,281,501	42,712,422
IV. Expenses			
(i) Purchases of Stock-in-trade	28	53,144,555	24,077,493
(ii) Changes in inventories of Stock-in-trade	29	653,458	(1,030,240)
(iii) Employee benefits expense	30	5,483,632	5,121,875
(iv) Finance costs	31	709,957	608,959
(v) Depreciation and amortization expense	2,3	1,458,425	1,009,585
(vi) Other expenses	32	7,490,739	9,398,748
Total expenses		68,940,766	39,186,420
V. Profit / (Loss) before Exceptional Items and tax (III-IV)		10,340,735	3,526,002
VI. Exceptional Items	33	487,732	36,423,552
VII. Profit / (Loss) before tax (V+ VI)		10,828,467	39,949,554
VIII. Tax expense:			
(1) Current tax	34.5.2(i)	-	-
(2) Deferred tax	34.5.2(ii)	-	-
IX. Profit / (Loss) after tax (VII-VIII)		10,828,467	39,949,554
X. Other Comprehensive Income			
A Items that will not be reclassified to profit or loss		-	-
B Items that will be reclassified to profit or loss		-	-
Other comprehensive income for the year (net of tax)		-	-
XI. Total Comprehensive Income for the period (IX+X)		10,828,467	39,949,554
XII. Earnings per equity share (face value of Rs.10/-)			
Basic & Diluted		0.62	2.29

Significant Accounting policies

1

Explanatory Notes & Other Disclosures

as per our report of even date

for **K.S.RAO & CO.**

Chartered Accountants

Firms' Registration No.: 003109S

For and on behalf of Board of Directors

(P.GOVARDHANA REDDY)

Partner

Membership No. 029193

(P.V.SUBBA RAO)

Director

DIN: 02299552

(RAJIV KABRA)

Chairman and Executive Director

DIN: 00038605

Place: Hyderabad

Date: 30th May 2018

(M.KRISHNA MURTHY)

Chief Financial Officer

(M. NAGARAJU)Company Secretary
cum Compliance Officer

Cash Flow Statement for the year ended 31 March 2018

(All amounts in rupees, unless otherwise stated)

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
A Cash flow from Operating Activities:		
Profit Before tax	10,828,467	39,949,554
Adjustments for:		
Depreciation and Amortisation	1,458,425	1,009,585
Loss/ (Gain) on sale of tangible assets (net)	(104,326)	-
Interest Income	(1,880,606)	(1,989,327)
Fair value (Gain)/loss on Investments	215,047	-
	<u>10,517,007</u>	<u>38,969,812</u>
Operating profit before working capital changes		
Adjustments for (increase)/decrease in operating assets		
Inventories	653,458	(1,030,240)
Trade Receivables	(809,262)	(354,193)
Other financial assets - current	(5,668,162)	34,947,853
Other financial assets - Non current	10,689,260	(7,499,899)
Other non financial assets - current	674,142)	(205,213)
Other non financial assets - Non current	152,449	14,874
Adjustments for increase/(decrease) in operating liabilities		
Trade Payables	718,999	(170,087)
Other financial liabilities - current	(111,154)	(65,557,561)
Other financial liabilities - Non current	14,619	2,653,555
Short term provisions	42,842	104,292
Long term provisions	30,116	10,211
Other Non financial liabilities - current	653,904	(126,937)
Other Non financial liabilities - Non current	(386,679)	129,848
Cash generated from operations	<u>15,823,255</u>	<u>1,886,315</u>
Income tax paid	(1,491,360)	(256,784)
Net Cash flow from/(used in) operating activities	<u>14,331,895</u>	<u>1,629,531</u>
B Cash flow from Investing Activities:		
Purchase of Property, plant and Equipment & Intangible assets and Capital Advances & Capital Creditors	(5,771,991)	(3,123,553)
Proceeds from sale of Property, plant and equipment	104,326	-
Investments made during the year	(8,000,000)	-
Interest income Received	1,048,723	2,805,740
Net Cash flow from/(used in) investing activities	<u>(12,618,942)</u>	<u>(317,813)</u>
C Cash flow from Financing Activities:		
Proceeds / (Repayments) of short term borrowings	(1,000,000)	(1,600,000)
Interest paid	(35,037)	-
Net Cash flow from/(used in) financing activities	<u>(1,035,037)</u>	<u>(1,600,000)</u>
Net Increase in Cash and Cash equivalents (A+B+C)	677,916	(288,282)
Cash and Cash equivalents at the beginning of the year	731,367	1,019,649
Cash and Cash equivalents at the beginning of the year	<u>1,409,283</u>	<u>731,367</u>
Components of Cash and Cash Equivalents		
a. Cash on hand	31,326	118,726
b. Balances with banks		
- In current accounts	1,377,957	612,641
- In term deposits (with original maturity of 3 months or less)	-	-
Cash and Cash Equivalents as per Balance Sheet (Note no. 9)	<u>1,409,283</u>	<u>731,367</u>
c. Bank Overdraft	-	-
Total Cash and Cash Equivalents in Cash Flow Statement	<u>1,409,283</u>	<u>731,367</u>

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

For and on behalf of Board of Directors

(P.GOVARDHANA REDDY)
Partner
Membership No. 029193

(P.V.SUBBA RAO)
Director
DIN: 02299552

(RAJIV KABRA)
Chairman and Executive Director
DIN: 00038605

Place: Hyderabad
Date: 30th May 2018

(M.KRISHNA MURTHY)
Chief Financial Officer

(M. NAGARAJU)
Company Secretary
cum Compliance Officer

Statement of Changes in Equity for the year ended 31 March 2018

A. Equity Share Capital

(All amounts in rupees, unless otherwise stated)

Particulars	As at		
	31st March 2018	31st March 2017	01st April 2016
At the beginning of the year	174,630,000	174,630,000	174,630,000
Changes in equity share capital during the year	-	-	-
At the end of the year	174,630,000	174,630,000	174,630,000

B. Other Equity

Particulars	Reserves and Surplus		Items of Other Comprehensive Income	Total
	Securities Premium Reserve	Retained Earnings	Remeasurements of net defined benefit plans	
Balance as at 01st April 2016	47,237,415	(233,072,074)	-	(185,834,659)
Total Comprehensive Income for the year ended 31st March 2017	-	39,949,554	-	39,949,554
Balance as at 31st March 2017	47,237,415	(193,122,520)	-	(145,885,105)
Total Comprehensive Income for the year ended 31st March 2018	-	10,828,467	-	10,828,467
Balance as at 31st March 2018	47,237,415	(182,294,053)	-	(135,056,638)

as per our report of even date

for **K.S.RAO & CO.**

Chartered Accountants

Firms' Registration No.: 003109S

For and on behalf of Board of Directors

(P.GOVARDHANA REDDY)

Partner

Membership No. 029193

(P.V.SUBBA RAO)

Director

DIN: 02299552

(RAJIV KABRA)

Chairman and Executive Director

DIN: 00038605

Place: Hyderabad

Date: 30th May 2018

(M.KRISHNA MURTHY)

Chief Financial Officer

(M. NAGARAJU)Company Secretary
cum Compliance Officer

CORPORATE INFORMATION

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. Basis of Preparation and Measurement:

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

These financial statements are the first financial statements of the company under Ind AS. The financial statements up to year ended 31st March 2017 were prepared in accordance with the Accounting Standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. The financial statements for the year ended 31st March 2017 and the opening Balance Sheet as at 01st April 2016 have been restated in accordance with Ind AS for comparative information.

The Company has consistently applied the accounting policies used in the preparation of opening balance sheet as at 01st April 2016 throughout all periods presented in these financial statements, as if these policies had always been in effect and are covered by Ind AS 101 "First-time adoption of Indian Accounting Standards". The transition was carried out from accounting principles generally accepted in India ("Previous GAAP") as defined in Ind AS 101. The reconciliation of effects of the transition as required by Ind AS 101 is disclosed in Note No. 34.5.12 to these financial statements.

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

1.2. Current Vs Non-current classifications:

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

1.3. Significant accounting policies:

1.3.1 Property, Plant and Equipment:

• Measurement at recognition

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

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

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

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

• Capital Work in Progress

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

• Transition to Ind AS

On Transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognized as at 31 March 2016 measured as per previous GAAP and use that carrying value as its deemed cost.

• Depreciation and amortization methods

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

• Impairment

- a) Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).
- b) Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset are no longer existing or have decreased.

• Derecognition

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

- **1.3.2 Intangible Assets:**

- **Computer Software**

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

- **Amortization Methods**

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

- **Impairment**

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

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

- **Derecognition**

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the Derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

- **1.3.3 Inventories**

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

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

Scrap is valued at Net realizable value.

The cost is computed on weighted average basis.

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

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

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

- **1.3.4 Financial Instruments**

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

Financial Assets

- **Initial recognition and measurement:**

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

- **Subsequent measurement:**

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

- (i) Amortized cost
- (ii) Fair value through profit and loss (FVTPL)
- (iii) Fair value through other comprehensive income (FVOCI).

a) Financial Asset measured at amortized cost

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

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

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

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

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

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

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

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

• **Impairment**

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

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

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

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

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

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

• **Derecognition**

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

Financial Liabilities

• **Initial Recognition and Measurement**

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

• **Subsequent Measurement**

a. Financial liabilities at fair value through profit or loss

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

b. Financial liabilities at amortized cost

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

• **Derecognition**

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

1.3.5 Revenue

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

• **Sale of goods:**

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

• **Interest / Dividend**

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

1.3.6 Leases

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

1.3.7 Prior period items

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

1.3.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash which are subject to an insignificant risk of changes in value and are held for meeting short-term cash commitments.

For the Statement of Cash Flows, cash and cash equivalents consists of short term deposits, as defined above, net of outstanding bank overdraft as they are being considered as integral part of the Company's cash management.

1.3.9 Income taxes

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

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

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

1.3.10 Provisions and contingent liabilities

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

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

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

1.3.11 Earnings per share

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

1.3.12 Foreign Currency transactions

- **Functional and Reporting Currency:**

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

- **Initial Recognition:**

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

- **Conversion on reporting date:**

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

- **Exchange Differences:**

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

1.3.13 Employee Benefits

- **Defined Contribution Plan**

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

- **Defined Benefit Plan**

- a. **Gratuity**

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

- b. **Compensated absences**

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

1.3.14 Dividends

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

Notes forming part of the Financial Statements for the year ended 31st March, 2018

(All amounts in rupees, unless otherwise stated)

2 Property, Plant and Equipment											
Sl.No	Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As at 31 March 2017	Additions	Deletions	As at 31 March 2018	Upto 31 March 2017	For the year	On Deletions	Upto 31 March 2018	As at 31 March 2018	As at 31 March 2017
1	Property, Plant and Equipment: Land: Freehold ^(*)	1,014,817			1,014,817	-	-	-	-	1,014,817	1,014,817
2	Buildings: Factory	26,211,358			26,211,358	19,290,495	504,609		19,795,104	6,416,254	6,920,863
	Non Factory	1,905,956			1,905,956	779,183	27,182		806,365	1,099,591	1,126,773
3	Plant & Machinery	31,138,879	406,764		31,545,643	24,126,155	248,697		24,374,852	7,170,791	7,012,724
4	Electrical Installations	6,193,592			6,193,592	5,846,793	9,547		5,856,340	337,252	346,799
5	Furniture & Fixtures	3,231,388			3,231,388	3,069,819	-		3,069,819	161,569	161,569
6	Office equipment	1,441,524	29,60		1,471,124	1,369,447	2,134		1,371,581	99,543	72,077
7	Vehicles	501,719	2,288,390	413,490	2,376,619	476,181	141,513	392,816	224,878	2,151,741	25,538
8	Cycle	1,710			1,710	1,624			1,624	86	86
9	Data Processing Equipment	3,288,104	76,086		3,364,190	3,117,033	19,133		3,136,166	228,024	171,071
10	Cylinders	65,921,397	2,991,825		68,913,22	61,097,051	487,881		61,584,932	7,328,290	4,824,346
	Total	140,850,444	5,792,665	413,490	146,229,619	119,173,781	1,440,696	392,816	120,221,661	26,007,958	21,676,663

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

3 Investment Property											
Sl.No	Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As at 31 March 2016	Additions	Deletions	As at 31 March 2017	Upto 31 March 2016	For the year	On Deletions	Upto 31 March 2017	As at 31 March 2017	As at 31 March 2016
1	Property, Plant and Equipment: Land: Freehold ^(*)	1,014,817			1,014,817	-	-	-	-	1,014,817	1,014,817
2	Buildings: Factory	26,211,358			26,211,358	187,44,407	546,088		19,290,495	6,920,863	7,466,951
	Non Factory	1,905,956			1,905,956	752,720	26,463		779,183	1,126,773	1,153,236
3	Plant & Machinery	29,825,714	1,313,165		31,138,879	23,918,476	207,679		24,126,155	7,012,724	5,907,238
4	Electrical Installations	6,193,592			6,193,592	5,837,501	9,292		5,846,793	346,799	356,091
5	Furniture & Fixtures	3,228,778	2,610		3,231,388	3,067,339	2,480		3,069,819	161,569	161,439
6	Office equipment	1,441,524			1,441,524	1,369,447			1,369,447	72,077	72,077
7	Vehicles	501,719			501,719	475,933	248		476,181	25,538	25,786
8	Cycle	1,710			1,710	1,624			1,624	86	86
9	Data Processing Equipment	3,288,104			3,288,104	3,106,032	11,001		3,117,033	171,071	182,072
10	Cylinders	64,113,619	1,807,778		65,921,397	60,907,967	189,084		61,097,051	4,824,346	3,205,652
	Total	137,726,891	3,123,553	-	140,850,444	118,181,446	992,335	-	119,173,781	21,676,663	19,545,445

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

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

Sl.No	Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As at 31 March 2016	Additions	Deletions	As at 31 March 2017	Upto 31 March 2016	For the year	On Deletions	Upto 31 March 2017	As at 31 March 2017	As at 31 March 2016
	Mumbai Godown	1,124,741			1,124,741	342,573	17,250		359,823	764,918	782,168
	Total	1,124,741	-	-	1,124,741	342,573	17,250	-	359,823	764,918	782,168

Sl.No	Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As at 31 March 2017	Additions	Deletions	As at 31 March 2018	Upto 31 March 2017	For the year	On Deletions	Upto 31 March 2018	As at 31 March 2018	As at 31 March 2017
	Computer Software	8,550			8,550	8,122			8,122	428	428
	Total	8,550	-	-	8,550	8,122	-	-	8,122	428	428

Sl.No	Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As at 31 March 2016	Additions	Deletions	As at 31 March 2017	Upto 31 March 2016	For the year	On Deletions	Upto 31 March 2017	As at 31 March 2017	As at 31 March 2016
	Computer Software	8,550			8,550	8,122			8,122	428	428
	Total	8,550	-	-	8,550	8,122	-	-	8,122	428	428

Notes forming part of the Financial Statements for the year ended 31st March, 2018

(All amounts in rupees, unless otherwise stated)

Particulars	As at		
	31st March 2018	31st March 2017	01st April 2016
5 Investments (Quoted, at fair value)			
Investment in Mutual Fund			
ABSL Balanced '95 Fund - Growth	477,330	-	-
ABSL India GenNext Fund - Growth	977,270	-	-
ABSL Top 100 Fund - Growth	475,889	-	-
HDFC Balanced Fund - Growth	987,063	-	-
ICICI Pru Balanced Fund - Growth	1,474,054	-	-
ICICI Pru Focused Bluechip Equity - Growth	472,950	-	-
Kotak Select Focused Fund - Growth	985,258	-	-
Tata Equity P/E Fund - Growth	1,935,139	-	-
Total	<u>7,784,953</u>	<u>-</u>	<u>-</u>
a. Aggregate amount of Quoted Investments	8,000,000	-	-
Market Value of Quoted Investments	7,784,953	-	-
b. Aggregate amount of Unquoted investments	-	-	-
c. Aggregate amount of impairment in value of investments	215,047	-	-
6 Other financial assets			
Investment in Mutual Fund			
Sundry Deposits	921,866	934,863	926,679
Rent Receivable	325,332	390,460	477,088
Deposits with balance maturity of more than 12 months			
- Margin money deposits	-	3,530,968	3,032,792
- In Term Deposits	-	7,080,167	-
Total	<u>1,247,198</u>	<u>11,936,458</u>	<u>4,436,559</u>
a. In accordance with Ind AS 17 Leases, Lease receipts are straightlined over the lease period and the amount of lease income recognised in excess of the lease receipts in accordance with lease agreement is shown as rent receivable and will be adjusted over the lease period.			
b. Margin money deposits have been pledged with the Bankers towards issue of Bank Guarantees			
7 Other non-current assets (unsecured, considered good)			
Sundry Deposits	94,000	94,000	94,000
Prepaid Leasehold Land Rent (Refer Note No. 34.5.3)	3,744,260	3,822,888	3,901,516
Prepaid RO Office Rent	2,911	11,647	20,383
Prepayments	141,461	206,546	134,056
Total	<u>3,982,632</u>	<u>4,135,081</u>	<u>4,149,955</u>
8 Inventories			
Stock-in-trade (lower of cost and net realisable value)	710,544	1,364,002	333,762
Stores and Packing materials (at realisable value)	78,004	78,004	78,004
Scrap	38,616	38,616	38,616
Total	<u>827,164</u>	<u>1,480,622</u>	<u>450,382</u>
9 Trade Receivables (Unsecured)			
(a) Considered good	3,738,472	2,929,210	2,575,017
(b) Considered doubtful	-	299,233	299,233
Less: Provision for doubtful debts	-	(299,233)	(299,233)
Total	<u>3,738,472</u>	<u>2,929,210</u>	<u>2,575,017</u>
10 Cash and cash equivalents			
Balances with banks			
- In current accounts	1,377,957	612,641	942,229
- In term deposits (with original maturity of 3 months or less)	-	-	-
Cash on hand	31,326	118,726	77,420
Total	<u>1,409,283</u>	<u>731,367</u>	<u>1,019,649</u>

Notes forming part of the Financial Statements for the year ended 31st March, 2018

(All amounts in rupees, unless otherwise stated)

Particulars	As at		
	31st March 2018	31st March 2017	01st April 2016
11 Other Bank Balances			
Balances with Banks			
- Margin money deposits with balance maturity of less than 12 months	3,530,968	-	-
- In Term Deposits with balance maturity of more than 3 months & less than 12 months	18,633,788	16,165,707	19,643,995
- Share Application Money Refund A/c.	22,077	22,077	22,077
Total	22,186,833	16,187,784	19,666,072
a. Margin money deposits have been pledged with the Bankers towards issue of Bank Guarantees			
12 Loans (Unsecured, considered good)			
Amounts recoverable from staff	1,000	1,000	1,000
Total	1,000	1,000	1,000
13 Other financial assets (Unsecured, considered good)			
Cylinder Deposits	1,636,448	1,967,335	33,436,900
Interest accrued but not due	1,232,838	400,955	1,217,368
Total	2,869,286	2,368,290	34,654,268
14 Current tax assets (net)			
Advance Income tax & TDS Receivable (Net of provision)	2,915,039	1,423,679	1,166,895
Total	2,915,039	1,423,679	1,166,895
15 Other current assets (Unsecured, considered good)			
Vendor advances	153,625	196,647	157,669
Prepayments	366,835	355,025	216,782
CENVAT & VAT Input Credit	865,690	160,336	132,344
Total	1,386,150	712,008	506,795

16 Equity Share Capital			
a. <u>Authorised:</u>			
1,80,00,000 Equity Shares of Rs.10/- each	180,000,000	180,000,000	180,000,000
b. <u>Issued, subscribed and fully paid:</u>			
1,74,63,000 Equity Shares of Rs.10/- each	174,630,000	174,630,000	174,630,000

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

Particulars	As at					
	31st March 2018		31st March 2017		01st April 2016	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	17,463,000	174,630,000	17,463,000	174,630,000	17,463,000	174,630,000
Add: Shares issued during the year	-	-	-	-	-	-
Shares outstanding at the end of the year	17,463,000	174,630,000	17,463,000	174,630,000	17,463,000	174,630,000

b. Terms/ rights attached to equity share

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

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

Name of the Share Holder	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	Number of Shares held	% holding	Number of Shares held	% holding	Number of Shares held	% holding
Equity Shares of Rs.10/- each:						
Mr.Rajiv Kabra	9,117,400	52.21%	9,117,400	52.21%	9,117,400	52.21%
M/s.Lata Engineering Company Pvt. Ltd.	1,011,000	5.79%	1,011,000	5.79%	1,011,000	5.79%

Notes forming part of the Financial Statements for the year ended 31st March, 2018

(All amounts in rupees, unless otherwise stated)

Particulars	As at		
	31st March 2018	31st March 2017	01st April 2016
17 Other financial liabilities			
Security Deposits	7,587,392	7,633,889	5,691,302
Distributor/Dealership Deposit	10,730,172	10,650,633	9,950,633
Rent payable	10,842	29,265	18,297
Total	18,328,406	18,313,787	15,660,232

a. In accordance with Ind AS 17 Leases, Lease payments are straightlined over the lease period and the amount of lease expense recognised in excess of the lease payments in accordance with lease agreement is shown as rent payable and will be adjusted over the lease period.

Particulars	As at					
	Non-current portion			Current Maturities		
	31st March 2018	31st March 2017	01st April 2016	31st March 2018	31st March 2017	01st April 2016
18. Provision						
Provision for employee benefits						
Gratuity	132,231	102,115	91,904	-	-	-
Compensated absences	-	-	-	151,042	127,522	77,221
Bonus	-	-	-	139,782	120,460	66,469
Total	132,231	102,115	91,904	290,824	247,982	143,690

Particulars	As at	Not Recognised	Recognised	As at	Not Recognised	Recognised	As at
	31 March 2018	in Statement of Profit & Loss (Refer Note no. 34.5.2(i)(a))	in Other Comprehensive Income	31 March 2017	in Statement of Profit & Loss (Refer Note no. 34.5.2(i)(a))	in Other Comprehensive Income	01 April 2016
19 Deferred Tax							
Deferred Tax Liabilities							
Property, Plant & Equipment & Intangible assets	6,034,706	239,957		5,794,749	151,286		5,643,463
Fair Value adjustments of financial assets/liabilities	10,401	1,470		8,931	8,931		-
Due to Straightlining of lease payments	107,565	(21,533)		129,098	(28,642)		157,740
Other Non Current Assets	1,237,965	(25,996)		1,263,961	(25,997)		1,289,958
	7,390,637	193,898	-	7,196,739	105,578	-	7,091,161
Deferred Tax Assets							
Unused Tax Losses	39,359,760	(3,477,260)		42,837,020	(13,154,082)		55,991,102
Due to Straightlining of lease payments	3,585	(6,091)		9,676	3,626		6,050
TDS non deductions allowed on subsequent remittance of TDS	1,438	(853)		2,291	(4,349)		6,640
Employee Benefits & Statutory Liabilities allowed on Payment Basis	189,730	24,122		165,608	37,859		127,749
	39,554,513	(3,460,082)	-	43,014,595	(13,116,946)	-	56,131,541
Net Deferred Tax Liability/(Asset)	(32,163,876)	3,653,980	-	(35,817,856)	13,222,524	-	(49,040,380)

Particulars	As at		
	31st March 2018	31st March 2017	01st April 2016
20 Other Non Current liabilities			
Rent Received in advance	503,367	890,046	760,198
Total	503,367	890,046	760,198
21 Short term Borrowings (Interest free)			
A. Secured			
From related parties - Payable on demand			
Lata Engineering Company Private Limited	-	-	100,000
B. Unsecured			
From related parties - Payable on demand			
Inter Corporate Deposit - Kabsons Technologies P. Ltd	-	1,000,000	2,500,000
Total (a+b)	-	1,000,000	2,600,000

A.Secured:

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 forming part of the Financial Statements for the year ended 31st March, 2018

(All amounts in rupees, unless otherwise stated)

Particulars	As at		
	31st March 2018	31st March 2017	01st April 2016
22 Trade payables			
Other than Micro, Small and Medium Enterprises	2,434,904	1,715,905	1,885,992
Total (a)	2,434,904	1,715,905	1,885,992
23 Other financial liabilities			
i. Cylinder Deposits from Consumers	6,168,896	4,963,815	71,962,332
ii. Interest accrued and due on Distributor/Dealer deposits (Refer Note - 34.2)	1,278,280	1,313,317	1,313,317
iii. Dues to Dealers and Consumers	2,647,019	3,774,547	2,696,118
iv. Dues to Staff	547,209	577,688	401,288
v. Other payables	1,332,705	1,490,933	1,304,806
vi. Investor Education and protection fund			
- Unpaid application money received for allotment of shares and due for refund	22,550	22,550	22,550
Total	11,996,659	12,142,850	77,700,411
24 Other current liabilities			
i. Statutory remittances	1,843,832	1,189,928	1,316,865
Total	1,843,832	1,189,928	1,316,865
25 Current Tax Liabilities (Net)			
Provision for Income tax (Net of Advance tax & TDS Receivable)	-	-	-
Total	-	-	-

Particulars	Current year	Previous Year
26 Revenue from operations		
Sale of products (including Excise Duty)		
Sale of gas (trading item)	57,932,814	26,275,589
Sale of Stoves (trading item)	-	13,140
Gas filling charges	4,694,669	4,491,557
Other operating revenues		
Rental/ hire charges	1,078,253	1,004,626
Plants Lease	6,800,773	5,820,280
Rent	4,562,232	2,196,116
Unloading/Loading charges collected	123,321	114,201
Sale of scrap	65,100	-
Total	75,257,162	39,915,509
27 Other Income		
Interest Income	1,889,609	1,997,511
Other Non - operating Income		
Credit balances written back	222,547	12,497
Miscellaneous income	1,912,183	786,905
Total	4,024,339	2,796,913
28 Purchases of Stock-in-trade		
Gas	53,144,555	24,035,759
S.C Valves	-	25,819
Safety Caps	-	9,540
O Ring	-	6,375
TOTAL	53,144,555	24,077,493
29 Changes in inventories of Stock-in-trade		
Opening Stock:		
Stock-in-trade (LPG Gas)	1,364,002	333,762
Closing Stock:		
Stock-in-trade (LPG Gas)	710,544	1,364,002
(Increase)/ Decrease in stocks	653,458	(1,030,240)

Notes forming part of the Financial Statements for the year ended 31st March, 2018

(All amounts in rupees, unless otherwise stated)

Particulars	Current year	Previous Year
30 Employee Benefits Expense		
Salaries and Wages	5,077,916	4,710,403
Contribution to provident and other funds	239,558	262,100
Gratuity	30,116	10,211
Leave Encashment	30,634	50,301
Staff welfare expenses	105,408	88,860
Total	<u>5,483,632</u>	<u>5,121,875</u>
31 Finance Costs		
Interest expense:		
Unwinding of interest on Security Deposits received against leased plants	709,957	608,959
Total	<u>709,957</u>	<u>608,959</u>
32 Other Expenses		
Consumption of stores and spares	191,491	233,985
Power Charges of bottling plants	567,565	485,089
Rent & Water Charges	793,219	791,990
Rental/Hire charges paid for Cylinders	4,767	89,994
Repairs & Maintenance		
i) Plant & Machinery	328,369	1,910,509
ii) Buildings	53,932	325,056
iii) Other Assets	12,139	8,567
Insurance	151,767	129,021
Rates & Taxes	1,241,903	1,648,820
Gas Filling Charges	58,016	65,994
Printing & Stationary	25,486	29,925
Postage & Telephones	64,829	70,261
Travelling & Conveyance	140,046	180,117
Service Charges	1,331,043	1,446,804
Legal & Professional Charges	746,868	607,120
Listing Fees	306,250	245,173
Auditors' Remuneration		
: As Auditors	50,000	46,000
: For Tax Audit	20,000	11,536
: For Certification	24,500	15,525
Prior Period Expenses	-	39,026
Penalties	375	3,325
General Expenses	138,910	146,669
Miscellaneous expenses	1,239,264	868,242
Total	<u>7,490,739</u>	<u>9,398,748</u>
33 Exceptional Items		
Subscription Deposit W/back	383,406	36,423,552
Profit on sale of assets	104,326	-
Total	<u>487,732</u>	<u>36,423,552</u>

Explanatory Notes & Other Disclosures

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

	Rs		
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
(i) Bank Guarantee	26,00,000	26,00,000	26,00,000
(ii) Claims made by dealers/distributors not acknowledged by the Company	5,94,315	5,94,315	5,94,315

b)

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

34.2. In view of the Company's adverse financial position, interest payable to various distributors and dealers on their deposits would be negotiated with them for waiver. Hence, no provision is made for interest for the current year amounting to Rs. 6,13,849/- (Previous year: Rs. 6,33,691/-) and interest for earlier years amounting to Rs. 1,03,41,570/-. Had the interest provision been made, the profit for the current year would have been less by Rs. 6,13,849/- and current liabilities would have been more by Rs. 1,09,55,419/-.

34.3. Foreign Exchange Earnings and Expenditure:

		Current Year (Rs. in lakhs)	Previous Year (Rs. in lakhs)
a)	Value of Imports calculated on CIF basis	Nil	Nil
b)	Expenditure in foreign currency on account of	Nil	Nil

c) The value of consumption of imported and indigenously obtained raw materials and spare parts and the percentage of each to the total consumption:

Particulars	Current Year (Rs.)		Previous Year (Rs.)	
	Amount	%	Amount	%
Indigenous	1,91,491	100.00	2,33,985	100.00
Imported	Nil	Nil	Nil	Nil
Total	1,91,491	100.00	2,33,985	100.00

d) Earnings in foreign Exchange - Nil

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

34.5. Disclosures in accordance with Companies (India Accounting Standards) Rules, 2015 notified by the Central Government:

34.5.1. Capital Management

The company's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the company.

The company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and other long-term/short term borrowings.

The company's policy is aimed at combination of short term and long-term borrowings. The company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the company.

Gearing Ratio

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
(a) Debt	Nil	10,00,000	26,00,000
(b) Cash & Cash Equivalents	(14,09,283)	(7,31,367)	(10,19,649)
(c) Net Debt (a) + (b)	(14,09,283)	2,68,633	15,80,351
(d) Total Equity	3,95,73,362	2,87,44,895	(1,12,04,659)
Net debt to equity ratio (c)/(d)	0	0.01	0

34.5.2. Income Taxes

(i) Current tax:

Provision for current tax is not made, in view of the unused tax losses, in accordance with the provisions of the Income-tax Act, 1961 as well as book profits tax under Section 115JB of the Income-tax Act, 1961.

(ii) Deferred tax:

(a) During the year under report the company has not recognized the reduction of deferred tax asset to the extent of Rs. 33,45,996/- (Previous year Rs. 1,23,57,499/-) since the company has not originally recognised any deferred tax asset on unused tax losses as it was not probable that sufficient future taxable profit will be available against which unused tax losses can be utilized in accordance with IndAS 12 Income taxes.

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

	Current Year (Rs.)	Previous Year (Rs.)
(i) Tax expense recognized in Statement of Profit and loss		
Current Tax	Nil	INil
Deferred Tax (including MAT Credit Entitlement)	Nil	Nil
Total	Nil	Nil
(ii) Effective tax Reconciliation		
(a) Profit/(loss) before tax	1,08,28,467	3,99,49,554
(b) Applicable tax rate	33.063%	33.063%
(c) Tax expense on Net profit (a*b)	35,80,216	1,32,08,521
(d) Increase/(decrease) in tax expenses on account of:		
- Expenses not allowed under income tax	72,217	14,003
- others	1,547	
- Reversal of deferred tax asset on unused tax losses not recognized in books	(36,53,980)	(1,32,22,524)
Total (d)	(35,80,216)	(1,32,08,521)
(e) Tax Expense as per Statement of Profit and loss (c+d)	Nil	Nil

34.5.3. Leases

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

Location	Upfront premium	Lease Term (years)	Unamortised amount as on 31.03.2018	Lease term	Granted by
Aurangabad Cylinder Plant	7,97,377	95	5,82,492	01.09.1993 to 31.08.2088	MIDC
Aurangabad LPG Plant	3,48,431	95	2,48,652	01.09.1993 to 31.08.2088	MIDC
Baroda Plant	9,89,666	99	7,60,047	28.03.1994 to 27.03.2094	GIDC
Bhubaneswar Plant	3,87,807	90	2,39,674	06.05.1994 to 05.05.2084	OIIDC
Jaipur Plant	10,87,051	99	7,73,659	18.12.1992 to 17.12.2082	RIICO
Mumbai Godown	17,33,943	60	10,95,413	24.01.1998 to 23.01.2058	CIDCO
Ranchi Plant	33,596	30	44,322	28.02.1994 to 27.02.2024	RIADA
TOTAL	53,77,871		37,44,260		

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

Minimum Lease Payments receivable under operating lease in the aggregate for the periods:	2017-18	2016-17
Not later than one year	1,07,14,000	76,41,500
More than one year and less than five years	1,57,37,650	1,57,37,650

General description of the Company's significant leasing arrangements:

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

- 1) Killa No.170 & 171, Sampla Berry Road, Ismaila Village, Rohtak, Haryana;
- 2) Plot No.37, Belur Industrial Estate, Dist. Dharwad, Karnataka;
- 3) Plot No.124 & 125, Tupudana Industrial Estate, P.O. Hatia, Ranchi,
- 4) Plot No. A-134, Hirawala Industrial Area, Kanota, Jaipur,
- 5) Sector.11, Khargar Village, Taluka-Panvel, Dist: Raigad, Maharashtra; and
- 6) Plot No. B-3, Waluj Industrial Area, MIDC, Aurangabad, Maharashtra; on a fixed term lease basis, after which the lease agreements can be extended or terminated on mutual consent basis.

34.5.4. Post-Employment Benefits

a. Contributions to Defined Contribution Plans

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Contribution to Provident fund	1,77,120	2,01,653
Contribution to Employee State Insurance	59,430	52,591
Total	2,36,550	2,54,244

b. Defined Benefit Plans

(i) Gratuity & Leave Encashment

Liabilities towards gratuity and leave encashment are provided for in accordance with the provisions of Payment of Gratuity Act 1972, Factories Act, 1948 and Shops and Establishment Act, 1988 respectively.

34.5.5. Related Party Disclosures

Name of Related Parties	Nature of Relationship
a. PKL Ltd	Enterprises over which key managerial personnel or their relatives have control/significant influence
b. Ideal Engineers Hyderabad P. Ltd	
c. Kabsons Gas Equipment P. Ltd	
d. Mr. Satish Kabra	Relatives of Key Management Personnel
e. Ms. Annapurma Kabra	
f. Mr. Rajiv Kabra (Chairman and Executive Director)	Key Management Personnel
g. Mr. Krishna Murthy Motamarri (Chief Financial Officer)	
h. Mr. Nagaraju Musinam (Company Secretary)	
i. Mr. Venkata Subba Rao Pinapati (Independent Director)	
j. Mr. Mangal Rathi (Independent Director)	
k. Lata Engineering Company Private Ltd	Significant Shareholder
l. Kabsons Technologies P. Ltd	Subsidiary Company of Significant Shareholder

(i) Transactions with Key Management Personnel

Nature of transactions	Current Year	Previous Year
Remuneration	Nil	Nil

(ii) Transactions with Significant Shareholder

Nature of transaction	Current Year	Rs.	Previous Year Rs.
Manpower supply charges	Nil		1,60,650
Cylinder deposit:			
Outstanding at the beginning of the year	3,74,660		74,93,200
Less: Written off during the year	74,9327		1,18,540
Outstanding at the end of the year	2,99,728		3,74,660
Secured Loan:			
Outstanding at the beginning of the year	--		1,00,000
Received during the year	--		--
Repaid during the year	--		1,00,000
Outstanding at the end of the year	--		--
Balance in current account (payable) / receivable	2,260		1,000

(iii) Transactions with Enterprises over which key managerial personnel have control/significant influence

Nature of transaction	Current Year	Rs.	Previous Year Rs.
Godown rent received	1,80,000		1,80,000
Rental/ hire charges paid	4,767		89,994
Purchase of gas	2,23,200		--
Cylinder deposit paid:			
Outstanding at the beginning of the year	6,32,205		67,34,250
Less: Written off during the year	64,311		61,09,545
Paid during the year	450		7500
Outstanding at the end of the year	5,68,344		6,32,205
Balance in current account receivable	18,657		32,928

(iv) Transactions with Enterprises over which relatives of key managerial personnel have control/significant influence

Nature of transaction	Current Year	Rs.	Previous Year Rs.
Gas filling charges paid	8,016		8,494
Transport Charges paid	-		5,250
Minimum commitment charges paid	50,000		57,500
Cylinder deposit paid:			
Outstanding at the beginning of the year	9,60,472		1,92,09,450
Less: Written off during the year	1,92,095		1,82,48,978
Outstanding at the end of the year	7,68,377		9,60,472
Trade receivables	Nil		Nil
Trade payables	13,16,180		13,81,803

(v) Transactions with Subsidiary Company of Significant Shareholder

Nature of transaction	Current Yea Rs.	Previous Year Rs.
Inter corporate deposit received:		
Outstanding at the beginning of the year	10,00,000	25,00,000
Received during the year	--	--
Repaid during the year	10,00,000	15,00,000
Outstanding at the end of the year	--	10,00,000

34.5.6. Financial Instruments

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

Level 1 – Quoted prices in an active market:

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

Level 2 – Valuation techniques with observable inputs:

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

Level 3 – Valuation techniques with significant unobservable inputs:

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

34.5.6. Financial Risk Management Objectives and Policies

The company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, market risk, credit risk and liquidity risk. The company has a risk management policy which covers risks associated with the financial assets and liabilities such as interest rate risks, market risk and credit risks. The risk management framework aims to:

1. Create a stable business planning environment by reducing the impact of interest rate fluctuations on the company's business plan.
2. Achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

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

(i) Market Risk:

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

a. Interest Rate Risk

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

b. Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Company has no transactional currency exposures arising from goods supplied or received that are denominated in a currency other than the functional currency. Hence exposure to foreign currency risk is Nil

c. Other price risk

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

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

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

Particulars	Impact on Profit & Loss		Impact on OCI	
	2017-18	2016-17	2017-18	2016-17
Mutual Fund (1% change in price)	77,850	Nil	Nil	Nil
Total	77,850	Nil	Nil	Nil

(ii) Credit Risk:

Credit risk is the risk that counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk arises from its operation activity primarily from trade receivable and from its financial activity. Customer credit risk is controlled by analysis of credit limit and credit worthiness of the customer on a continuous basis to whom the credit has been granted.

Long outstanding receivable from customer are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivable.

(iii) Liquidity Risk:

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The company ensures that it has sufficient cash on demand to meet expected operational demands including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Rs. In Lakhs

Particulars	Total	On Demand	< 1 year	1 to 5 years	> 5 years
As at 31 March 2018					
Other financial liabilities – Non Current	1,83,28,406	1,83,28,406	Nil	Nil	Nil
Borrowings – Current	Nil	Nil	Nil	Nil	Nil
Trade Payables	24,34,904	24,34,904	Nil	Nil	Nil
Other financial liabilities - Current	1,19,96,659	1,19,96,659	Nil	Nil	Nil
Total	3,27,59,969	3,27,59,969	Nil	Nil	Nil
As at 31 March 2017					
Other financial liabilities – Non Current	1,83,13,787	1,83,13,787	Nil	Nil	Nil
Borrowings – Current	10,00,000	10,00,000	Nil	Nil	Nil
Trade Payables	17,15,905	17,15,905	Nil	Nil	Nil
Other financial liabilities - Current	1,21,42,850	1,21,42,850	Nil	Nil	Nil
Total	3,31,72,542	3,31,72,542	Nil	Nil	Nil
As at 01 April 2016					
Other financial liabilities – Non Current	1,56,60,232	1,56,60,232	Nil	Nil	Nil
Borrowings – Current	26,00,000	26,00,000	Nil	Nil	Nil
Trade Payables	18,85,992	18,85,992	Nil	Nil	Nil
Other financial liabilities - Current	7,77,00,411	7,77,00,411	Nil	Nil	Nil
Total	9,78,46,635	9,78,46,635	Nil	Nil	Nil

34.5.8. Operating Segments

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

(a) Information about Products and Services

Product/Services	Revenues
Products	
Sale of gas (trading item)	5,79,32,814
Services	
Gas filling charges	46,94,669
Rental/ hire charges	10,78,253
Plants Lease	68,00,773
Rent	45,62,232
Others	1,88,421
TOTAL	7,52,57,162

(b) Information about geographical are as

Geographical Location	Revenues	Non Current Assets other than financial instruments and deferred tax assets
(A) Within India	7,52,57,162	3,07,38,207
(B) Outside India	Nil	Nil
TOTAL	7,52,57,162	3,07,38,207

(c) Information about major customer

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

34.5.9. Earnings per Share

Particulars	Current Year	Previous Year
(a) Profit/(loss) after tax (in Rs.)	1,08,28,467	3,99,49,554
(b) Number of shares outstanding (face value of Rs. 10 each)	1,74,63,000	1,74,63,000
(c) Earnings Per Share (in Rs.)	0.62	2.29

34.5.10. Dues to Micro, Small and Medium Enterprises

On the basis of details furnished by the suppliers, there are no amounts to be reported as dues to micro, small and medium enterprises as required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act").

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

34.5.12. FIRST TIME ADOPTION OF INDAS

For all periods, up to and including the year ended 31st March 2017 the company has prepared its financial statements in accordance with generally accepted accounting principles and accounting standards notified under section 133of the Companies Act 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014 ("Previous GAAP").

These financial statements for the year ended 31st March 2018 are the company's first annual Ind AS complied financial statements.

The company has prepared financial statements which comply with Ind AS applicable for period beginning on or after 01st April 2016 (transition date) as described in the accounting policies. This note explains the principal adjustment made by the company in restating its Balance Sheets as at 01st April 2016 & 31st March 2017 and Statement of Profit & Loss for the year ended 31st March 2017.

A. Optional Exemptions from retrospective application

Ind AS 101 permits first-time adopters certain exemptions from retrospective application of certain requirements under Ind AS. The Company has elected to apply the following optional exemptions from retrospective application:

(i) Deemed cost for property, plant & equipment and Intangible asset:

The Company has elected to continue with the Previous GAAP carrying value for all its property, plant and equipment and intangible assets and use that as deemed cost on the date of transition to Ind AS.

b. Mandatory Exceptions from retrospective application

The Company has applied the following exceptions to the retrospective application of Ind AS as mandatorily required under Ind AS 101:

(i) Estimates:

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

(ii) Classification and measurement of financial assets:

The classification of financial assets to be measured at amortized cost or fair value through Profit and loss or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

B. Transition to Ind AS – Reconciliations

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

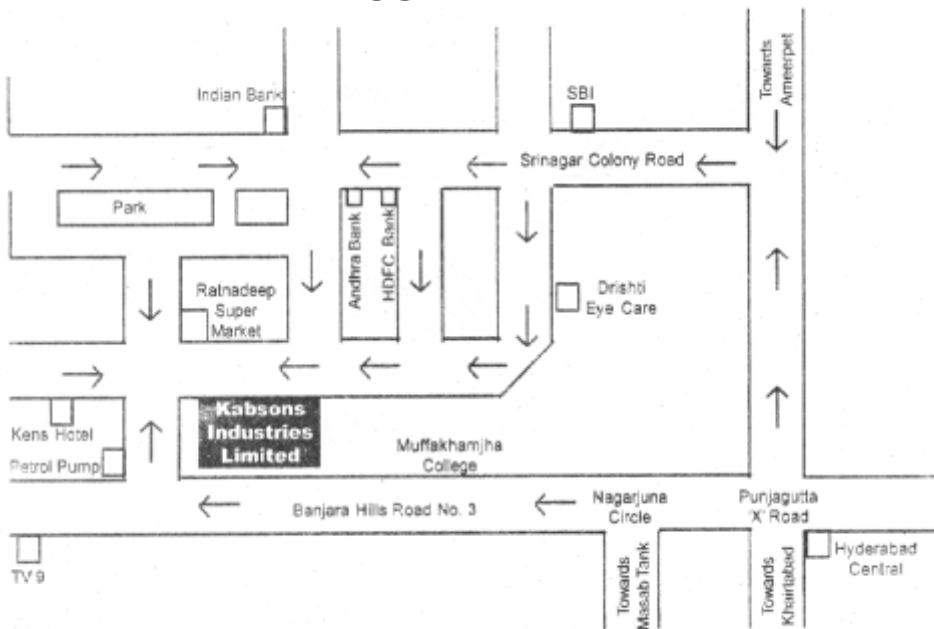
- I. Reconciliation of Equity as at 1st April 2016
- II. A. Reconciliation of Equity as at 31st March 2017
B. Reconciliation of Statement of Profit and Loss for the year ended 31st March 2017
- III. Adjustments to Statement of Cash Flows for the year ended 31st March 2017

Previous GAAP figures have been reclassified/regrouped wherever necessary to conform with financial statements prepared under Ind AS.

Notes to reconciliation of financial statements as previously reported under Previous GAAP to Ind AS

1. **Lease hold land:** Under Previous GAAP leasehold lands were recognized as assets under PPE. As per Ind AS 17, the company has treated leasehold lands as operating leases and premium paid is considered as pre-paid lease rentals. Thereafter, amortization of prepaid lease rentals is charged to Profit and loss.
2. **Investment Property:** Mumbai Godown given on lease is reclassified as Investment Property.
3. **Straight lining of Lease Receipts/Payments:** As per Ind AS 17 - Leases, Lease income/Lease payments under operating leases shall be recognised as income/expense on a straight line basis over the lease term.
4. **Lease Deposits Received:** Under Previous GAAP, Lease deposits received are shown at amount received.
As per Ind AS 109 - Financial Instruments, financial liabilities are to be measured at fair value. Interest free rental deposits received from lessees are in the nature of financial liabilities. Discounted value of Rental deposits are shown as financial liability and difference is treated as advance rent received and amortised to Profit and loss account over the lease term.
5. **Lease Deposits Given:** Under Previous GAAP, Lease deposits received are shown at amount received.
As per Ind AS 109 - Financial Instruments, financial assets are to be measured at fair value. Interest free rental deposits given to lessors are in the nature of financial assets. Discounted value of Rental deposits are shown as financial asset and difference is treated as advance rent paid and amortised to Profit and loss account over the lease term.
6. **Excise duty:** Under the previous GAAP, revenue from sale of products was presented net of excise duty. Excise duty is collected by the company on its own account and hence as per Ind AS, revenue from sale of goods is presented inclusive of excise duty. There is no impact on the total equity and profit.

ROUTE MAP



**Form No. MGT-11
Proxy form**

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

CIN : L23209TG1993PLC014458
 Name of the company : **KABSONS INDUSTRIES LIMITED**
 Registered office : # 8-3-1087, Plot No.48, Srinagar Colony, Hyderabad, Telangana - 500073.
 Tel: 040-66630006 Fax: 040-23741096

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 26th Annual General Meeting of the Company to be held on Wednesday 26th September, 2018 at 4.30 P.M. IST at the registered office of the Company situated at # 8-3-1087, Plot No.48, Srinagar Colony, Hyderabad, Telangana – 500073 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Particulars
1.	Adoption of the Audited Accounts for the year ended 31.03.2018
2.	Re-appointment of Mr. Rajiv Kabra (DIN:00038605) as a Director liable to retire by rotation

Signed this.....day of..... 2018

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

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

KABSONS INDUSTRIES LIMITED

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

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

ATTENDANCE SLIP

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

I certify that I am a registered shareholder/proxy for the registered Shareholder of the Company and hereby record my presence at the 26th Annual General Meeting of the Company on to be held on Wednesday, the 26th day of September, 2018 at 4.30 PM at the registered office: # 8-3-1087, Plot No.48, Srinagar Colony, Hyderabad, Telangana – 500073.

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

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