

## KABSONS INDUSTRIES LIMITED

### 23<sup>rd</sup> Annual Report 2014 – 2015

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



### N O T I C E

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

#### Ordinary Business

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

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

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

Rajiv Kabra  
Executive Director

Place : Hyderabad  
Date : 13.08.2015

### N O T E S

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll in the meeting instead of such member. The proxy need not be a member of the Company. A person can act as a proxy on behalf of members not exceeding fifty (50) members and holding in aggregate not more than ten (10) percent of the total share capital of the Company. A member holding more than ten (10) percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as proxy for any other member or shareholder.
3. A member of a company registered under Section 8 of the Companies Act, 2013 shall not be entitled to appoint any other person as its proxy unless such other person is also a member of such company.
4. The instrument appointing the proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for this Annual General Meeting is enclosed.
5. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.
6. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged with the Company at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company by such intending person.
7. Members / proxies / authorized representatives should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
8. The Register of Members and Share Transfer Books will remain closed from Thursday, September 24, 2015 to Monday September 28, 2015 (both days inclusive) for the purpose of Annual Closing.

9. Members whose shareholding is in electronic mode are requested to update the change of address, email ids and change in bank account details, if any with the respective Depository Participant(s).
10. With a view to using natural resources responsibly, we request the shareholders to update respective email addresses with your Depository Participants, if not already done, to enable the Company to send communications electronically.
11. The Annual Report 2014-15 is being sent through electronic mode to the members whose email addresses are registered with the Company / Depository Participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their email addresses, physical copies of the Annual Report 2014-15 are being sent by the permitted mode.
12. In compliance with Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by Companies (Management and Administration) Amendment, Rules 2015, and Clause 35B of the Listing Agreement, the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by Central Depository Services (India) Limited. The facility for voting, through ballot paper, will also be made available at the Annual General Meeting and the members attending the Annual General Meeting who have not already cast their votes by remote e-voting shall be able to exercise their right at the Annual General Meeting through ballot paper. Members who have casted their votes by remote e-voting prior to the Annual General Meeting may attend the Annual General Meeting but shall not be entitled to cast their votes again.
13. **Voting through electronic means:**  
Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and Clause 35B of the Listing Agreement executed by the company with the BSE Limited, the company is pleased to provide members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Ltd. (CDSL).

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

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

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

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

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

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

**The instructions for shareholders voting electronically are as under:**

- i. The voting period begins on Friday, September 25, 2015 at 9.00 a.m. IST and ends on Sunday, September 27, 2015 at 5.00 p.m. IST. During these period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) Monday, September 21, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period

## KABSONS INDUSTRIES LIMITED



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

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

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

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

#### Other Instructions:

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

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

Place : Hyderabad  
Date : 13.08.2015

**DIRECTORS' REPORT**

To

The Members of **KABSONS INDUSTRIES LIMITED**,

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

**FINANCIAL RESULTS:**

(Rs.in Lakhs)

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

**DISCUSSION ON FINANCIAL PERFORMANCE:**

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

**BUSINESS REVIEW**

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

**LIQUEFIED PETROLEUM GAS (LPG) INDUSTRY OVERVIEW**

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

**OUT LOOK:**

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

**FINANCIAL PERFORMANCE**

The Following is the Financial Performance of your Company:

(Rs.in Lakhs)

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

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

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

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

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

**Share Capital:****Authorized Share Capital**

During the year under review, there was no change in authorized share capital of the Company. Authorized share capital of the company as on March 31, 2015 was Rs.18,00,00,000.00, comprising of 1,80,00,000 equity shares of Rs.10.00 each.

**Paid-up Share Capital**

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

**Buy Back of Securities**

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

**Sweat Equity**

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

**Bonus Shares**

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

**Employees Stock Option**

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

**Dividend**

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

**Transfers to Reserves**

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

**Fixed Deposits**

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

**Particulars of Contracts & Arrangements with Related Parties**

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

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

**Related party Transactions:**

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

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

**Particulars of Loans, Guarantees or Investments**

During the financial year 2014-15 the Company neither has, directly or indirectly, given any loan to its Directors nor extended any guarantee or provided any security in connection with any loan taken by them. Further, the Company has neither given any inter-corporate loan / advance nor made any investments in other companies.

**Number of Board Meetings held**

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

**Directors and Key Managerial Personnel**

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

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



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

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

#### **Declaration by Independent Directors**

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

#### **Familiarization programme for Independent Directors**

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

#### **Independent Directors' Meeting**

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

#### **Board Evaluation:**

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

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

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

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

#### **Nomination and Remuneration policy**

In compliance to the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Nomination and Remuneration Committee has recommended to the Board a Nomination and Remuneration policy with respect to appointment / nomination and remuneration payable for the Directors, Key Managerial Personnel and senior level employees of the Company. The said policy has been adopted by the Board and the same will form part of the Annual Report as **Annexure - II** to the Board's Report.

#### **Auditors**

##### **Statutory Auditors**

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



**Qualification by Statutory Auditor**

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

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

This report form part of the Annual Report.

**Secretarial Auditors**

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

**Qualification by Secretarial Auditor**

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

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

**Internal Auditors**

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

**Internal Control Systems**

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

**Vigil Mechanism / Whistle Blower Policy**

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement, the Board has adopted Whistle Blower Policy. This policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior.

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

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

**Management Discussion and Analysis**

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

**Management of Risks**

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

### **Audit Committee**

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

### **Risk Management**

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

### **Corporate Social Responsibility (CSR) Initiatives:**

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

### **Extract of Annual Return**

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

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

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

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

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

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

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

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

### **Corporate Governance**

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

### **Disclosures as per the Listing Agreement & SEBI Regulations**

#### **Cash flow statement**

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

#### **Stock exchanges**

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