

# KABSONS INDUSTRIES LIMITED

## 26<sup>th</sup> Annual Report 2017-2018

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

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

Remuneration Committee	: Sri. P V Subba Rao Sri. Rajiv Kabra Smt. Mangal Rathi	Chairman Member Member
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Bankers	: HDFC Bank Limited State Bank of India
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Auditors	: M/s. K S Rao & Associates Chartered Accountants Flat No.602, Golden Green Apartment, Irrum Manzil Colony, Hyderabad - 500 082.
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Secretarial Auditors	: B S S & Associates Company Secretaries 6-3-626, Parameswara Appts., 5 <sup>th</sup> Floor, 5A, Anand Nagar, Khairatabad, Hyderabad 500 004.
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Stock Exchanges	: BSE Limited Where company's Securities are Listed: ISIN:INE645C01010
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Registered Office	: Kabsons Industries Limited [CIN:L23209TG1993PLC014458] Plot No.48, # 8-3-1087, Srinagar Colony, Hyderabad – 500073, Email:operationslpg@gmail.com    www.kabsonsindustrieslimited.com Phone No: +91-4066630006
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Factory	: Plot No.B-3, Phase 1, MIDC, Waluj, Aurangabad - 431 133. Hyderabad - 500 073.
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Registrars & Share	: M/S.XL SOFTECH SYSTEMS LTD Transfer Agents #3, Sagar Society, Road No.2, Banjarahills, Hyderabad - 500 073.
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## 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 26<sup>th</sup> 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 31<sup>st</sup> 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 29<sup>th</sup> September, 2017, for a period of 5 years.
10. Additional Information, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and pursuant to Secretarial Standard on General Meeting (SS-2) in respect of the Directors seeking appointment at the Annual General Meeting, forms integral part of the Notice. The Directors have furnished the requisite declarations for their appointment.

11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the Registrar. SEBI has also mandated, that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company.
12. Electronic copy of the Annual Report 2017-18 along with the Notice of the 26<sup>th</sup> Annual General Meeting of the Company (including Attendance Slip and Proxy Form) is being sent to all the members whose email IDs are registered with the Registrar / Depository Participant(s), unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the Financial Year 2017-18 along with the Notice of the 26<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent by other permissible modes.
13. Pursuant to the provisions of Section 72 of the Companies Act, 2013, the member(s) holding shares in physical form may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the joint holders. Member(s) holding shares in demat form may contact their respective Depository Participant for availing this facility.
14. All documents referred to in the Notice and explanatory statement are open for inspection at the Registered office of the company during the normal business hours on all working days.
15. The Register of Director and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, and Register of Contracts or Arrangements in which Directors are interested under section 189 will be made available for inspection by members of the Company at the meeting.
16. Members whose shareholding is in electronic mode are requested to update the change of address, email IDs and change in Bank Account details, if any with the respective Depository Participant(s).
17. With a view to using natural resources responsibly, we request the shareholders to update respective email addresses with your Depository Participants, if not already done, to enable the Company to send communications electronically.
18. Members may also note that the Notice of the 26<sup>th</sup> Annual General Meeting and the Annual Report 2017-2018 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).
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](http://www.evotingindia.com) during the voting period.
- iii. Click on "Shareholders" tab.
- iv. Now, select the "Company Name: Kabsons Industries Limited" from the drop down menu and click on "SUBMIT"
- v. Now Enter your User ID,
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi. Next enter the Image Verification Code as displayed and Click on Login.
- vii. If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below:

**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"> <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> </ul>
	<ul style="list-style-type: none"> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Suresh Kumar with sequence number 1 then enter SU00000001 in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank	Details Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
	<ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction "v".</li> </ul>

- ix. After entering these details appropriately, click on "SUBMIT" tab.
- x. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for the relevant KABSONS INDUSTRIES LIMITED EVSN Reference No: 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](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](https://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**Other Instructions:**

- I. The e-voting period commences on Sunday, 23<sup>rd</sup> day of September, 2018 at 9.00 a.m. IST and ends on Tuesday, 25<sup>th</sup> 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 dematerialized 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 incorporated 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](http://www.kabsonsindustrieslimited.com) and with the website of CDSL within 48 hours of passing of resolutions at the 26<sup>th</sup> 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](mailto:xlfield@rediffmail.com), our Registrar and Share transfer Agent. The Company also appeals and requests the members to opt for Electronic Clearing System (ECS) facility for receiving of Dividends.

Place: Hyderabad  
Date: 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](mailto: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.**

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

**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 31<sup>st</sup> March, 2018.

**Financial Results:**

(Rs.in Lakhs)

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

**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)

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

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

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

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

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

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

During the year under review, there was no change in authorized share capital of the Company. Authorized share capital of the company as on March 31, 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 1<sup>st</sup> April, 2017 to 31<sup>st</sup> 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:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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;
- 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;
- They have prepared the annual accounts on a going concern basis;
- 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
- They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Nomination and Remuneration policy**

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

**Statutory Auditors**

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

**Qualification by Statutory Auditor**

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

- 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.
- 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, Practicing 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