

RKB AGRO INDUSTRIES LIMITED
RAICHUR



THIRTY THIRD ANNUAL REPORT
2012 - 2013

DIRECTORS :

- Sri S.K. Bhandari - Managing Director
- Sri V.M. Bhandari - Whole Time Director
- Sri Shantilal Mootha - Director
- Sri M. Ganesh - Director
- Sri Ajay Kumar Bhandari - Director

AUDITORS :

M/s. Dagliya & Co.,
Chartered Accounts
'L' Block, Unity Buildings,
Bangalore - 560 002.

REGISTERED OFFICE :

1st Floor, Kushal Chambers
M.G. Road,
Raichur - 584 101.

WEBSITE : www.bhandariudhyog.in

E-MAIL : info@bhandariudhyog.in

SHARE TRANSFER AGENTS :

Bigshare Services (P) Limited
E 2/3, Ansa Industrial Estate
Saki Vihar Road, Saki Naka
Andheri (East)
Mumbai - 400 072.

INVESTOR GREVIANCES : investors@bhandariudhyog.in

NOTICE

NOTICE is hereby given that the thirty third Annual General Meeting of the members of **R K B Agro Industries Limited** will be held on Wednesday the 30th October 2013 at 11.00 a.m. at the Registered Office of the Company to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March 2013 and the Profit & Loss Account ended on that date along with the Reports of the Directors' and that of the Auditors' thereon.
2. To appoint a director in place of Mr. Ajay Kumar Bhandari who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr. V. M. Bhandari who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS :

1. To consider and if thought fit to pass, with or without modification, the following resolution as Special Resolution.

"RESOLVE THAT in supersession of resolution passed by the Company with respect to the borrowing limits of the Board of Directors at the Extra Ordinary General Meeting held on 24th October 1994, the Board of Directors be and hereby authorized, pursuant to provisions of section 180 of the Companies Act 2013, to borrow money from time to time at its discretion either from the Banks and / or Financial Institution and / or any other Lending Institution or persons on such terms and conditions as may be considered suitable by the Board of Directors up to a limit not exceeding in the aggregate of Rs.20 crores notwithstanding that the money to be borrowed together with the moneys already borrowed by the company will exceed the aggregate of the paid up capital of the company and its reserves that is to say, reserves not set apart for any specific purpose."

Date: 28th September 2013

Place: Raichur

On Behalf of RKB Agro Industries Ltd

S.K. Bhandari
Managing Director

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. The instrument appointing the proxy, in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The register of members and share transfer books of the Company will remain closed from 22nd October 2013 to 30th October 2013 (both days inclusive.)
4. Members are requested to notify any change in their address to the Company's Share Transfer Agent – M/s. Big Share Services Private Limited, E2/3, Ansari Industrial Estate, Saki Naka, Andheri (East), Mumbai – 400 072.
5. Members desiring any information as regards to accounts are requested to write to the Company at least 10 days before the meeting to enable the management to keep the information ready.
6. Members/ proxies should bring the attendance slip duly filled in for attending the meeting.
7. The relevant information pursuant to Clause 49 of the Listing Agreement with Stock Exchanges on the code of corporate governance relating to Mr. S. K. Bhandari and Mr. V. M. Bhandari is included in the explanatory statement.

ANNEXURE

Explanatory Statement to the Notice dated 28th September 2013 as required under section 102 of the Companies Act, 2013 is detailed below :

The Company has during 2012-13, has expanded the production capacity by installing new Plant & Machinery. This requires augment of further funds to meet the working capital requirement of the Company and also for investment in allied areas. There is therefore need to borrow money from Banks and / or Financial / Leading institutions. To enable the Company to borrow money in such an event the approval of shareholders is sought by a special resolution. In terms of section 180 of the Companies Act, the Company cannot borrow money where the monies so borrowed together with monies already borrowed exceed the aggregate of the paid-up capital of the Company and its free reserves without passing of a special resolution at a General Meeting of the shareholders of this Company. Accordingly the approval of shareholders is sought at the ensuing Annual General Meeting of the Company scheduled to be held on 30th October 2013.

None of the Directors and / or Key Managerial Personnel are concerned or interested in this resolution.

Your Directors recommended the resolution for your consideration.

DIRECTORS' REPORT

To
The Members,

Your directors are pleased to present the annual report along with the audited financial statements for the year ended 31st March 2013.

FINANCIAL RESULTS :

Particulars	Year ended 31.3.2013	Year ended 31.3.2012
Turnover	93,574,488	105,702,204
Other Income	1,901,248	718,769
Total	95,475,736	106,420,974
Expenditure before Depreciation and Interest	90,361,942	103,047,480
Depreciation	1,013,335	989,642
Interest	12,542	428,262
Profit /(loss) before tax	4,087,917	1,955,708
Prior period expenses – Interest on loan	-	210,618
Current Tax, deferred tax adjustment and tax adjustment f prior periods.	(-) 224,218	1,506,799
Profit/(loss) for the period	4,312,135	238,291

OPERATIONS :

The total sales and other income during the year under review aggregated to Rs. 95,475,736/- as against Rs. 106,420,974/- in the previous year. The decrease in the turnover was on account of reduced production of kappas due to scanty rains in the region. However the net profit for the year at Rs. 4,312,135/- has improved compared to the previous year which was of Rs. 238,291/-

FUTURE OUTLOOK :

The Company has drawn up plans to increase the turnover over a period of time. In this direction the Company has made an investment to the extent of Rs. 167.00 Lakhs towards purchase of New Plant and Machinery, in addition to construction of building aimed at increasing the operation of the Company. With this addition the turnover is expected to go up considerably.

DIVIDEND :

Your directors do not recommend any dividend for the year, in order to meet future contingencies and requirements.

DIRECTORS :

There is no change in the constitution of the Board. Mr. Ajay Kumar Bhandari and Mr. V.M. Bhandari, Directors of the Company retire by rotation at the ensuing annual general meeting and being eligible offers themselves for re-appointment.

FIXED DEPOSITS :

During the year under report, the Company has not invited any fixed deposit from public in terms of the provisions of section 58A of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975.

LISTING WITH STOCK EXCHANGES :

As per the requirement of listing agreement with stock exchanges, your directors hereby declare that the listing of shares had been discontinued throughout the year with the following exchange and efforts are being made for relisting of shares and the listing fees for the year 2012-13 stands paid.

Bombay Stock Exchange Ltd.,

Phiroze Jee Jeebhoy Towers,
Dalal Street, Mumbai.

DEPOSITORY SYSTEM :

2,546,290 equity shares representing 78.36 % of total paid up equity share capital of the Company have been in dematerialized form as on 31.3.2013.

CORPORATE GOVERNANCE :

A report on corporate governance is attached to this report.

COMPLIANCE CERTIFICATE :

As required under the provisions of section 383A of the Companies Act, 1956 the Company has obtained and attached to this report, compliance certificate from M/s. M. Chandrappa & Associates, Company Secretaries.

DIRECTORS' RESPONSIBILITY STATEMENT :

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b) Appropriate Accounting Policies have been selected and applied consistently and have 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 31st March 2013 and the profit of the Company for the year ended on that date.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The annual accounts for the year ended 31st March 2013 have been prepared on a going concern basis.

PARTICULARS OF EMPLOYEES :

None of the employee was in receipt of remuneration during the year or part of the year ended on 31.03.2013 exceeding such sum as prescribed under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employee's) Rules 1975 as amended from time to time.

FOREIGN EXCHANGE EARNINGS AND OUT GO :

There was no Foreign Exchange Earnings in flow and out go during the year under review.

AUDITORS :

M/S. Dagliya & Co., Chartered Accountants, existing auditors retire at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

AUDITORS REPORT :

With regard to observation in the Audit Report the Directors furnish the following explanation :

Para	Observation of Auditors	Reply
Qualified Opinion		
(i)	Details of creditors as to Macro Small and Medium Units	The creditors constitute no SSI unit as Kappas the main raw material is agro based product and procured through agents and farmers. However steps are taken to identify SSI units constituting sundry creditors so as to furnish particulars as required.
(ii)	Disclosures as required under AS- 10 in respect of certain items of plant and machinery retired from active use and held for disposal as stated in part II (8) of Note 17 have not been made in the Financial Statements. Book values of these assets are not available for verification, on account of which impairment as required under AS-28 is not made. Consequential impact on the accounts is not ascertainable.	The machineries are obsolete and the estimated realizable value is expected to be not less than the written down value as on 31-3-2013.
(iii)	Accounted Retirement Gratuity on cash basis as against actuarial valuation basis as envisaged in AS- 15. Consequential impact on the accounts is not ascertainable.	The work relating to get the gratuity liability evaluated under actual method is under progress and it would be implemented in the coming year
Report on Other Legal and Regulatory Requirements		
5(b)	Transactions with one of the parties attract the provisions of section 297 of the Companies Act, 1956 requiring prior approval from the Central Government which has not been complied with.	The applicability or otherwise of the provisions of the Companies Act are being examined and if found necessary actions will be taken to get the approval / it compounded.
6	Contravention of the provisions of section 58A of the Companies Act.	The company has not invited any deposit from the public except that the company has borrowed Rs. 71,080,880 from related parties to augment funds for settlement of pressing lenders. This loan carries no interest. This borrowing falls in the ambit of deposits as per Rules prescribed under section 58A of the Companies Act. The company is taking steps to comply with the procedural formalities in this regard.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

The particulars relating to conservation of energy are furnished here under.

- a) Conservation of energy : Energy conservation measures taken - The Company has continued its conservation measures at its cotton ginning, pressing unit and sunflower/ cottonseed oil extraction unit that include correction of defective electrical installations.
- b) Additional investment and proposals : The additional investments have been made from time to time as and when required.
- c) Impact of measures : In a) and b) above resulted in avoidance of wastage of energy there by achieved reduction of power consumption.

The Company has no activity that is required to be furnished details of total energy consumption as per Form "A" of the annexure to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 as it does not fall under the industries specified in the schedule thereto.

The Company continued research and development activity consistently to ensure quality of the Company's products that meet the requirement of the customers.

EMPLOYEE RELATIONS :

Industrial relations remain cordial and the Directors wish to place on record their appreciation of the valuable services rendered by the employees at all levels.

ACKNOWLEDGEMENTS :

The Board of Directors wish to place on record their appreciation for the continued support provided by the valued customers, suppliers, State and Central Government and Local Authorities in conducting the Business activities of the Company.

On Behalf of RKB Agro Industries Ltd			
Sl. No.	Name of Director	No. of Meetings Attended	Whether present at the AGM
1	S.K. Bhandari Managing Director	8	Yes
2	V.M. Bhandari Whole-time Director	8	Yes
3	Mr. V.M. Bhandari	8	Yes
4	Mr. M. Ganesh	8	Yes
5	Mr. Ajay Kumar Bhandari	8	Yes

Date : 28th September 2013

Place : Raichur.

CORPORATE GOVERNANCE REPORT**Company's Philosophy :**

Your Company believes in fair business practices while dealing with the stakeholders besides, transparent and fair corporate actions with adequate disclosures.

Board of Directors :

The Board of Directors consists of a Managing Director, Whole-time Director and three other directors who are non executive directors. Two out of three directors are independent directors. The Chairman of the Board of Directors is a non-executive chairman.

The composition of the board of directors is as follows :

Sl. No.	Name of Director	Designation	Category	No. of Directorships in other Companies	Membership held in Committees of other Companies
1.	Mr. Shantilal Mootha	Chairman	Non-Executive	Nil	Nil
2.	Mr. S.K. Bhandari	Managing Director	Executive	Nil	Nil
3.	Mr. V.M. Bhandari	Whole-time Director	Executive	Nil	Nil
4.	Mr. M. Ganesh	Director	Non-Executive	Nil	Nil
5.	Mr. Ajay Kumar Bhandari	Director	Non-Executive	Nil	Nil

Board Meetings and Attendance :

During the financial year 2012-13, Eight Board meetings were held on 02-05-2012,29-06-2012, 30-07-2012,25-09-2012,26-10-2012,16-11-2012,10-01-2013 and 09-02-2013. Details of attendance of each director at the Board Meetings during the financial year ended 31st March 2013 are given below.

Sl. No.	Name of Director	No. of Meetings held	No. of Meetings Attended	Whether present at the previous AGM
1.	Mr. Shantilal Mootha	8	8	Yes
2.	Mr. S.K. Bhandari	8	8	Yes
3.	Mr. V.M. Bhandari	8	8	Yes
4.	Mr. M. Ganesh	8	8	Yes
5.	Mr. Ajay Kumar Bhandari	8	8	Yes

Directors proposed to be re-appointed :

The brief particulars of the directors of the Company proposed to be re-appointed at the ensuing annual general meeting are here under.

Mr. Ajay Kumar Bhandari aged about 37 years has a rich and vast experience in cotton business.

Mr. V. M. Bhandari aged about 64 years has a rich and vast experience in cotton business.

Committees :**Audit Committee :**

The audit committee consists of the following directors.

Sri Shantilal Mootha	Chairman
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Sri M. Gansesh	Member
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Sri Ajay Kumar Bhandari	Member
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The Broad terms of reference to the committee are compliance of internal control systems, financial disclosures and other issues confirming to the requirements specified in the listing agreement. The committee has met five times during the year ended 31st March 2013 and all the members were present at the meetings.

Shareholders/Investors Grievance Committee:

The committee consists of the following directors.

Sri. V.M. Bhandari	Chairman
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Sri. M. Ganesh	Member
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Sri. Shantilal Mootha	Member
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The members met four times during the financial year 2012-13 and all the members were present at the meetings. No grievance was pending as on 31-03-2013.

Remuneration Committee:

The committee consists of the following directors.

Sri. Shantilal Mootha	Chairman
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Sri. M. Ganesh	Member
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Sri. Ajay Kumar Bhandari	Member
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At present the directors are not drawing any remuneration. The remuneration payable to the directors will be proposed by the committee as and when the need so arises.

General Body Meeting :

Information regarding last 3 years Annual General Meetings is given below.

Year	Venue	Day/Date	Time
2009-10	1st Floor, Kushal Chambers, M.G. Road, Raichur-584 101.	Monday 29-11-2010	10-00 a.m.
2010-11	1st Floor, Kushal Chambers, M.G. Road, Raichur-584 101.	Friday 30-11-2011	10-00 a.m.
2011-12	1st Floor, Kushal Chambers, M.G. Road, Raichur-584 101.	Friday 28-09-2012	10-00 a.m.

Generally all the resolutions in the annual general meeting are passed through show of hands. No special resolutions were considered.

Annual General Meeting that requires putting through postal ballot: There are no such proposals at the ensuing Annual General Meeting.

Code of conduct :

The Board of Directors and senior personnel of the Company have adopted the code of business conduct and ethics.

Disclosures :

There are no materially significant related party transactions that would have been a conflict of interest with the Company at large.

General Shareholders Information :

A.	Annual General Meeting	
	Day & Date	30th October 2013
	Time	11-00 a.m.
	Venue	1st Floor, Kushal Chambers, M.G. Road, Raichur - 584 101.
B.	Financial Calendar	1st April 2012 to 31st March 2013
	Financial Year	
	Board Meeting for consideration of unaudited results for last two quarters	last week of succeeding month
	Date of Book Closure	22nd October 2013 to 30th October 2013.

Listing
on Stock Exchanges

Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai.

Listing fees for the year
2012-13

Paid to the Stock Exchange

Share Transfer Agent

Big Share Services Pvt. Ltd.,
E-2/3, Ansa Industrial Estate,
Sakhvihar Road,
Saki Naka, Andheri (East)
Mumbai - 400 072.
Tel: 28473747 / 28473474.

Share Transfer

The turnaround time for completion of transfer, of shares in physical form is generally less than 30 days from the date of receipt, if the documents are clear in all respects. The demat requests confirmed within 21 days from the date of receipt of DRF and share certificates.

Dematerialization of Shares

2,546,290 equity shares representing 78.36% of the equity share capital is in dematerialized form.

Distribution Schedule :

Distribution holding as on 31.3.2013

Category	Total holders	% of holders	Total Holding (Rs.)	% to total equity
1 -- 5000	930	67.7843	2076740	6.3913
5001 -- 10000	154	11.2245	1360110	4.1859
10001 -- 20000	87	6.3411	1430270	4.4018
20001 -- 30000	63	4.5818	1717450	5.2856
30001 -- 40000	62	4.5190	2057950	6.3335
40001 -- 50000	18	1.3120	870500	2.6790
50001 -- 100000	25	1.8222	1729130	5.3215
100001 -- 99999999	33	2.4052	21250850	65.4013
Total	1372	100.00	32493000	100.00

Share Holding Pattern as on 31.3.2013

Category	No. of Equity Share	Percentage of Holding
A. Promoters Holding		
1. Promoters		
Indian Promoter	1367100	42.07
Foreign Promoter	-	-
2. Persons Acting in Concert	-	-
SUB TOTAL	1367100	42.07
B. Non Promoter Holding		
3. Institutional Investors Mutual Funds & UTI Banks, Financial Institutions/Insurance Companies Flls	80300	2.47
	-	-
SUB TOTAL	80300	2.47
4. Others		
Private Corporate Bodies	390324	12.01
Indian Public	1404423	43.23
NRIs/OCBs	7153	0.22
SUB TOTAL	1801900	55.46
GRAND TOTAL	3249300	100.00

Note : 2. Foreign shareholdings

Total Foreign shareholdings		
Flls	0	0
NRIs/OCBs	7153	0.22
Total	7153	0.22

Address for
correspondence

Investor correspondence
Big Share Services Pvt. Ltd.,
E-2/3, Ansa Industrial Estate,
Sakhvihar Road,
Saki Naka, Andheri (East),
Mumbai 400 072.
Tel. No. 28473747 / 28473474.

For other correspondence
RKB Agro Industries Ltd.
1st Floor, Kushal Chambers
M. G. Road,
Raichur 584 101

Plant Location :

Manchalpur Road, Raichur 584 102

MANAGEMENT DISCUSSION AND ANALYSIS**Introduction**

The year under review has been one of consolidation and productivity improvement of your company.

Financial Review

The company achieved a turnover of Rs. 9.3 crores as against Rs. 10.5 crores during the previous year, a decrease of nearly 11.42 %. The marginal decrease is an account of reduced production of kappas due to seasonal vagaries in the region. The Company, with the purchase of installation of new machines and construction of building is hopeful of achieving increased turnover in the coming years.

Effect of economy on the company

Though there are no visible weaknesses, the textile industry is prone to cyclical recession trend once in 5 years. Present supporting policies of Central Govt. such as TUF and exemption support may not last long since India is a signatory to WTO obligations.

Industry Outlook

The world consumption of cotton is forecast to increase by 4% to 6% as clothing and textile production continues to expand throughout Asia, with India expected to witness robust increase in production while the rest of the world is trailing behind, the outlook remains positive for the country. Global cotton imports are on the rise, lead by China and this would aid the boosting India's export substantially.

Risk and Concerns

Your company is under the process of documenting a risk management policy. The policy will be renewed periodically by the management and appropriate actions will be taken and also the policy would get reviewed to deal with the development taking place in the industry.

With the contemplated efforts the company has achieved a positive operating figure though it was negative in the previous year. Your company was confident of showing better performance in the coming years.

Your company continues to accord highest priority for safety in all of its operations. The processing facilities are subject to regular inspections. A safety Audit is undertaken regularly to ensure safety in the process. Your company has taken adequate insurance cover for all of its plant and machinery as well as for third party liabilities.

Transparency and sharing of Information

Transparency refers to sharing of information in an open manner. Processes, instructions and information are accessible to those concerned with them, and enough information is provided to understand them. Your company believes in total transparency in sharing information about its business operations with all its stakeholders. Your company strives to provide maximum possible information in the management discussion and analysis in the annual report and also through the other means to keep the stakeholders informed about the business performance.

Internal Control Systems

The company has instituted adequate internal control procedure commensurate with the nature of its business and the size of its operations for the smooth conduct of its businesses.

The Audit Committee monitors performance of Internal Audit on a periodical basis through review of the audit plans, audit findings and promptness of issue resolution through follow-ups.

Human Resources

The company's industrial relations continued to be harmonious during the year under review.

Cautionary Statement

Estimates and expectations stated in the management discussion and analysis may be a "forward-looking statement" within the meaning of the applicable securities laws and regulations. Actual results could differ materially from those expected or implied. Important factors that could make a difference to your company's operations include economic conditions affecting the demand/supply, price conditions in the domestic and international markets, and changes in government regulations, tax laws, other statutes and other incidental factors.

CEO / CFO Certification

**The Board of Directors,
Bhandari Udhyog Limited,
(Since changed to R K B Agro Industries Limited)
Raichur.**

Re: Financial Statements for the financial year 1.4.2012 to 31.3.2013

Certification by Managing Director and Whole-time Director

We, Mr. S K Bhandari, Managing Director and Mr. V M Bhandari, Whole time Director of Bhandari Udhyog Limited, on the basis of the review of the financial statements and the cash flow statement for year ended 31st March 2013 and to the best of our knowledge and belief, hereby certify that:

1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. These are to the best of our knowledge and belief, no transactions entered into by the Company for the year ended 31st March 2013 which is fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting, we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee those deficiencies in the design or operation of such internal controls of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5. We have indicated to the auditors and the audit committee that:
 - a) there have been no significant changes in internal control over financial reporting during this year.
 - b) there have been no significant changes in accounting policies during the year.
 - c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the company's internal control system over financial reporting.

Place : Raichur.

Date : 28th September 2013.

S.K. Bhandari
Managing Director

V.M. Bhandari
Whole-time Director

INDEPENDENT AUDITORS' REPORT

To
The Members of
BHANDARI UDHYOG LIMITED
RAICHUR

Report on the Financial Statements :

We have audited the accompanying financial statements of **BHANDARI UDHYOG LIMITED, (since changed to RKB Agro Industries Limited)** which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements :

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility :

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion :

- (i) The company has not ascertained from the creditors as to whether they are registered under Micro Small & Medium Enterprises Development Act, 2006 and as such the particulars of dues, if any, to such undertakings as required under the said Act are not disclosed.
- (ii) Disclosures as required under AS 10, in respect of certain items of plant & machinery retired from active use and held for disposal as stated in part II (8) of Note 17 annexed to the Financial Statements, have not been made in the Financial Statements. Book value of these assets is not available for our verification. In the absence of the book value of these assets, adjustments, if any required for impairment as required under AS-28 is not made. Consequential impact on the accounts is not ascertainable.
- (iii) The company has accounted the Retirement Gratuity on cash basis as against actuarial valuation basis as envisaged in AS-15 notified by the companies (Accounting Standards) Rules, 2006. Consequential impact on the accounts is not ascertainable.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the **PROFIT** for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, based on such checks as we considered appropriate and according to the information and explanations given to us, we state that:

- 1) (a) Adequate records of fixed assets with full particulars including quantity and location stated to be maintained by the company not made available for our verification.
- (b) The fixed assets have been physically verified by the management during the year and due to non availability of fixed assets register, discrepancies if any, could not be ascertained.
- (c) During the year, the company has not disposed off any substantial part of the fixed assets affecting the going concern status of the company.

- 2) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the nature of business and volume of operations and the same have been properly dealt with in the books of accounts.

- 3) a) The company has not granted any loans, secured or unsecured to companies, firms, or other parties covered in the register maintained u/s 301 of the companies Act, 1956.

In view of the above the question of rate of interest, terms and conditions of loans, regularity of recovery of principal and interest and over dues does not arise and clauses 4 (iii) (b), (c) and (d) of the Order are not applicable.

- b) The company has taken interest free loans from 22 parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year end closing balance is Rs.7,31,35,880.
- (c) In our opinion, the terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interests of the company.
- (d) As explained to us these loans do not carry any interest and are being repaid as required by the lenders.

- 4) In our opinion and according to the information and explanations given to us, and as per our evaluation, it appears that there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

- 5) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of all contracts or arrangements that need to be entered in the register maintained u/s 301 Of the companies Act, 1956 have been so entered.

- (b) **Considering the explanations given to us about the volatility in the market and variation in the quality of materials, we are unable to form an opinion in regard to the reasonableness of the prices charged/paid. Moreover these transactions with one of the parties attracts the provisions of Section 297 of the Companies Act, 1956, requiring prior approval from the Central Government which has not been complied with.**

- 6) The company has borrowed loans from certain parties which amounts to deposit within the meaning of Section 58 A of the Companies Act, 1956 and the rules framed there under. These loan exceeds the limits prescribed under the above provisions and hence the said borrowing is in contravention of the said provisions. The company has also not complied with other procedural requirements of these rules. The Company Law Board has not passed any order against the company, hence the question of compliance with the order does not arise.
- 7) In our opinion, the company has an internal audit system commensurate with the size of the company and nature of its business.
- 8) According to the information and explanations furnished to us, the maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956, for the company's activities / products, since the company was engaged in trading activities during the year.
- 9) (a) According to the records of the Company, **except for certain delays in remittance of Income Tax (TDS)**, the company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, Service Tax, custom duty, excise duty, cess and other material statutory dues to the extent applicable to it. **With regards to Service Tax Liability, we are informed that the company is seeking legal opinion about the applicability of the Service Tax Laws. The amount of liability, if any, on this account is not ascertainable.**
- (b) Based on the records verified by us, we state that no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise duty and Cess which have remained outstanding as at 31st March 2013 for a period of more than six months from the date they became payable **except the profession tax payable of Rs.4,675/-.**
- (c) According to the information and explanation given to us, there are no dues of Income tax, Wealth tax, Sales tax, Service Tax, Customs duty, Excise duty and Cess, which have not been deposited on account of any dispute.

- 10) The company is registered for a period not less than 5 years. The accumulated losses of the company at the end of the financial year are more than 50% of its networth. . The company has not incurred cash losses during the current year and in the immediate preceding financial year.
- 11) The company has neither borrowed any loans from Bank/Financial Institutions nor issued any debentures and consequently the question of default in repayment does not arise.
- 12) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year.
- 13) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 15) As informed to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- 16) The company has not raised any term loans from Banks or Financial Institutions during the year under audit. Hence the question of application of loan funds for the purpose for which they are obtained does not arise.

According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment.

- 17) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 18) The Company has not issued any debentures during the year.
- 19) The company has not raised money by public issues during the year.

20) Based on the audit procedures performed and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

I. As required by section 227(3) of the Act, we report that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement referred to in this report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 **except for compliance with AS-10 and AS-28 as stated in Para (ii) and AS-15 as stated in Para (iii) under the head Basis for Qualified Opinion, above.**
- e. On the basis of written representations received from the directors as on 31st March 2013 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

For DAGLIYA & CO.
Chartered Accountants
(FRN 000671S)

(R S Somasekhara)
Partner
(M. No. 018395)

Place : Bangalore

Date : 29.06.2013

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Members
Bhandari Udhyog Ltd.,
RAICHUR

We have examined the compliance of conditions of Corporate Governance by Bhandari Udhyog Limited for the year ended 31st March 2013 as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the 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, subject to the following:

- i. The company has **not appointed** a whole time **Company Secretary** as required u/s 383 A of the Companies Act, 1956.
- ii. The company has published unaudited quarterly results for the **three quarters** ended 30.06.2012, 30.09.2012, & 31.12.2012 during the year but **not subjected** its quarterly financial accounts to **limited review** during the year.

We certify that the company has complied with the conditions of Corporate Governance stipulated in the above-mentioned Listing Agreement.

As per the information and explanations given by the Managing Director and based on the certificate by the Registrars and Share Transfer Agents (RTA), no investor's grievance/complaints received during the year from 01.04.2012 to 31.03.2013 and that there are no complaints pending as on 31.03.2013

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 DAGLIYA & CO.
Chartered Accountants
(FRN 000671S)

(R S Somasekhara)
Partner
(M. No. 018395)

Place : Bangalore

Date : 29.06.2013

BALANCE SHEET AS ON 31.03.2013
Amount in Rs.

Particulars	Notes Ref. No.	As at 31st March 2013	As at 1st March 2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	32,493,000	32,493,000
(b) Reserves and Surplus	2	21,575,702	17,481,646
(c) Money received against share warrants		-	-
(2) Share application money pending allotment		-	-
(3) Non-Current Liabilities			
(a) Long Term Borrowings	3	81,120,880	59,515,850
(b) Deferred Tax Liabilities (Net)	4	-	1,108,034
(c) Other Long Term Liabilities		-	-
(d) Long Term Provisions		-	-
(4) Current Liabilities			
(a) Short Term Borrowings	5	-	1,005,430
(b) Trade Payables	6	8,242,096	12,448,894
(c) Other Current Liabilities	7	3,903,759	955,681
(d) Short Term Provisions	8	765,040	242,710
Total		148,100,477	125,251,245
II. ASSETS			
(1) Non-current assets	9		
(a) Fixed assets			
(i) Tangible assets		125,750,431	110,655,850
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		4,789,900	47,200
(iv) Intangible assets under development		-	-
(b) Non-current investments		14,050	14,050
(c) Deferred tax assets (net)		1,445	-
(d) Long term loans and advances		382,300	755,611
(e) Other non-current assets		772,280	772,280
(2) Current assets	10		
(a) Current investments		608,794	4,082,863
(b) Inventories		13,369,031	7,803,488
(c) Trade receivables		1,474,405	183,967
(d) Cash and cash equivalents		434,880	817,434
(e) Short-term loans and advances		502,962	118,503
(f) Other current assets		-	-
Total		148,100,477	125,251,245

Significant accounting policies and notes to financial statements.
As per our report of even date attached.

For Dagliya & Co
Chartered Accountants
Firm No: 00671S

For Bhandari Udhyog Ltd

R.S.Somashekara
Partner
Membership No: 018395
PLACE : BANGALORE
DATE : 29.06.2013

S.K.Bhandari
Managing Director

V.M.Bhandari
Wholtime Director

RKB AGRO INDUSTRIES LIMITED

THIRTY THIRD ANNUAL REPORT - 2012 - 2013

Statement of Profit & Loss for the Year ended 31st March, 2013 Amount in Rs.

Particulars	Notes Ref. No.	For the year ended 31.03.2013	For the year ended 31.03.2012
I. Revenue from Operations	11	93,574,488	105,702,204
II. Other Income	12	1,901,248	718,769
Total Revenue		95,475,736	106,420,974
IV. Expenses:			
Cost of materials consumed	13(a)	79,637,974	83,885,933
Purchase of Stock-in-Trade			
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	13(b)	3,620,334	12,793,683
Employee Benefit Expense	14	1,629,078	1,489,143
Finance Costs	15	12,542	428,262
Depreciation and Amortization Expense		1,013,335	989,642
Other Expenses	16	5,474,557	4,878,602
Total Expenses		91,387,819	104,465,265
V. Profit before exceptional and extraordinary items and tax		4,087,917	1,955,708
VI. Exceptional Items			
Prior period Expenses - Interest on loan			210,618
VII. Profit before extraordinary items and tax (V - VI)		4,087,917	1,745,090
VIII. Extraordinary Items			
IX. Profit before tax (VII - VIII)		4,087,917	1,745,090
X. Tax expense:			
(1) Current tax		900,000	360,000
(2) Deferred tax adjustment (Refer Note 4 annexed)		(1,109,479)	1,087,694
(3) Tax Adjustment of Prior periods		(14,739)	59,105
XI. Profit(Loss) from the period from continuing operations		4,312,135	238,291
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		4,312,135	238,291
XVI. Earning per equity share of Rs.10/- each: Basic & Diluted		1.33	0.07

Significant Accounting Policies and Notes to Financial Statements
As per our report of even date attached.

For Dagliya & Co
Chartered Accountants.
Firm No: 00671S

R S somasekhara
Partner
Membership No: 018395

PLACE : BANGALORE
DATE : 29.06.2013

For Bhandari Udhog Ltd

S.K.Bhandari
Managing Director

V.M.Bhandari
Wholetime Director

Notes forming part of Financial Statements for the year 2012-2013
1. Share Capital
Amount in Rs.

No.	Particulars	As on 31.03.2013		As on 31.03.2012	
A.	Authorised Share Capital: 40,00,000 Equity Shares of Rs 10/- each	40,000,000		40,000,000	
B.	Issued, Subscribed and Fully Paid-up Share Capital: 32,49,300 Equity Shares of Rs. 10/- each (7,78,000 Equity Shares of Rs. 10/- each issued as bonus shares by capitalisation of profit/reserve)	32,493,000		32,493,000	
C.	Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period : Number of Equity Shares at the beginning Add/(Less): Number of Shares allotted/(bought back) Number of Equity Shares at the end	As on 31.03.2013		As on 31.03.2012	
		No. of Shares	Amount	No. of Shares	Amount
		3,249,300	32,493,000	3,249,300	32,493,000
		-	-	-	-
D.	Equity Shares of the company held by each shareholder holding more than 5% shares: Mukan Marketing Pvt Ltd.	As on 31.03.2013		As on 31.03.2012	
		No. of Shares	% of holding	No. of Shares	% of holding
		262,000	8.06%	262,000	8.06%

E TERMS/RIGHTS ATTACHED TO EQUITY SHARES

The Company has only one class of equity shares having par value of Rs 10/- each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the equity shares held by the share holder.

F The company has not allotted any shares pursuant to contract without payment being received in cash, nor by way of bonus shares nor bought back any shares during the immediately preceding five financial years.

RKB AGRO INDUSTRIES LIMITED
THIRTY THIRD ANNUAL REPORT - 2012 - 2013

No.	Particulars	As on 31.03.2013	As on 31.03.2012
A.	Revaluation Reserve		
	(a) LAND		
	Balance as per last Balance Sheet	101,255,540	5,077,000
	Add: Addition during the year	-	96,178,540
		101,255,540	101,255,540
	(b) BUILDINGS		
	Balance as per last Balance Sheet	2,655,298	2,873,377
	Add: Addition during the year	-	-
	Less: Withdrawal during the year on account of Depreciation	218,079	218,079
		2,437,219	2,655,298
	Total of (a) & (b) (i)	103,692,759	103,910,838
B.	Capital reserve		
	State Investment Subsidy From Govt. of Karnataka (ii)	588,000	588,000
C.	General Reserve		
	As per Last Balance Sheet	25,787,224	1,558,719
	Add: Transfer on waiver of loan by Canara Bank	-	24,228,505
	(iii)	25,787,224	25,787,224
D.	Surplus or Deficit		
	Deficit as per Last Balance Sheet	(112,804,416)	(113,042,708)
	Less: Profit for the year	4,312,135	238,292
	(iv)	(108,492,281)	(112,804,416)
	TOTAL (i+ii+iii+iv)	21,575,702	17,481,646
3)	Long Term Borrowings		
A.	Unsecured Loans		
	i. Directors	2,055,000	2,055,000
	ii. Loans and Advances from Related Parties	71,080,880	50,075,850
	iii. Shareholders	7,985,000	7,385,000
	Terms of Loans :		
	All the above loans are borrowed at free of interest.		
	Loans from Directors, related parties and Share holders are repayable on 31.03.2017.		
	TOTAL	81,120,880	59,515,850

RKB AGRO INDUSTRIES LIMITED

THIRTY THIRD ANNUAL REPORT - 2012 - 2013

No.	Particulars	As on 31.03.2013	As on 31.03.2012
4)	Deferred Tax Liability Arising on account of timing difference : On account of Depreciation On account of Sec. 43 B items	- 1,445	1,109,479 (1,445)
	TOTAL	1,445	1,108,034
NOTE: The company has huge accumulated business losses and unabsorbed depreciation on which Deferred Tax Asset has not been recognised as there is no virtual certainty to utilise the same. In view of the above, Deferred Tax liability arising on account of depreciation has not been recognised and Deferred Tax Liability of Rs. 11,09,479/- has been withdrawn during the year.			
5) A.	Short Term Borrowings Loans repayable on demand: Secured Loans From Insurance Companies : i. Birla Sun Life Insurance ii. ICICI Prudential Life Insurance iii. Kotak Mahindra Life Insurance (Loans from Insurance companies are secured by assignment of Key Man Insurance policies taken by the company covering directors.) Note: loan balances treated & transferred to income in the current year as the Insurance Policies are terminated during the current year.	- - -	142,185 823,345 39,900
	TOTAL	-	1,005,430
6)	Trade Payables Dues to Micro and Small Enterprises - not available - Others Ref. Note 17 II (6)	8,242,096	12,448,894
	TOTAL	8,242,096	12,448,894
7)	Other Current Liabilities TDS Payable Advance Received against Sale of Goods/Services Professional Tax Payable Rent Deposit Advance Received against Sale of Assets Indian Bank - Book over Draft (Due to cheques overdrawn)	44,873 3,586,211 4,675 18,000 250,000 -	40,757 66,230 4,675 - 750,000 94,019
	TOTAL	3,903,759	955,681
8)	Short Term Provisions Provision for Taxes Provision For Income Tax Less : TDS	900,000 (134,960)	360,000 (117,290)
	TOTAL	765,040	242,710

RKB AGRO INDUSTRIES LIMITED
THIRTY THIRD ANNUAL REPORT - 2012 - 2013

No.	Particulars	As on 31.03.2013	As on 31.03.2012
9)	Non-Current Assets		
	Fixed Assets (Refer Schedule annexed)		
	Tangible Assets	125,750,431	110,655,850
	Capital Work In Progress	4,789,900	47,200
		130,540,331	110,703,050
	Non-Current Investments (Non Trade, Unquoted)		
	National savings Certificates	14,050	14,050
		14,050	14,050
	Deferred Tax Assets		
	Arising on account of timing difference :		
	On account of Sec. 43 B items	1,445	-
		1,445	-
	Long Term Loans and Advances (Unsecured, Considered Good)		
	Capital Advances	382,300	755,611
		382,300	755,611
	Other non- current assets (Unsecured, Considered Good)		
	KEB Deposit	501,880	501,880
	VAT Receivable of 2007-08	13,484	13,484
	VAT Under Protest	256,916	256,916
	TOTAL	772,280	772,280
10)	Current Assets		
	Inventories		
	Loose Cotton (Traded Goods)	-	3,620,334
	Stores & Spares	173,652	231,809
	Packing Material	435,142	230,720
		608,794	4,082,863
	Trade Receivables		
	The Trade Receivables are unsecured but considered good and includes Rs.16,84,813/- (P.Y. Rs.16,88,810/-) being amounts outstanding beyond six months from the date they have fallen due for payment.	13,369,031	7,803,488
		13,369,031	7,803,488
	Cash and Cash Equivalents		
	Cash on Hand	715,088	136,465
	Balances with Banks	309,317	47,502
	Fixed Deposits with Bank	450,000	-
		1,474,405	183,967
	Short Term Loans and Advances		
	Unsecured, Considered Good		
	Salary Advances	104,540	69,000
	Other Advances	330,340	748,434
		434,880	817,434
	Other Current Assets		
	Unsecured, Considered Good		
	VAT Receivable	212,933	70,260
	Prepaid Expenses	215,356	-
	Entry Tax Receivable	35,702	-
	Rent Receivable	27,141	21,141
	Interest Receivable	11,830	27,102
	TOTAL	502,962	118,503

RKB AGRO INDUSTRIES LIMITED
THIRTY THIRD ANNUAL REPORT - 2012 - 2013

No.	Particulars	As on 31.03.2013	As on 31.03.2012
11)	Revenue from Operations		
	Sale of Products		
	a Bale Patti / Cloth	2,615,500	2,452,300
	b. Loose Cotton (Traded Goods)	82,734,677	96,728,615
	Sub-Total	85,350,177	99,180,915
	Sale of Service		
	a. Ginning Charges	4,293,712	2,655,651
	b. Pressing Charges	3,930,600	3,720,025
	Sub-Total	8,224,312	6,375,676
	Other Operating Revenue		
	a Sale of Gunny bags	-	145,614
	Sub-Total	-	145,614
	TOTAL	93,574,488	105,702,204
12)	Other Income		
	Interest Income	14,880	61,879
	Rent Received	849,730	649,566
	Provision withdrawn	31,192	-
	Proceeds on Insurance Policy termination	1,005,430	-
	Sundry balances written off	16	7,324
	TOTAL	1,901,248	718,769
13)	a. Traded Goods Purchased		
	Loose Cotton purchase	79,593,777	83,846,169
	Freight inwards	44,197	39,764
	TOTAL	79,637,974	83,885,933
b.	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		
	Stock in Trade (Traded Goods)		
	Closing Stock of Loose Cotton	-	3,620,334
	Opening Stock of Loose Cotton	3,620,334	16,414,017
	TOTAL	3,620,334	12,793,683
14)	Employee Benefit Expense		
	Salaries and Wages	1,546,467	1,404,046
	Contribution to Provident and Other Funds	52,440	47,921
	Staff Welfare Expenses	30,171	37,176
	TOTAL	1,629,078	1,489,143

No.	Particulars	As on 31.03.2013	As on 31.03.2012
15)	Financial Costs		
	Interest Expense	-	392,928
	Other Borrowing Costs	12,542	35,334
	TOTAL	12,542	428,262
16)	Other Expenses		
	Auditor's Remuneration		
	For Statutory audit	40,000	40,000
	For Tax audit .	10,000	10,000
	For Income tax matters	10,000	10,000
	Service tax	7,416	7,416
	Out of pocket expenses	13,142	2,596
		80,558	70,012
	Consumption of Stores and Spares	-	69,532
	Obsolescence of Stores	58,157	-
	Power and Fuel	1,407,758	879,835
	Ginning Rent Charges	-	307,377
	Processing charges	742,553	283,125
	Rent	24,000	12,000
	Repair to Buildings	199,905	45,386
	Repair to Machinery	464,699	251,215
	Insurance	127,907	24,345
	Packing Charges	1,116,212	1,252,857
	Rates and Taxes	85,572	138,993
	Other expenses	1,167,236	1,543,925
	TOTAL	5,474,557	4,878,602

RKB AGRO INDUSTRIES LIMITED

ANNEXURE I (REF. NOTE No. 9)

PARTICULARS	GROSS BLOCK			Depreciation				IMPAIRMENT		NET BLOCK	
	As on 31.03.2012	Additions	Deductions	As on 31.03.2013	As on 01.04.2012	For the Year	Charged to Reserve	Adj. for Sale/ Excess Dep. Withdrawn	As on 31.03.2013	As on 31.03.2013	As on 31.03.2012
Tangible Asset											
LAND	101,930,700	-	-	101,930,700	-	-	-	-	-	101,930,700	101,930,700
BUILDINGS	18,749,210	5,030,275	-	23,779,485	10,898,010	398,403	218,079	-	11,514,492	12,264,993	7,851,201
ELECTRICAL INSTALLATIONS	1,523,966	86,891	-	1,610,857	1,299,818	76,531	-	-	1,376,350	234,508	224,148
VEHICLES	330,361	-	-	330,361	261,547	13,985	-	-	275,532	54,829	68,814
FURNITURE & FIXTURES	699,511	-	-	699,511	601,200	28,410	-	-	629,611	69,900	98,311
COMPUTER	247,542	32,000	-	279,542	247,542	2,586	-	-	250,128	29,414	-
PLANT & MACHINERY	19,684,380	11,532,321	3,073,892	28,142,809	19,201,703	493,420	-	2,718,401	16,976,722	11,166,087	482,677
Sub Total (A)	143,165,671	16,681,487	3,073,892	156,773,266	32,509,821	1,013,335	218,079	2,718,401	31,022,835	125,750,431	110,655,850
Previous Year	48,641,878	96,203,684	1,679,892	143,165,670	32,080,289	989,642	218,079	1,443,189	31,844,821	110,655,850	-
Intangible Asset+											
Sub Total (B)	-	-	-	-	-	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-	-	-	-	-	-
Capital Work In Progress											
PLANT & MACHINERY	47,200	4,742,700	-	4,789,900	-	-	-	-	-	4,789,900	47,200
Sub Total (C)	47,200	4,742,700	-	4,789,900	-	-	-	-	-	4,789,900	47,200
Previous Year	-	47,200	-	47,200	-	-	-	-	-	47,200	-
Intangible Assets Under Development											
Sub Total (D)	-	-	-	-	-	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-	-	-	-	-	-
TOTAL (A+B+C+D)	143,212,871	21,424,187	3,073,892	161,563,166	32,509,821	1,013,335	218,079	2,718,401	31,022,835	665,000	130,540,331
											110,703,050

NOTE : i. Buildings include certain godowns given on operating lease.
ii. Plant & Machinery include 30 Gins retired from active use and kept for disposal.

17. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31.03.2013**(I) SIGNIFICANT ACCOUNTING POLICIES:****1. SYSTEM OF ACCOUNTING:**

The financial statements are prepared on accrual concept as a going concern.

2. FIXED ASSETS

- i. Freehold Land situated at H.No.12-7-136 Sy. No.198/2/2 (Part), and H.No.12-7-136/1 Sy. No.198/1, Part 1 A, 2 A, Manchalapur Road, Raichur have been got revalued and stated at the amount revalued based on the appraisal as on 31st March 2012 made by the Government Approved Valuer adopting the GLR guideline rate.
- ii. Building of Cotton Unit acquired up to 31st March 1994 are stated at the amount revalued based on the appraisal as on 31st March 1994 made by the Approved Valuer.
- iii. All other Fixed Assets are stated at historical cost.

3. DEPRECIATION

Depreciation is provided on Straight Line Method at the rates and in the manner as prescribed by schedule XIV to the companies Act, 1956 as amended from time to time on all the assets. Depreciation on incremental value due to revaluation is charged to revaluation reserve.

4. INVESTMENTS

Investments are long-term investments and are stated at Cost. Diminution in the value of investments, other than temporary, is duly provided for.

5. INVENTORIES

Stores and spare parts, Raw Materials, Packing Materials, Finished goods, bought out items W.I.P & Intermediary products are valued at lower of cost and net realisable value. Cost in respect of Raw materials, Packing materials, Stores & spares bought out items are determined on FIFO method. Cost in respect of finished goods, intermediary products & work in progress is determined on absorption costing. By-products are valued at estimated realisable value.

6. EMPLOYEES' BENEFITS**i) Defined Contribution Plans:**

The company has defined contribution plans for employees comprising of Govt. administered Provident Fund/Pension plans. The company has no obligations apart from monthly contributions as per relevant rules. The company has been making monthly contributions as per the rules & the same are charged to Profit & Loss account on accrual basis.

ii) Defined Benefit Plans :**a) Gratuity:-**

Retirement gratuity to employees is accounted for as and when paid.

b) Compensated absences:

The Company does not have any scheme of compensated absences.

iii) Short Term Employee benefits:-

All employee benefits which are falling within 12 months of rendering the services are recognized to the profit & loss account in the period in which the employee renders the related services.

7. IMPAIRMENT OF ASSETS :

The Carrying amounts of Assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's Assets. If any indication exists, the recoverable amount of such Assets is estimated. Impairment Loss is recognized wherever the carrying amount of the Assets exceeds its recoverable amount.

After impairment, depreciation is provided on the revised carrying amount of the assets over the remaining useful life. When there is indication that impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased such reversal of impairment loss is recognized in the Statement of Profit and Loss.

8. TAXATION :

Current tax is determined as amount of tax payable estimated as per the provisions of the Income Tax Act 1961. Deferred Tax is recognized subject to consideration of prudence in respect of deferred tax assets, arising on timing differences being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Tax rates are adopted on the basis of enacted or substantively enacted tax laws by the Balance Sheet date.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of future adjustment of income tax liability, is not being recognized as an asset in the books as there is no convincing evidence that the company will pay normal income tax in future.

9. EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit or loss for the period attributable to equity share by the number of equity shares outstanding during the period. For the purpose of calculating Diluted Earnings per share, the net profit or loss for the period attributable to equity shareholders and the number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

10. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions in respect of present obligations arising out of past events are made in the accounts when reliable estimates can be made of the amount of the obligations. Contingent liabilities, if material and probable in the opinion of the management are estimated and disclosed by way of Notes to Accounts. Contingent Assets are not recognized and disclosed in the financial statements.

11. LEASES :

Assets given under operating lease for temporary period is cancelable / renewable by mutual consent and significant portion of the risks and rewards of ownership are retained by the lessor. Operating lease rentals are charged to Statement of Profit & Loss on accrual basis.

II. NOTES ON ACCOUNTS :

1. Contingent liabilities not provided for: NIL (Pr Yr: NIL)

2. Estimated amount of contracts remaining to be executed on

a. Capital Commitments and not provided for : Rs.5.18 lakhs (P.Y. Rs. 181.75 lakhs);

b. Other Commitments – Nil (P.Y.Nil)

3. Certain balances under the heads Trade Receivables, Loans and Advances, Current Liabilities and Bank Accounts are subject to confirmation.

4. Breakup of Directors' remuneration.

	Current year	Previous year
	Rs.	Rs.
Sitting Fees	20,000	20,000
TOTAL	20,000	20,000

(Included in Salaries & Wages reported in the Notes attached to Statement of Profit & Loss)

5. The Company has not received any memorandum as required to be filed by the Suppliers with the notified authority under the Micro Small and Medium Enterprises Development Act, 2006. In view of this, information required to be disclosed under Section 22 of the said Act is not given.
6. The company is having transactions of purchase/ sales, payments/receipts with three companies for which combined accounts are maintained. In view of the complexity of the transactions the entire balance is considered and no interest is paid / charged on them.
7. National Saving Certificates amounting to Rs.14,050/- (P.Y. Rs. 14,050/-) are in the name of Directors of the Company and are lodged with Sales Tax authorities /Agriculture Produce Marketing Committee.
8. Plant & Machinery includes 30 Gins, which are discarded and kept for disposal. The estimated realisable value is expected to be not less than the written down value as on 31.03.2013.
9. There are no amounts due to be remitted to "Investor's Education & Protection Fund" as at the year end.
10. Figures for the previous year are regrouped / rearranged wherever necessary to conform to the current year's classification. Figures are rounded off to the nearest rupee.

11. Earning per Share (EPS) has been computed in accordance with AS-20.

Particulars	For the year ended 1 st March 2013	For the year ended 31 st March 2012
Profit computation for both basic and diluted earnings per share of Rs.10/- each		
(A) Net Profit / (loss) as per Profit and loss a/c available for equity shareholders	4,312,135	2,38,291
(B) Weighted average number of equity shares for EPS computation (for basic and diluted EPS) (Nos.)	32,49,300	32,49,300
(C) EPS (Basic & diluted) (Rs.)	1.33	0.07

12. a) Defined Benefit Plans:
Gratuity :

Total number of present employees stands below the minimum threshold limits specified in The Payment of Gratuity Act.

b) Defined Contribution Plans:

	Curr.Year (Rs.)	Pr.Year (Rs.)
i) Company's contribution to P F / Pension plan:	52,440	45,472
ii) Company's contribution to ESIC	0	10

13. Related Party disclosures :
A. Names of related parties and description of relationship
a) Key Management Personnel:-

- | | |
|------------------------|---------------------|
| 1) S K Bhandari | Managing Director |
| 2) V M Bhandari | Whole Time Director |
| 3) Ajay Kumar Bhandari | Director |

b) Relatives of Key management personnel

- | | | |
|--------------------------|------------------------|--------------------|
| (1) Pavan Kumar Bhandari | (2) Sanjay Bhandari | (3) Abhay Bhandari |
| (4) Sushilabai Bhandari | (5) Shantabai Bhandari | (6) Mamta Bhandari |
| (7) Chandana Bhandari | (8) Veena | |

c) Associates:

- | | | |
|------------------------------------|--------------------------|-------------------------|
| (1) Bhandari Distributors (P) Ltd. | (2) Bhandari Cottons Ltd | |
| (3) Mukan Marketing (P) Ltd . | (4) RKB Collections | (5) Kushal Enterprises |
| (6) Rajmal Khemraj HUF | (7) Sanjay Bhandari HUF | (8) Pavan Bhandari HUF |
| (9) S K Bhandari HUF | (10) S K Bhandari MHUF | (11) V M Bhandari HUF |
| (12) VM Bhandari MHUF | (13) Ajay Bhandari HUF | (14) Abhay Bhandari HUF |

B. Summary of Transactions with Related Parties

Particulars	KMP		Relatives of KMP		Associates	
	Cur.Year	Prv.Year	Curr. Year	Prev. Year	Curr. Year	Prev. Year
Loan Received	-	6,50,000	-	90,71,000	2,27,25,000	5,23,25,000
Loan Repayments	-	-	-	-	17,19,970	1,87,85,150
Purchase of Loose Cotton	-	-	-	-	7,40,98,599	76,276,950
Sale of Loose Cotton	-	-	-	-	8,68,71,409	63,237,182
Rent Paid	-	-	24,000	12,000	-	-
Ginning Rent Paid	-	-	-	-	-	3,07,377
Pressing Charges Received	-	-	-	-	-	1,54,020
Out Standing Receivables	-	-	-	-	96,65,069	5,39,628
Outstanding Payables	20,55,000	20,55,000	3,75,80,880	3,00,75,850	3,77,36,463	2,71,13,685

(Refer Statement attached for break up of transactions with Related Parties)

14. Lease Transactions :

Office building is taken on lease from Sri. Pavankumar Bhandari on renewable basis and the rents paid to him annually are charged to the Statement of Profit & Loss. Portion of our factory godowns have been leased out to certain parties and the rent collections during the year have been credited to the Statement of Profit & Loss (Cancelable leases). Hence, additional disclosures as envisaged by AS-19 are not applicable.

15. Segment Reporting :

As the company transacts only in one item that is loose cotton and operates domestically, there are no reportable primary or secondary segments in the current year, the information for the year is not applicable as envisaged in AS-17 'Segment Reporting'.

16. Loans From Insurance Companies :

Since the three insurance companies have intimated that the policies have been terminated due to non payment by the company, the credit balance lying in the loan accounts as at 31.03.2013 have been treated as income to the company and disclosed as other income in the financial statements of the current year.

17. Change in name of the company :

The company's name has since been changed from existing "Bhandari Udhog Limited" to "RKB Agro Industries Limited" with effect from 9th April 2013 as per "Fresh Certificate of Incorporation consequent upon change of Name" issued by the Registrar of Companies, Karnataka.

For Dagliya & Co.,
Chartered Accountants
F.R.N. 0671 S

(R S Somasekhara)
Partner
M No: 018395

S K Bhandari
Managing Director

V M Bhandari
Wholesale Director

Place : Bangalore
Date : 29.06.2013

Following are the Related Parties and transactions made with them

Sl. No.	Particulars	Key management Personnel		Relatives of KMP		Associates	
		31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
A	TRANSACTIONS						
	I Rent Paid						
1	Pavan Bhandari			24,000	12,000		
	TOTAL	-	-	24,000	12,000	-	-
	II Loan Accepted						
1	Ajay Bhandari		650,000	-	-	-	-
2	Ajay Bhandari(HUF)						1,600,000
3	Pavan Bhandari				1,276,000		
4	Pavan Bhandari(HUF)						3,100,000
5	Sanjay Bhandari	-	-	-	970,000	-	
6	Abhay Bhandari				650,000		
7	Abhay Bhandari(HUF)						1,000,000
8	Sushilabai Bhandari				3,300,000		
9	Shanthabai				2,140,000		
10	Rajmal Khemraj (HUF)					1,325,000	13,765,000
11	R K B Collections					800,000	
12	Veena				735,000		
13	S K Bhandari (HUF)	-	-	-	-	-	4,900,000
14	S K Bhandari (MHUF)					3,550,000	2,175,000
15	V M Bhanbari (HUF)						2,030,000
16	V M Bhanbari (MHUF)					3,550,000	2,430,000
17	Sanjay Bhandari (HUF)						1,325,000
18	Bhandari Distributors P Ltd.					13,500,000	20,000,000
19	Bhandari Cottons Ltd.	-	-	-			
20	Mukan Marketing P Ltd.						
	TOTAL	-	650,000	-	9,071,000	22,725,000	52,325,000

Following are the Related Parties and transactions made with them

Sl. No.	Particulars	Key management Personnel		Relatives of KMP		Associates	
		31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	III Loan Repaid						
1	Pavan Bhandari				50,150	-	-
2	Rajmal Bhandari (HUF)	-	-	-	-	575,000	15,335,000
3	S K Bhandari (MHUF)	-	-	-	-	1,144,970	1,600,000
4	V M Bhanbari (HUF)	-	-	-	-	-	1,800,000
	TOTAL	-	-	-	50,150	1,719,970	18,735,000
	IV Loose Cotton Purchase						
1	Mukan Marketing P Ltd.					8,269,458	43,515,784
2	Kushal Enterprises					23,471,085	6,671,206
3	Bhandari Distributors P Ltd.	-	-	-	-	42,358,056	26,089,960
	TOTAL	-	-	-	-	74,098,599	76,276,950
	V Pressing Charges Received						
1	Bhandari Distributors P Ltd.	-	-	-	-	-	154,020
	TOTAL	-	-	-	-	-	154,020
	VI Cotton Sales						
1	Kushal Enterprises	-	-	-	-	44,978,653	21,323,025
2	Bhandari Distributors P Ltd.	-	-	-	-	41,892,756	41,914,157
	TOTAL	-	-	-	-	86,871,409	63,237,182
	VII Ginning Rent Paid						
1	Bhandari Cottons Ltd.	-	-	-	-	-	307,377
	TOTAL	-	-	-	-	-	307,377
B	BALANCES OUTSTANDING						
	AS AT THE YEAR END						
	a RECEIVABLES						
1	Bhandari Cottons Ltd.	-	-	-	-	-	539,628
2	Kushal Enterprises	9,665,069	-	-	-	-	-
	TOTAL	-	-	-	-	9,665,069	539,628

Following are the Related Parties and transactions made with them

Sl. No.	Particulars	Key management Personnel		Relatives of KMP		Associates	
		31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	b PAYABLES						
1	S K Bhandari	700,000	700,000	-	-	-	-
2	V M Bhandari	650,000	650,000				
3	Ajay Bhandari	705,000	705,000	-	-	-	-
4	Ajay Bhandari(HUF)	-		1,600,000	1,600,000	-	-
5	Pavan Bhandari			1,365,850	1,365,850	-	-
6	Pavan Bhandari(HUF)			3,760,000	3,760,000	-	-
7	Sanjay Bhandari			1,170,000	1,170,000	-	-
8	Abhay Bhandari			650,000	650,000	-	-
9	Abhay Bhandari(HUF)			1,111,000	1,111,000	-	-
10	Sushilabai Bhandari			3,615,000	3,615,000	-	-
11	Shanthabai			2,430,000	2,430,000	-	-
12	Rajmal Khemraj (HUF)			1,164,000	414,000	-	-
13	RKB Collections			800,000	-	-	-
14	Veena			735,000	735,000	-	-
15	S K Bhandari (HUF)			4,000,000	4,000,000	-	-
16	S K Bhandari (MHUF)			5,725,030	3,320,000	-	-
17	V M Bhanbari (HUF)			980,000	980,000	-	-
18	V M Bhanbari (MHUF)			6,880,000	3,330,000	-	-
19	Sanjay Bhandari (HUF)			1,475,000	1,475,000	-	-
20	Chandana Bhandari			60,000	60,000	-	-
22	Bhandari Cottons Ltd.					300,372	-
23	Mukan Marketing P Ltd					2,498,818	68,360
24	Bhandari Distributors P Ltd.					34,937,273	27,045,325
	TOTAL	2,055,000	2,055,000	37,580,880	30,075,850	37,736,463	27,113,685

No.	Particulars	As on 31.03.2013	As on 31.03.2012
15)	Financial Costs		
	A) CASH FLOW FROM OPERATING ACTIVITIES		
	Net profit/loss before tax but after adjustment of prior period items	4,087,917	1,745,090
	Adjustment for :		
	Depreciation	1,013,335	989,642
	Interest expenses	-	392,928
	Rent Received	(849,730)	(649,566)
	Interest Received	(14,880)	(61,879)
	Loss on sale of assets	24,491	111,703
	Operating profit before working capital adjustment		
	Sub Total (a)	4,261,133	2,527,918
	Adjustments for :		
	(Increase)/Decrease in inventories	3,474,069	13,115,703
	(Increase)/Decrease in Trade receivables	(5,565,543)	12,315,896
	(Increase)/Decrease in Short term Loans & Advances	382,554	(785,291)
	(Increase)/Decrease in Other Current Assets	(384,459)	(26,543)
	(Increase)/Decrease in Other Non Current Assets	373,311	(3,997)
	(Increase)/Decrease in Other Non Current Investments	-	-
	Increase/(Decrease) in Trade payables	(4,206,798)	(52,284,918)
	Increase/(Decrease) in Other Current Liabilities	2,948,078	881,962
	Increase/(Decrease) in Short term Provisions	(377,670)	(1,168,889)
	Sub Total (b)	(3,356,457)	(27,956,077)
	Net Cash generated from operations A = (a)+(b)	904,675	(25,428,159)
	B) CASH FLOW FROM INVESTMENT ACTIVITIES		
	Capital Expenditure on Fixed assets	(21,424,187)	(827,955)
	Proceeds from Sale of Fixed Assets	331,000	125,000
	Rent Received	849,730	649,566
	Interest Received	14,880	61,879
	Net Cash Flow From Investment Activities (B)	(20,228,577)	8,490
	C) CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Long Term Borrowings	21,605,031	50,645,850
	Repayment of other short term Borrowings	(1,005,430)	(50,874,549)
	Finance Cost	-	(392,928)
	Tax Adjustments Income/Expense	14,739	(59,105)
	Loan waiver from Canara bank	-	24,228,503
	Net Cash used in Financing Activities (C)	20,614,340	23,547,771
	Net Increase/(decrease) in cash & cash equivalents (A)+(B)+(C)	1,290,438	(1,871,896)
	Cash and Cash equivalents (Opening balances)	183,967	2,055,861
	Cash and Cash equivalents (Closing balances)	1,474,405	183,965

ATTENDANCE SLIP FOR THE THIRTY THIRD ANNUAL GENERAL MEETING

Please fill in this Attendance Slip and hand it over at the entrance of the meeting venue

Name and Address of the Shareholder :

.....

Member Folio Number :

.....

No. of Shares held :

.....

I hereby record my presence at the Thirty Second Annual General Meeting of the Company being held on 30th October 2013 at 11.00 a.m. at the Registered Office, 1st Floor, Kushal Chambers, M G Road, Raichur-584101.

Signature of the SHARE HOLDER with name.....

Or

Signature of the Proxy with name.....

PROXY

Member Folio No..... No of
Shares.....

I/We.....of.....being a member / members
of RKB Agro Industries Limited hereby appoint.....falling
him.....of.....as my/our proxy to attend
for me /us and vote on my/our behalf at the Thirty Second Annual General Meeting of the Company
being held on 30th October 2013 at 11.00 a.m. at the Registered office, 1st Floor, Kushal Chambers,
M G Road, Raichur-584101 and at any adjournment thereof.

Signed this, theday of October 2013.

Note : The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the schedule time of the aforesaid meeting. The proxy need not be a member of the Company.

Under Certificate of Posting / Book - Post



If undelivered please return to :

RKB AGRO INDUSTRIES LIMITED

1st Floor, Kushal Chambers,

M.G. Road,

RAICHUR - 584 101.