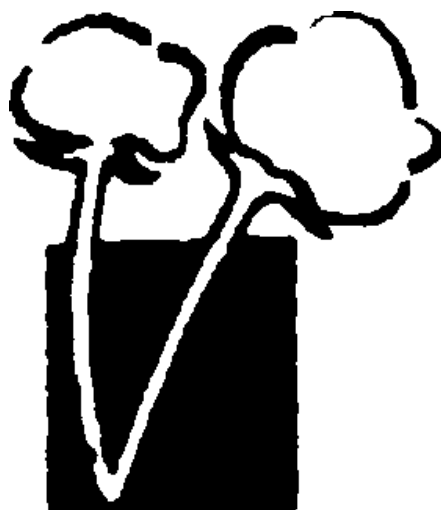


RKB AGRO INDUSTRIES LIMITED
RAICHUR



THIRTY FOURTH ANNUAL REPORT
2013 - 2014

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.rkbagro.com

E-MAIL : bhandariudhyog@hotmail.com

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 fourth Annual General Meeting of the members of R K B Agro Industries Limited will be held on Thursday the 13th November 2014 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 2014, the Profit and Loss for the year ended on that date and the reports of the Board of Directors and the Auditors thereon..
2. To appoint a director in place of Mr. Sowbhagraj Bhandari (DIN 00409750) who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr. M. Ganesh (DIN 02722196) who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of section 139 and 142 of the Companies Act, 2013 and the rules framed thereunder, M/s Dagliya & Co, Chartered Accountants, Bangalore (Firm Registration No 00671S) the retiring Auditors, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of thirty seventh Annual General Meeting, subject to ratification at every Annual General Meeting, held after this Annual General Meeting) or such remuneration as may be determined by the Board of Directors of the Company.”

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant Article 31 of the Articles of Association of the Company and sections 196, 197 & 203 of the Companies Act 2013 read with Schedule V of the said Act and the Rules framed thereunder, as amended from time to time, consent of the members be and is hereby accorded for the re-appointment of Sri Sowbhagraj Bhandari (DIN 00409750) as the Managing Director of the Company for a period of five years effective from 1st April 2014 to 31st March 2019 on the terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting.

“RESOLVED FURTHER THAT as Managing Director, Sri Sowbhagraj Bhandari be entrusted with substantial powers of management and be responsible for the general conduct and management of business affairs of the Company, subject to the superintendence, control and direction of the Board of Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts things and deeds as may be necessary to give effect to the above resolution.”

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

“RESOLVED THAT pursuant to sections 196, 197 & 203 of the Companies Act 2013 read with Schedule V of the said Act and the Rules framed thereunder, as amended from time to time, consent of the members be and is hereby accorded for the re-appointment of Sri Vijayraj Bhandari (DIN 0041116) as the Whole Time Director of the Company for a period of five years effective from 1st April 2014 to 31st March 2019 on the terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts things and deeds as may be necessary to give effect to the above resolution.”

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

“**RESOLVED THAT**, pursuant to section 61 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013, and subject to approval of shareholders, the Authorized Capital of the Company be and is hereby increased from Rs. 4,00,00,000/- (Rupees Four Crores only) divided into 40,00,000 /- (Forty Lakhs) Equity shares of Rs. 10/- (Rupees Ten only) each to Rs.9,00,00,000/- (Rupees Nine Crores only) divided into 90,00,000 /- (Ninety Lakhs) Equity shares of Rs. 10/- (Rupees Ten only) each, ranking *pari passu* with the existing equity shares.”

Amendment to Memorandum of Association as a Special Resolution.

“**RESOLVED FURTHER THAT** Clause V of the Memorandum of Association of the Company be and is hereby altered to read as follows:

V. “The Authorised Share Capital of the Company is Rs. 900 Lakhs (Rupees Nine Hundred Lakhs only) divided into 90,00,000 (Ninety Lakhs) Equity shares of Rs. 10/- (Rupees Ten only) each.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

“RESOLVED THAT pursuant to the provisions of sections 42 and 62 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules framed there under, as amended from time to time (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to and in accordance with the provisions of other applicable laws, regulations, notification, circulars and rules including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time [“SEBI (ICDR) Regulations”], the provision of the Memorandum and Articles of Association of the Company, the listing agreements entered into by the Company with the Stock Exchange where the Company’s shares are listed, the Registrar of Companies and all other appropriate authorities, institutions or bodies, the approval, permission and sanction, if any, of any lender or other third party and subject to such conditions and modifications as may be prescribed in these approvals, permissions and sanctions, approval of the shareholders of the Company be and is hereby granted to create, offer, issue and allot up to 42,50,700 equity shares of Rs. 10/- each, considering the thirty days prior to the date of this meeting as the Relevant Date as per the provisions of Regulation 71 of Chapter VII of SEBI (ICDR) Regulations, 2009 for Preferential Issues on such further terms and conditions, including payment of monies, to the following persons against conversion of unsecured loan taken by the Company.

Sl.No	Name of the proposed allottee	PAN	Category
1.	Rajmal Khemraj (HUF)	AAHHR 3888L	Shareholder
2.	Chandana Bhandari	AERPM3914J	Shareholder
3.	Pavan Bhandari	ADLPB4426H	Shareholder
4.	Shantabai Bhandari	ADNPB7918G	Shareholder
5.	Sowbhagraj Bhandari (HUF)	AAVHS0336Q	Shareholder
6.	Sowbhagraj Bhandari (MHUF)	AAVHS0928N	Shareholder
7.	Sowbhagraj Bhandari	ADLBP4421A	Shareholder
8.	Sanjay Bhandari	ADNPB7917K	Shareholder
9.	Sushilabai Bhandari	ADLPB5214B	Shareholder
10.	Vijayraj Bhandari (HUF)	AACHV8771M	Shareholder
11.	Vijayraj Bhandari (MHUF)	AACHV8770L	Shareholder
12.	Vijayraj Bhandari	ADMPB0759J	Shareholder
13.	Ajay Bhandari	ADNPB7898R	Shareholder

“RESOLVED FURTHER THAT the said Equity Shares shall be listed on the Stock Exchanges on which the existing Equity Shares of the Company are listed.

“RESOLVED FURTHER THAT the Equity Shares to be allotted shall be freely transferable from the date of allotment, subject to lock-in requirement as prescribed by the SEBI (ICDR) Regulations, from time to time.

“RESOLVED FURTHER THAT the Equity Shares to be allotted shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects with the existing Equity Shares of the Company.

”RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid special resolution under sections 42 and 62 of the Companies Act, 2013, the Board of Directors (which term shall include any duly constituted and authorized committee thereof) of the Company be and is hereby authorized to take such steps and to do all such other acts, deeds, matters and things and accept any alteration(s) or amendment(s) or correction(s) or modification(s) as it may deem fit and appropriate and give such directions / instructions as may be necessary to settle any question, difficulty or doubt that may arise in regard to offer, issue and allotment of the said Equity Shares.”

Date : 10th October 2014

On Behalf of RKB Agro Industries Ltd

Place: Raichur

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 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. Members/ proxies should bring the attendance slip duly filled in for attending the meeting
4. The register of members and share transfer books of the Company will remain closed from 6th November 2014 to 13th November 2014 (both days inclusive.)
5. 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.
6. 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.
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.
8. Voting through electronic means :-

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting by electronic means and the business may be transacted through e-Voting Services provided by Central Depositories Services (India) Limited.

The instructions for members voting electronically are as under:

In case of members receiving e-mail :

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now select "R K B Agro Industries Limited" from the drop down menu and click on "SUBMIT"
- (iv) 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 register with the Company.
- (v) Next enter the image Verification as displayed and Click on login.
- (vi) **If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.**

If you are a first time user follow the given steps given below for login :

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 shareholder as well as physical shareholder) <ul style="list-style-type: none"> ● Members who have not updated PAN with the Company / Depository participant are requested to use the first two letters of your name and the last 8 digits of the demat account/folio number in the PAN field. ● In case the folio number is less than 8 digits enter the applicable number of 0's (Zero) before the number after the first two characters of the name in CAPITAL letters. eg,. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account of folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> ● Please enter the DOB or Dividend Bank details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the in the Dividend Bank Details field.

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then reach directly 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. Please note that this password to be also used by the demat holder for voting for resolution of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e- voting on the resolution contained in this Notice.

(xi) Click on the EVSN of R K B Agro Industries Limited to vote.

(xii) 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.

(xiii) Click on the "RESOLUTION FILE LINK" if you wish to view the entire Resolution details.

(xiv) 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 "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the voting page.

(xvii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- 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.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy, please follow all steps from sl. no. (i) to sl. no.(xvi) above to cast vote.

- The voting period begins on 06.11.2014 and 10.11.2014. The e-voting module shall be disabled by CDSL for voting thereafter. During this period shareholders of the company, holding shares either in physical form or in dematerialized form, as on the cut-off date may cast their vote electronically. The Company has appointed Mr. M. Chandrappa Practising Company Secretary, to act as the Scrutinizer, for conducting the scrutiny of the votes cast.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@adslindia.com.

The result shall be declared on or after the Annual General Meeting of the company. The result declared along with the scrutinized report shall be placed on the company’s website – www.rkbagro.com and on the website of cdsi– www.cdslindia.com within two days from the date of the Annual General Meeting and communicated to the stock exchanges.

Explanatory Statement as required under section 102 of The Companies Act, 2013

Item No. 5 :

Mr. Sowbhagraj Bhandari aged about 69 years is a graduate in Commerce. He has over 39 years of experience in cotton, trading, ginning & spinning mill. He is associated with the Company from the inception and currently is the Managing Director of the Company whose term of office expired on 31.03.2014. It is proposed to re-appoint him as Managing Director for a term of five years with effect from 1st April 2014 on the following terms and conditions :

Salary: Rs.50,000/- per month with an annual increase of Rs.5,000/- p.m.

He will be entitled to house rent allowance equivalent to 40% of the salary. In addition facility of Gas, Electricity, Water, Furnishings, Medical expenses reimbursement for self and family; leave travel concession, club fees and personal accident insurance in accordance with the rules of the Company subject to limit of an amount equal to the annual salary.

None of the directors or other key managerial personnel or their relatives is concerned or interested except Mr. Sowbhagraj Bhandari himself and Mr. Vijayraj Bhandari and Mr. Ajay Kumar Bhandari who are related to each other. .

Your Directors recommend this resolution as an Ordinary Resolution for your approval.

Item No. 6 :

Mr. Vijayraj Bhandari aged about 62 years is a graduate in Commerce. He has over 30 years of experience in cotton trading, ginning, oil extraction and processing. He is associated with the Company from the inception and currently he is the Whole-Time Director of the company whose terms of office expired on 31.03.2014. It is proposed to re-appoint him as Whole-time Director for a term of five years with effect from 1st April 2014 on the following terms and conditions :

Salary : Rs.50,000/- per month with an annual increase of Rs.5,000/- p.m.

He will be entitled to house rent allowance equivalent to 40% of the salary. In addition facility of Gas, Electricity, Water, Furnishings, Medical expenses reimbursement for self and family; leave travel concession, club fees and personal accident insurance in accordance with the rules of the Company subject to limit of an amount equal to the annual salary.

None of the directors or other key managerial personnel or their relatives is concerned or interested except Mr. Vijayraj Bhandari himself and Mr. Sowbhagraj Bhandari and Mr. Ajay Kumar Bhandari who are related to each other.

Your Directors recommend this resolution as an Ordinary Resolution for your approval.

Item No. 7 :

The present Authorised Capital of the Company is Rs. 4.00 Crores. With a view to broad base the capital, it is proposed to increase the Authorised to Rs. 9.00 Crores divided into 90, 00,000 Equity Shares of Rs. 10/- each.

None of the Directors or other key managerial personnel or their relatives, except to the extent they would participate in the fresh issue of shares, is concerned or interested in the resolution.

Your Directors recommend this resolution as a Special Resolution for your approval.

Item No. 8 :

The proposed Special Resolution set out in Item No. 7 is an enabling resolution authorizing the Board of Directors to convert unsecured loan of Rs.4,25,07,000/- taken by the Company from the directors, shareholders and their relatives for one time settlement of the outstanding loan and with accrued interest due to M/s. Karnataka State Financial Corporation and Canara Bank into equity shares by issue and allotment of 42,50,700 (forty two lakhs fifty thousand and seven hundred) equity shares of the face value of Rs. 10/- (Rupees ten only) each out of authorized share capital of the Company at an issue price of Rs. 10/- (Rupees ten only) each fully paid-up or any other issue price considering the date thirty days prior to the date of this meeting as the Relevant Date as per the provisions of Regulation 71 of Chapter VII of SEBI (ICDR) Regulations on preferential.

The information as required under Regulation 73 of the SEBI (ICDR) Regulations, 2009 for Preferential Issues is as under:

a) Object of the issue:

To convert unsecured loan of Rs.4,25,07,000/- taken by the Company from the directors, shareholders and their relatives for one time settlement of the outstanding loan and with accrued interest due to M/s. Karnataka State Financial Corporation and Canara Bank into equity shares.

b) Total number of shares to be issued:

The proposal is to issue 42,50,700 equity shares at Rs.10/- per share.

c) Price at which the allotment is proposed:

It is proposed to issue shares at the face value of Rs.10/- each.

d) Basis on which the price has been arrived at along with the report of the registered valuer :

The net worth of the Company is negative. It is therefore proposed to issue the shares at the face value.

e) Class or classes of persons to whom the allotment is proposed to be made:

Directors and their relatives who had given unsecured loan to the company towards one time settlement of outstanding dues to financial institution and bank.

a) Intention of Promoters/ Directors/ Key Management Personnel to subscribe to the offer:

The Directors and their relatives will subscribe to the offer to the extent of unsecured loan brought by them into the Company.

b) Propose date time within which the allotment shall be completed.

The Company will complete the issue and allotment of equity shares within a period of 15 days from the date of passing of the resolution by the shareholders or when the allotment on preferential basis requires any approval by any regulatory authority like Stock Exchanges or Central Government or any statutory body, the allotment of shares will be completed within 15 days from the date of such approvals.

c) Change in control, if any, in the company that would occur consequent to the preferential offer.

There will not be any change in the management control of the Company on account of this proposed preferential.

d) Number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price.

Nil

e) Justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer.

NA

f) Shareholding Pattern before and after the issue of shares involved in the present resolution is as below :

Category Code	Category of Shareholder	Pre-issue		Post-issue	
		Pre-issue Shares held	% to Total Holding	Post-issue Shares held	% to Total Holding
(A)	Shareholding of Promoter and Promoter Group				
(1)	Indian Promoters (A)	1367100	42.074	5617800	74.9040
(B)	Public Shareholding				
(1)	Non Promoter Holding				
(a)	Institutional investors/ Mutual Funds/ UTI/ FIs/ Insurance Companies/ FIIIs	79300	2.4405	79300	1.0573
(b)	Nationalised Banks	1000	0.0308	1000	0.0133
	Sub-Total (B1)	80300	2.47	80300	1.0706
(2)	Others				
(a)	Bodies Corporate	390324	12.01	390324	5.2043
(b)	Indian Public	1402223	43.23	1402223	18.6963
(c)	NRIs/OCBs	7153	0.22	7153	0.0954
	Sub-Total (B2)	1801900	55.46	1801900	23.9970
	Grand Total (A) + (B1) + (B2)	3249300	100.00	7500000	100.00

l) Identity of the proposed allottee(s), percentage of the expanded capital to be held by them :

Sl.No.	Name of the Proposed Allottee (s)	Present Holding	% to Pre-Issue Capital	Present Issue	% to Post Issue Capital
1.	Rajmal Khemraj (HUF)	97000	2.985	498200	7.936
2.	Chandana Bhandari	82000	2.524	6000	1.173
3.	Pavan Bhandari	150500	4.632	516000	8.887
4.	Shantabai Bhandari	131000	4.032	243000	4.987
5.	Sowbhagraj Bhandari (HUF)	45500	1.400	400000	5.940
6.	Sowbhagraj Bhandari (MHUF)	41500	1.277	572500	8.187
7.	Sowbhagraj Bhandari	120600	3.712	470000	7.875
8.	Sanjay Bhandari	70500	2.170	262000	4.433
9.	Sushilabai Bhandari	59000	1.816	361500	5.607
10.	Vijayraj Bhandari (HUF)	26000	0.800	98000	1.653
11.	Vijayraj Bhandari (MHUF)	45000	1.385	688000	9.773
12.	Vijayraj Bhandari	111000	3.416	65000	2.347
13.	Ajay Bhandari	45500	1.400	70500	1.547

m) Lock in requirement :

The shares to be allotted on preferential basis to the investors shall be subject to lock-in as periods as applicable in accordance with Regulation 78(1) of Chapter VII of Security Exchange Board of India (Issue of Capital and Disclosure Requirements) regulations 2009.

n) Auditors' Certificate :

M/s. Dagliya & Co, Chartered Accountants, the Statutory Auditors of the Company have certified that the preferential issue is being made in accordance with the requirement of Chapter VII of the SEBI (ICDR) Regulations, 2009 shall be placed before the shareholders at the Annual General Meeting .

o) Relevant date :

Relevant date for the purpose is 13th October 2014 which is the date 30 days prior to the date of Annual General Meeting where this preferential issue is being considered for approval.

p) Pricing & Undertaking to re-compute the price :

Price is determined in terms of Regulation 76 of SEBI (ICDR) Regulations. Further, the Company undertakes to re-compute the price of the equity shares, if at all required, in terms of the provisions of these regulations where it is required to do so.

q) Undertaking to put under lock-in till the re-computed price is paid :

The Company undertakes that if the amount payable on account of the re-computation of price if not paid within the time stipulated in these regulations, the specified equity shares shall continue to be lock-in till the time such amount is paid by the allottee(s).

Section 62 of the Companies Act, 2013 provides, inter-alia, that when it is proposed to increase the issued capital of a Company by allotment of further shares, etc., such further shares shall be offered to the existing shareholders of the Company in the manner laid down in the Section unless the shareholders in general meeting decide otherwise by passing a special resolution. Therefore, consent of the shareholders by way of Special Resolution is being sought pursuant to the provisions of Section 42 and 62 and all other applicable provisions of the Companies Act, 2013 and in terms of the provisions of SEBI (ICDR) Regulations, 2009 and the listing agreements executed by the Company with the Stock Exchanges where the Company's shares are listed.

Except Mr. S. K. Bhandari, Managing Director and Mr. V. M. Bhandari, Whole time Director, and their relatives, none of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs are concerned or interested in this item of the Notice either financial or otherwise.

Your Directors recommend this resolution as a Special Resolution for your approval.

Date : 10th October 2014

On Behalf of RKB Agro Industries Ltd

Place: Raichur

S.K. Bhandari
Managing Director

**Details of directors seeking re-appointment at the thirty fourth Annual General Meeting
(Pursuant to Clause 49 of the Listing Agreement).**

Name of the Director	Mr. S. K. Bhandari	Mr. M. Ganesh
Date of birth	14-11-1945	07-09-1037
Date of appointment	17-03-1979	18-03-1995
Brief resume / expertise in specific functional areas	Mr. S. K. Bhandari aged about 69 years is a graduate in Commerce. He has over 39 years of experience in cotton, trading, ginning & spinning mill. He is associated with the Company from the inception and currently is the Managing Director of the Company	Mr. M. Ganesh has over 35 years experience in Finance and Accounts & in addition he has experience in legal matters.
Qualification	B.Com.,	M.Com.,
Directorship in other public limited companies	Nil	Nil
Membership of committees in other public companies	Nil	Nil
Shareholding in the company	1,20,600/- equity shares of Rs,10/- each	Nil

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 2014.

FINANCIAL RESULTS :

Particulars	Year ended 31.3.2014	Year ended 31.3.2013
Turnover	60,752,688	93,574,489
Other Income	1,693,561	895,818
Total	62,446,249	94,470,307
Expenditure before Depreciation	52,800,749	90,374,485
Depreciation	2,059,675	1,013,335
Profit /(loss) before tax	7,585,826	4,087,917
Prior period expenses – Interest on loan	0	0
Current Tax, deferred tax adjustment and tax adjustment of prior periods.	1,504,110	(-) 224,218
Profit/(loss) for the period	6,081,716	4,312,135

OPERATIONS :

The total sales and other income during the year under review aggregated to Rs. 62,446,249/- as against Rs. 94,470,307/- 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 profit for the year has increased at Rs. 7,585,826/- compared to the previous year which was of Rs. 3,082,487/-. This was possible due to cost cutting at levels and marked efficiency in the operation.

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 and commissioning of certain balancing 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. S. K. Bhandari, Director 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 Bombay Stock Exchange Limited, Mumbai and efforts are being made for relisting of shares and the listing fees for the year 2014-15 stands paid.

DEPOSITORY SYSTEM :

2546890 equity shares representing 78.38 % of total paid up equity share capital of the Company have been in dematerialized form as on 31.3.2014.

CORPORATE GOVERNANCE :

A report on corporate governance is attached to this report.

FOREIGN EXCHANGE EARNINGS AND OUT GO :

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

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 2014 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 2014 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 31.03.2014 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.

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)	In the absence of net book value of certain items of Plant & Machinery retired from active use and held for disposal, we are unable to confirm whether these assets are stated at lower of their book value and Net Realizable Value as required under AS-10 notified by the Companies (Accounting Standards) Rules, 2006. Consequential impact on the accounts is not ascertainable (Refer clause II (9) of Note 19 to the Financial Statements).	The machineries are obsolete and the estimated realizable value is expected to be not less than the written down value as on 31-3-2014.
(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

Para	Observation of Auditors	Reply
Report on Other Legal and Regulatory Requirements		
1(a)	No particulars including quantity, location recorded in fixed register.	The details are being noted.
3(a)	Company has granted loan to three parties and the amount involved during the year is Rs.1,62,50,899/- and the yearend balance is Rs.1,29,60,000/-	The amount is not any loan given but it represents trade advance given in the course of business.
3(e)	Company has taken loan from 25 parties. Amount involved during the year is Rs.9,13,01,580/- and the yearend balance is Rs.7,78,46,580/-	Loan has been taken from the Directors and relatives towards one time settlement of outstanding dues to financial institution and bank. Action initiated for conversion of the loan to equity.
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. 7,10,80,880 from related parties to augment funds for settlement of pressing lenders. This loan carries no interest. 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

Date : 10-10-2014

S.K. Bhandari
Managing Director

V.M. Bhandari
Whole-time Director

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 with an optimum combination of executive, non-executive and independent directors meet at regular intervals.

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 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	Director	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 2013-14, nine Board meetings were held on 30-04-2013,29-06-2013, 03-08-2013, 04-09-2013, 28-09-2013, 14-11-2013,01-02-2014, 24-02-2014 and 14-03-2014.

Details of attendance of each director at the Board Meetings during the financial year ended 31st March 2014 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	9	9	Yes
2.	Mr. S.K. Bhandari	9	9	Yes
3.	Mr. V.M. Bhandari	9	9	Yes
4.	Mr. M. Ganesh	9	7	No
5.	Mr. Ajay Kumar Bhandari	9	9	Yes

The Company did not have any pecuniary relationship or transaction with an non-executive directors during the year 2013-14.

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. S. K. Bhandari aged about 69 years has a rich and vast experience in cotton business.

Mr. M. Ganesh aged 77 years has rich and vast experience in the field of finance and accounting.

Committees :

Audit Committee :

The audit committee consists of the following directors.

Sri Shantilal Mootha Chairman

Sri M. Gansesh Member

Sri Ajay Kumar Bhandari Member

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 2014 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

Sri. M. Ganesh Member

Sri. Shantilal Mootha Member

The members met four times during the financial year 2013-14 and all the members were present at the meetings. No grievance was pending as on 31-03-2014.

Remuneration Committee:

The committee consists of the following directors.

Sri. Shantilal Mootha Chairman

Sri. M. Ganesh Member

Sri. Ajay Kumar Bhandari Member

The members met four times during the financial year 2013-14 and all the members were present at the meetings. No grievance was pending as on 31-03-2014.

Remuneration Committee :

The committee consists of the following directors :

Sri. Shantilal Mootha Chairman

Sri. M. Ganesh Member

Sri. Ajay Kumar Bhandari Member

As at 31-03-2014 no remuneration has been drawn by any Directors. The remuneration payable to the directors will be proposed by the committee as and when the need so arises.

Year	Venue	Day / Date	Time
2010-11	1 st Floor, Kushal Chambers, M.G. Road, Raichur – 584 101	Friday 30-09-2011	10.00 AM
2011-12	1 st Floor, Kushal Chambers, M.G. Road, Raichur – 584 101	Friday 28-09-2012	10.00 AM
2012-13	1 st Floor, Kushal Chambers, M.G. Road, Raichur – 584 101	Wednesday 30-10-2013	10.00AM

Generally all the resolutions in the annual general meeting are passed through show of hands.

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 Time Venue	11.00 AM 1 st Floor, Kushal Chambers, M.G. Road, Raichur – 584 101
B.	Financial year Board Meeting for consideration of unaudited results for last two quarters Date of Book Closure (Both days inclusive) Listing on Stock Exchanges Listing fees for the year 2013-14 Share Transfer Agents Share Transfer System Dematerialization of Shares	1 st April 2013 to 31 st March 2014 Last week of succeeding month 6 th November 2014 to 13 th November 2014 (Both days inclusive) Bombay Stock Exchange Ltd, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai. Paid to the Stock Exchange Big Share Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Sakhvihar Road, Saki Naka, Andheri (East) Mumbai – 400 072 Tel : 28473747 / 28473474. 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. 2,546,290 equity shares representing 78.38% of the equity share capital is in dematerialized form.

Distribution holding as on 31.3.2014

Category	Total holders	% of holders	Total Holding (Rs.)	% to total equity
1 -- 5000	932	67.7818	2085740	6.4190
5001 -- 10000	155	11.2727	14367610	4.2089
10001 -- 20000	88	6.4000	1446270	4.4510
20001 -- 30000	63	4.1518	1719950	5.2933
30001 -- 40000	61	4.4364	2022950	6.2258
40001 -- 50000	18	1.3091	870500	2.6790
50001 -- 100000	25	1.8152	1729130	5.3215
100001 -- 99999999	33	2.4000	21250850	65.4013
Total	1375	100.00	32493000	100.00

Share Holding Pattern as on 31.3.2014

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 FIIIs		
	-	-
	80300	2.47
	-	-
SUB TOTAL	80300	2.47
4. Others		
Private Corporate Bodies	386555	11.88
Indian Public	1408192	43.36
NRIs/OCBs	7153	0.22
SUB TOTAL	1801900	55.46
GRAND TOTAL	3249300	100.00

Note : 2. Foreign shareholdings

Total Foreign shareholdings		
FIIIs	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

DECLARATION REGARDING COMPLIANCE WITH COMPANY'S CODE OF BUSINESS CONDUCT AND ETHICS

I, Sowbaghag Bhandari, Managing Director of R K B Agro Industries Limited hereby declare that all the board members and senior management team have affirmed compliance of the Code of Conduct and Ethics for the financial year ended 31st March 2014.

10th October 2014.

S. K. Bhandari
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**The Members****R.K.B. Agro Industries Limited
Raichur.**

We have examined the compliance of conditions of Corporate Governance by **RKB AGRO INDUSTRIES LTD.** for the year ended 31st March 2014 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 30.06.2013, 30.09.2013, & 31.12.2013 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 01.04.2013 to 31.03.2014 and that there are no complaints pending as on 31.03.2014.

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 : 31.07.2014

MANAGEMENT DISCUSSION AND ANALYSIS**Introduction**

During the year under review, the process of consolidation was continued and there was perceptible improvement in improving the profits of your company.

Financial Review

Even though there had been a drop in the revenue from operations during the year due to untimely rains and glut in the market, due to prudent financial control, the operating results had shown substantial gains. Purchase and installation of certain balancing machine and construction of building had helped in achieving the increased operating profit.

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,
R.K.B. Agro Industries Limited
Raichur.**

Re: Financial Statements for the financial year 1.4.2013 to 31.3.2014
Certification by Managing Director and Whole-time Director

We, Mr. S K Bhandari, Managing Director and Mr. V M Bhandari, Whole time Director of R K B Agro Industries Limited on the basis of the review of the financial statements and the cash flow statement for year ended 31st March 2014 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 2014 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 : 10th October 2014.

S.K. Bhandari
Managing Director

V.M. Bhandari
Whole-time Director

INDEPENDENT AUDITORS' REPORT

To
The Members of
RKB Agro Industries Ltd.,
RAICHUR

Report on the Financial Statements :

We have audited the accompanying financial statements of **RKB Agro Industries Limited** (Formerly BHANDARI UDHYOG LIMITED) which comprise the Balance Sheet as at March 31, 2014, 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 :

The Company's 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 notified under the Companies Act, 1956 ("the Act") which continues to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular no. 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs and in accordance with the accounting principles generally accepted in India. 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 but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. 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 audit opinion.

Basis for Qualified Opinion

- (i) **The company has not ascertained from the creditors as to whether they are registered as Micro or Small Enterprise 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) **In the absence of Net Book value of certain items of Plant & Machinery retired from active use and held for disposal, we are unable to confirm whether these assets are stated at lower of their book value and Net Realizable Value as required by AS 10 notified by the companies (Accounting Standards) Rules, 2006. Consequential impact on the accounts is not ascertainable. (Refer clause II (9) of Note 19 to the Financial Statements).**
- (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. Refer clause II (13 a) of Note 19 to the Financial Statements)**

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the basis for qualified opinion paragraph, 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, 2014 :
- b) in the case of the Statement of Profit and Loss, of the **PROFIT** of the company for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- I. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, in our opinion and 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 required 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 granted loans to three parties covered in the register maintained u/s 301 of the companies Act, 1956. The maximum amount involved during the year is Rs. 1,62,50,899/- and the yearend balance is Rs. 1,29,60,000/-
 - b) In our opinion, the rate of interest and other terms and conditions of such loans are not, prima facie prejudicial to the interests of the company.
 - c) The parties are regular in repayment of the above loans as and when required by the company.
 - d) There are no overdue amounts in excess of Rs 1 lakh in respect of above loans.
 - e) The company has taken interest free loans from 25 parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs. 9,13,01,580/- and the yearend balance is Rs.7,78,46,580/-.
 - f) 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.
 - g) As explained to us these loans do not carry any interest and are being repaid as required by the lenders.
- 1) 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, the 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.
- 2) (a) Based on the audit procedures and according to the information and explanations provided by the management, we are of the opinion that the particulars of 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 dealt, 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.**
- 3) **The company has borrowed loans from certain parties, which amounts to deposit within the meaning of Section 58A of the Companies Act, 1956 and the rules framed there under. These loans exceed the limits prescribed under the above provisions and hence the said borrowings are in contravention of the said provisions. 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.
- 9)
 - (a) According to the records of the Company, except for certain delays in remittance of Income Tax (TDS) and Provident Fund Contributions, the company is generally regular in depositing with the appropriate authorities undisputed statutory dues including investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, Service Tax, customs duty, excise duty, cess and other material statutory dues to the extent applicable to it.
 - (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, Cess and other material statutory dues were in arrears as at 31st March 2014 for a period of more than six months from the date they became payable except the professional 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, Service tax Sales tax, Customs duty, Excise duty, Cess and other material statutory dues, which have not been deposited on account of any dispute.
- 10) The company is registered for a period more 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) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks. The company has no dues to financial institutions nor issued any debenture holders, hence the question of default in repayment/redemption 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. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- 13) 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 (as amended) are not applicable to the Company.
- 14) In our opinion and according to the information and explanations given to us, 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 (as amended) are not applicable to the Company.
- 15) As explained to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- 16) The company has raised term loans from Banks during the year which have been applied for the purpose for which they are raised.
- 17) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

- 18) 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.
- 19) The Company has not issued any debentures during the year. Hence creation of security does not arise.
- 20) The company has not raised any money by public issues during the year. Hence disclosure and verification of end use of money raised by public issue does not arise.
- 21) 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.

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

Except for the matters described in Basis for qualified opinion paragraph,

- a. Except, as stated in Basis of Opinion Paragraph (ii), 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 read with the General Circular no.15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 except for Compliance with AS 10 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 2014 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2014 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 : 31.07.2014

BALANCE SHEET AS ON 31.03.2014
Amount in Rs.

Particulars	Notes Ref. No.	As at 31st March 2014	As at 1st March 2013
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	32,493,000	32,493,000
(b) Reserves and Surplus	2	27,439,338	21,575,702
(c) Money received against share warrants		-	-
(2) Share application money pending allotment		-	-
(3) Non-Current Liabilities			
(a) Long Term Borrowings	3	98,504,438	81,120,880
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long Term Liabilities		-	-
(d) Long Term Provisions		-	-
(4) Current Liabilities			
(a) Short Term Borrowings	4	5,078,127	-
(b) Trade Payables	5	15,013,900	8,242,096
(c) Other Current Liabilities	6	3,344,779	3,903,759
(d) Short Term Provisions	7	1,959,277	765,040
Total		183,832,859	148,100,477
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets (As per Annexure)			
(i) Tangible assets		135,318,560	125,750,431
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	4,789,900
(iv) Intangible assets under development		-	-
(b) Deferred tax assets (net)	8	1,445	1,445
(c) Non-current investments	9 (a)	14,050	14,050
(d) Long term loans and advances	9 (b)	-	382,300
(e) Other non-current assets	9 (c)	802,710	772,280
(2) Current assets			
(a) Current investments			
(b) Inventories	10 (a)	4,193,671	608,794
(c) Trade receivables	10 (b)	19,886,859	13,369,031
(d) Cash and cash equivalents	10 (c)	9,692,240	1,474,405
(e) Short-term loans and advances	10 (d)	13,261,187	434,880
(f) Other current assets	10 (e)	662,137	502,961
Total		183,832,859	148,100,477

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 RKB Agro Industries Ltd.,

R.S.Somashekara
Partner
Membership No: 018395
PLACE : BANGALORE
DATE : 31.07.2014

S.K.Bhandari
Managing Director

V.M.Bhandari
Wholetime Director

Statement of Profit & Loss for the Year ended 31st March, 2014 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	60,752,688	93,574,489
II. Other Income	12	1,693,561	895,818
III. Total Revenue		62,446,249	94,470,307
IV. Expenses:			
Cost of materials consumed	13	2,353,811	-
Purchase of Stock-in-Trade	14	37,980,631	79,593,777
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	15	(3,509,893)	3,620,334
Employee Benefit Expense	16	4,952,075	2,351,631
Finance Costs	17	341,288	12,542
Depreciation and Amortization Expense (Annexure)		2,059,675	1,013,335
Other Expenses	18	10,682,837	4,796,201
Total Expenses		54,860,424	91,387,820
V. Profit before exceptional and extraordinary items and tax (III - IV)		7,585,826	3,082,487
VI. Exceptional Items (Income) Proceeds on Insurance policy termination		-	1,005,430
VII. Profit before extraordinary items and tax (V - VI)		7,585,826	4,087,917
VIII. Extraordinary Items			
IX. Profit before tax (VII - VIII)		7,585,826	4,087,917
X. Tax expense:			
(1) Current tax		1,500,000	900,000
(2) Deferred tax adjustment		-	(1,109,479)
(3) Tax Adjustment of Prior periods		4,110	(14,739)
XI. Profit/(Loss) from the period from continuing operations (IX - X)		6,081,716	4,312,135
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)		6,081,716	4,312,135
XVI. Earning per equity share of Rs.10/- each: Basic & Diluted		1.87	1.33

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

For RKB Agro Industries Ltd.,

R S somasekhara
Partner
Membership No: 018395

S.K.Bhandari
Managing Director

V.M.Bhandari
Wholetime Director

PLACE : BANGALORE
DATE : 31.07.2014

Notes forming part of Financial Statements for the year 2013-2014
1. Share Capital
Amount in Rs.

No.	Particulars	As on 31.03.2014		As on 31.03.2013		
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 31.03.2014		As on 31.03.2013		
		No. of Shares	Amount	No. of Shares	Amount	
		3,249,300	32,493,000	3,249,300	32,493,000	
		-	-	-	-	
		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 31.03.2014		As on 31.03.2013		
		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.

No.	Particulars	As on 31.03.2014		As on 31.03.2013	
A.	Revaluation Reserve				
	(a) On Account of LAND				
	Balance as per last Balance Sheet	101,255,540		101,255,540	
	Add: Addition during the year	-		-	
		101,255,540		101,255,540	
	(b) On Account of BUILDINGS				
	Balance as per last Balance Sheet	2,437,219		2,655,298	
	Add: Addition during the year	-		-	
	Less: Withdrawal during the year on account of Depreciation	218,079		218,079	
		2,219,140		2,437,219	
Total of (a) & (b)	103,474,680		103,692,759		
	(i)				

No.	Particulars	As on 31.03.2014	As on 31.03.2013
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	25,787,224
	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	(108,492,281)	(112,804,416)
	Less: Profit for the year	6,081,716	4,312,135
	(iv)	(102,410,566)	(108,492,281)
	TOTAL (i+ii+iii+iv)	27,439,338	21,575,702
3)	Long Term Borrowings		
A	Secured		
	i. Term Loan from Lakshmi Vilas Bank Ltd. (Machinery) (Secured by hypothecation of machinery & other Accessories purchased out of the loan)	9,528,572	-
	ii. Term Loan from Lakshmi Vilas Bank Ltd. (Building) (Secured by Mortgage of the Press hall and platform constructed at RS no.198/2/2, Manchalapur road, Industrial area, Raichur) Above loans are repayable in 70 equal monthly instalments commencing from April 2014 and ending with January 2019.	3,314,286	-
	Interest payable on monthly rests @ (Base Rate +3.60%) p.a. (Above loans are guaranteed by Sri S K Bhandari Managing Director in his personal capacity)	12,842,858	-
B	Unsecured		
	i. From Directors	6,595,700	2,055,000
	ii. From Related Parties	71,080,880	71,080,880
	iii. From Shareholders	7,985,000	7,985,000
	(Above loans are interest free and are repayable on 31.03.2017)	85,661,580	81,120,880
	TOTAL	98,504,438	81,120,880
4)	Short Term Borrowings		
i	Loans repayable on demand:		
	Secured Loans		
	Laxmi Vilas Bank : OCC (Secured by hypothecation of Cotton, Kapaas, cotton seeds, stock in process and finished goods and book debts of not more than 90 days) (Guaranteed by Sri S K Bhandari Managing Director in his personal capacity)	4,908,127	-
ii	Loans & Advances from related parties	170,000	-
	TOTAL	5,078,127	-

No.	Particulars	As on 31.03.2014	As on 31.03.2013
5)	Trade Payables		
	i. Dues to Micro and Small Enterprises (not available) (Ref. Note 19 II (6))	-	-
	ii. Others	15,013,900	8,242,096
	TOTAL	15,013,900	8,242,096
6)	Other Current Liabilities		
	Current Maturities of Long Term Debt* (Refer Note 3)	2,657,142	-
	Interest accrued but not due on bank loan	25,225	-
	TDS Payable	43,144	44,873
	Advance Received against Sale of Goods/Services	587,101	3,586,211
	Professional Tax Payable	4,675	4,675
	Rent Deposit Payable	18,000	18,000
	Advances from Staff	5,040	-
	Advance Received against Sale of Assets	-	250,000
	Bank account overdrawn	4,452	-
	TOTAL	3,344,779	3,903,759
7)	Short Term Provisions		
	Provision for Taxes		
	Provision For Income Tax	2,400,000	900,000
	Less: TDS	(440,723)	(134,960)
	TOTAL	1,959,277	765,040
8)	DEFERRED TAX ASSETS		
	Arising on account of timing difference:		
	On account of Depreciation	-	-
	On account of Sec. 43 B items	1,445	1,445
	TOTAL	1,445	1,445

Note : The company has huge accumulated business losses and unabsorbed depreciation on which deferred tax 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.

* Repayable in 70 equal monthly instalments commencing from April 2014 and ending with January.

No.	Particulars	As on 31.03.2014	As on 31.03.2013
9)	Non-Current Assets		
a	Non-Current Investments (Non Trade, Unquoted)		
	National savings Certificates	14,050	14,050
		14,050	14,050
b	Long Term Loans and Advances (Unsecured, Considered Good)		
	Capital Advances	-	382,300
		-	382,300
c	Other non-current assets (Unsecured, Considered Good)		
	KEB Deposits	532,310	501,880
	VAT Receivable (NET)	13,484	13,484
	VAT Paid Under Protest	256,916	256,916
	TOTAL	802,710	772,280
10)	Current Assets		
a	Inventories		
	Cotton Seeds (Traded Goods)	2,995,588	-
	Cotton Seeds (Produced)	514,305	-
	Stores & Spares	252,428	173,652
	Packing Material	431,350	435,142
	TOTAL	4,193,671	608,794
b	Trade Receivables		
	Trade Receivables are unsecured but considered good and includes Rs. 14,89,188/- (P.Y. Rs.16,84,813/-) being amounts outstanding beyond six months from the date they have fallen due for payment	19,886,859	13,369,031
		19,886,859	13,369,031
c	Cash and Cash Equivalents		
	Cash on Hand	588,608	715,088
	Balances with Banks	8,648,632	309,317
		9,237,240	1,024,405
	Other Bank Balances		
	Fixed Deposits with Bank	455,000	450,000
		455,000	450,000
	Total Cash & Bank Balances	9,692,240	1,474,405
d	Short Term Loans and Advances		
	Unsecured, Considered Good		
	Staff Advances	85,080	104,540
	Other Advances	216,107	330,340
	Loans and Advances to Related party	12,960,000	-
		13,261,187	434,880

No.	Particulars	As on 31.03.2014	As on 31.03.2013
e	Other Current Assets		
	Unsecured, Considered Good		
	VAT Receivable	310,696	212,933
	Prepaid Expenses	220,295	215,356
	Entry Tax Receivable	35,702	35,702
	Rent Receivable	6,600	27,141
	Interest Receivable	88,844	11,830
	TOTAL	662,137	502,961
11)	Revenue from Operations		
	Sale of Products		
	Manufactured Goods		
	F P Cotton Bales	1,917,794	-
	Traded Goods		
	Loose Cotton	35,106,459	82,734,677
	Bale Patti / Cloth	3,610,500	2,615,500
	Sub-Total	40,634,753	85,350,177
	Sale of Services		
	Ginning Charges	15,418,125	4,293,712
	Pressing Charges	4,699,810	3,930,600
	Sub-Total	20,117,935	8,224,312
	TOTAL	60,752,688	93,574,48
12)	Other Income		
	Interest Income	85,573	14,880
	Rent Received	685,450	849,730
	Provision withdrawn	50,000	31,192
	Quality Allowance claim received	562,195	-
	Profit on sale of vehicle	22,806	-
	Weighment Charges	287,505	-
	Sundry balances written back	32	16
	TOTAL	1,693,561	895,818
13)	Cost of Materials Consumed		
	Raw materials (Kapaas)		
	Opening stock	-	-
	Add: Purchases during the year	2,353,811	-
		2,353,811	-
	Less: Closing stock	-	-
	Cost of materials consumed	2,353,811	-
14)	Purchase of Stcok in Trade		
	a. Traded Goods Purchased		
	Loose Cotton	34,985,044	79,593,777
	Cotton Seeds	2,995,588	-
	TOTAL	37,980,631	79,593,777

No.	Particulars	As on 31.03.2014	As on 31.03.2013
15)	Changes in Inventories of Finished goods, stock in process and stock in trade		
	A. Opening Stock		
	FP Cotton (Produced)	-	-
	Loose cotton (Traded)	-	3,620,334
	Cotton Seeds (Traded)	-	-
	Cotton Seeds (Produced)	-	-
	Sub Total	-	3,620,334
	B. Closing Stock		
	FP Cotton (Produced)	-	-
	Loose cotton (Traded)	-	-
	Cotton Seeds (Traded)	2,995,588	-
	Cotton Seeds (Produced)	514,305	-
	Sub Total	3,509,893	-
	(Increase)/Decrease in Inventory (A) - (B)	(3,509,893)	3,620,334
16)	Employee Benefit Expense		
	Salaries and Wages	4,722,879	2,269,020
	Contribution to Provident and Other Funds	78,849	52,440
	Staff Welfare Expenses	150,347	30,171
	TOTAL	4,952,075	2,351,631
17)	Finance Costs		
	Bank Loan Interest	33,012	-
	Documentation charges	290,483	-
	Bank charges	17,793	12,542
	TOTAL	341,288	12,542
18)	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
	For Other Services	2,248	-
	Out of pocket expenses	11,037	13,142
		80,701	80,558
	Sitting Fees	20,000	20,000
	Consumption of Stores and Spares	641,047	-
	Freight	48,018	44,197
	Obsolescence of Stores	-	58,157
	Power and Fuel	4,180,678	1,407,758
	Rent	24,000	24,000
	Repairs to Buildings	84,258	199,905
	Repairs to Machinery	1,984,604	464,699
	Insurance	351,617	127,907
	Packing Charges	1,709,276	1,116,212
	Rates and Taxes	234,959	85,572
	Other expenses	1,323,679	1,167,236
	TOTAL	10,682,837	4,796,201

RKB AGRO INDUSTRIES LIMITED

ANNEXURE I (REF. NOTE No. 9)

PARTICULARS	GROSS BLOCK				Depreciation				NET BLOCK	
	As on 31.03.2013	Additions	Deductions	As on 31.03.2014	As on 01.04.2013	For the Year	Charged to Reserve	Adj. for Sale/ Excess Dep. Withdrawn	As on 31.03.2014	As on 31.03.2013
Tangible Asset										
LAND	101,930,700	-	-	101,930,700	-	-	-	-	101,930,700	101,930,700
BUILDINGS	23,779,485	3,882,158	-	27,661,643	11,514,491	546,565	218,079	-	15,382,508	12,264,994
ELECTRICAL INSTALLATIONS	1,610,857	1,238,050	-	2,848,907	1,376,350	120,074	-	-	1,496,423	234,508
VEHICLES	330,361	-	131,000	199,361	275,532	3,136	-	79,306	199,361	54,829
FURNITURE & FIXTURES	699,511	-	-	699,511	629,612	20,783	-	-	650,395	69,900
COMPUTER	279,542	11,601	-	291,143	250,128	4,266	-	-	254,394	29,414
PLANT & MACHINERY	28,142,809	6,765,768	-	34,908,577	16,976,722	1,364,851	-	-	18,341,573	11,166,087
Sub Total (A)	156,773,266	11,897,577	131,000	168,539,843	31,022,835	2,059,675	218,079	79,306	33,221,282	125,750,431
Previous Year	143,165,670	16,681,487	3,073,892	156,773,266	31,844,821	1,013,335	218,079	2,718,401	31,022,835	-
Intangible Asset										
Sub Total (B)										
Previous Year										
Capital Work In Progress										
PLANT & MACHINERY	4,789,900	-	4,789,900	-	-	-	-	-	-	-
Sub Total (C)	4,789,900	-	4,789,900	-	-	-	-	-	-	-
Previous Year	47,200	4,742,700	-	4,789,900	-	-	-	-	-	-
Intangible Assets Under Development	-	-	-	-	-	-	-	-	-	-
Sub Total (D)										
Previous Year										
TOTAL (A+B+C+D)	161,563,166	11,897,577	4,920,900	168,539,843	31,022,835	2,059,675	218,079	79,306	33,221,282	125,750,431
Previous year	143,212,870	21,424,187	3,073,892	161,563,166	31,844,821	1,013,335	218,079	2,718,401	31,022,835	-

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

NOTE 19: NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**(I) SIGNIFICANT ACCOUNTING POLICIES :****1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS :**

These financial statements have been prepared on the historical cost convention in accordance with generally accepted accounting principles in India, the applicable Accounting Standards and the provisions of the Companies Act, 1956.

2. FIXED ASSETS :

Entire Land of the company and Buildings of Cotton Unit are stated on the basis of revaluation and all other Fixed Assets are stated at historical cost less accumulated depreciation..

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.

Depreciation on incremental value due to revaluation is charged to revaluation reserve.

4. INVESTMENTS :

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

5. INVENTORIES :

Raw Materials, bought out items, W.I.P & Intermediary products, Finished goods, Stores and spare parts and Packing Materials 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 Statement of Profit & Loss 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 Statement of profit & loss 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 asset/ Liability is recognized for the future tax consequences of the timing difference between the tax basis and the carrying values of assets and liabilities. Deferred tax assets are recognized only if there is reasonable certainty that they will be realized in future and are reviewed every year. However Deferred Tax asset relating to unabsorbed business loss/ Depreciation is recognised only when there is virtual certainty, that they will be realized in future. The tax effect is calculated on the accumulated timing differences at the end of the year based on enacted or substantively enacted tax rates.

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 holders by the weighted average 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. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a past obligation or present obligation in respect of which the likelihood of outflow of resource is remote, no provision or disclosure is made. Contingent Assets are neither recognized nor disclosed in the financial statements.

11. LEASES**i. Where the company is a lessee:**

Lease payments under operating leases are recognised as an expense in the Statement of Profit & Loss as incurred.

ii. Where the company is a lessor:

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Statement of Profit & Loss on accrual basis as per the terms of contract.

II. NOTES ON ACCOUNTS

1.
 - 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. Buildings 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.
2. Contingent liabilities not provided for :
Towards disputed VAT for the year 2005-06 - Rs.2,56,916/- (Entire amount has been paid under protest and shown under amounts recoverable in the Financial statements).

3. Estimated amount of contracts remaining to be executed and not provided for :
 - a. Capital Commitments: Rs.Nil (PY. Rs. 5.18 lakhs) :
 - b. Other Commitments : Rs.Nil (P.Y.Nil)
4. The company has entered into an agreement with a Registered Charitable Trust wherein two of directors of the company are Trustees, for sale of portion of vacant land (not required for company's business purposes) measuring 22,077 Sft. For Rs.90.52 lakhs
5. Certain balances under the heads of Trade Receivables, Loans and Advances, Trade Payables, Current Liabilities and certain Bank Accounts are subject to confirmation.
6. 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.
7. The lease arrangements entered into by the company are cancellable. Hence disclosures as envisaged by AS-19 are not applicable.
8. National Saving Certificates amounting to Rs.14,050/- (P.Y. Rs. 14,050/-) are in the name of Director of the Company and are lodged with Sales Tax authorities /Agriculture Produce Marketing Committee.
9. Plant & Machinery includes 30 Gins, which are discarded and kept for disposal. Though book value of these items is not available, estimated realizable value of these assets is expected to be not less than the written down value as at the year end.
10. There are no amounts due to be remitted to "Investor's Education & Protection Fund" as at the year end. (Pr. Yr. NIL)
11. 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.

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

Particulars	For the year ended 31 st March 2014	For the year ended 31 st March 2013
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 (Rs.)	60,81,716	43,12,135
(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.)	1.87	1.83

13. a) Defined Benefit Plans:

Gratuity :

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

b) Defined Contribution Plans:

i) Company's contribution to P F / Pension plan:

Curr.Year (Rs.)

Pr.Year (Rs.)

76,167

52,4440

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

B. Summary of Transactions with Related Parties

Particulars	Key Management Personnel		Relatives of KMP		Associates	
	Cur.Year	Prv.Year	Curr. Year	Prev. Year	Curr. Year	Prev. Year
Loan Received	45,40,700	-	7,45,000	92,25,000	1,34,55,000	1,35,00,000
Loan Repayments	-	-	5,75,000	17,19,970	1,34,55,970	-
Loan Granted	-	-	-	-	1,69,00,899	-
Loans Recovered	-	-	-	-	39,40,899	-
Purchase of Loose Cotton	-	-	-	-	3,49,85,044	7,40,98,599
Sale of Loose Cotton	-	-	-	-	3,51,06,459	8,68,71,409
Rent Paid	-	-	24,000	24,000	-	-
Out Standing Receivables	-	-	-	-	2,70,17,332	96,65,069
Outstanding Payables	65,95,700	20,55,000	1,08,85,850	1,08,85,850	6,77,76,957	6,44,31,493

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

15. Change in name of the company :

The company's name has been changed from existing "Bhandari Udhyog 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.

16. Segment Reporting :

As the company transacts in manufacturing and trading of cotton and cotton seeds and other products and also the services of Ginning & Pressing of cotton and all operations are carried domestically. The company has identified two reportable primary segments during the year being trading of cotton and cotton seeds and other products and also the services of Ginning & Pressing of cotton. The information on segment reporting as envisaged in AS 17 is as here under:

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
Wholetime Director

Place : Bangalore
Date : 31.07-2014

Following are the Related Parties and transactions made with them

Sl. No.	Particulars	Key management Personnel		Relatives of KMP		Associates	
		31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
A	TRANSACTIONS						
	I Rent Paid						
1	Pavan Bhandari			24,000	24,000		
	TOTAL	-	-	24,000	24,000	-	-
	II Loan Accepted						
1	Ajay Bhandari						
2	Ajay Bhandari(HUF)						
3	Pavan Bhandari						
4	Pavan Bhandari(HUF)						
5	Sanjay Bhandari						
6	Abhay Bhandari						
7	Abhay Bhandari(HUF)						
8	Sushilabai Bhandari						
9	Shanthabai						
10	Rajmal Khemraj (HUF)					745000	1,325,000
11	R K B Collections						800,000
12	S K Bhandari	4,000,000					
13	S K Bhandari (HUF)						
14	S K Bhandari (MHUF)						3,550,000
15	V M Bhanbari (HUF)						
16	V M Bhanbari (MHUF)						3,550,000
17	Sanjay Bhandari (HUF)						
18	Bhandari Distributors P Ltd.						13,500,000
19	Bhandari Cottons Ltd.						
20	Mukan Marketing P Ltd.						
	TOTAL	4,000,000	-	-	-	745,000	22,725,000
	III Loan Repaid						
1	Pavan Bhandari						
2	Rajmal Bhandari (HUF)					575,000	575,000
3	S K Bhandari (MHUF)						1,144,970
4	V M Bhanbari (HUF)						
	TOTAL	-	-	-	-	575,000	1,719,970
	IV Loose Cotton Purchase						
1	Mukan Marketing P Ltd.						8,269,458
2	Kushal Enterprises					8,796,401	23,471,085
3	Bhandari Distributors P Ltd.					26,188,643	42,358,056
	TOTAL	-	-	-	-	34,985,044	74,098,599

Following are the Related Parties and transactions made with them

Sl. No.	Particulars	Key management Personnel		Relatives of KMP		Associates	
		31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	V Cotton Sales						
1	Kushal Enterprises					17,333,165	44,978,653
2	Bhandari Distributors P Ltd.					8,899,482	41,892,756
3	Mukan Marketing (P) Ltd					8,873,812	
	Total	-	-	-	-	35,106,459	86,871,409
B	BALANCES OUTSTANDING AS AT THE YEAR END						
	a RECEIVABLES						
1	Mukan Marketing (P) Ltd					18,157,685	-
2	Kushal Enterprises					8,859,647	9,665,069
	TOTAL	-	-	-	-	27,017,332	9,665,069
	b PAYABLES						
1	S K Bhandari	4,700,000	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	1,164,000		
13	RKB Collections			800,000	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	5,725,030		
17	V M Bhanbari (HUF)			980,000	980,000		
18	V M Bhanbari (MHUF)			6,880,000	6,880,000		
19	Sanjay Bhandari (HUF)			1,475,000	1,475,000		
20	Chandana Bhandari			60,000	60,000		
21	Mamtha Bhandari			60,000	60,000		
22	Bhandari Cottons Ltd.						300,372
23	Mukan Marketing P Ltd.						2,498,818
24	Bhandari Distributors P Ltd.					40,911,927	34,937,273
	TOTAL	6,055,000	2,055,000	37,580,880	37,580,880	40,911,927	37,736,463

BHANDARI UDHYOG LIMITED**ANNEXURE I (REF. NOTE No. 16)****INFORMATION ABOUT BUSINESS SEGMENTS**

Sl. No.	Particulars	Mfg. & Trading for the Year Ended		Services for the Year Ended		Unallocable for the Year Ended		(Amount in Rs.) Total	
		31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
1.	Segment Revenue	40,634,753	85,350,177	20,117,935	8,224,312			60,752,688	93,574,489
	External Sales	-	-	-	-				
	Inter segment sales	-	-	-	-				
	Total Revenue	40,634,753	85,350,177	20,117,935	8,224,312			60,752,688	93,574,489
2.	Total Revenue of each segment as a percentage of total revenue of all segments	66.89%	91.21%	33.11%	8.79%				
3.	Segment Result	1,186,307	82,020	6,399,519	3,000,467			7,585,826	3,082,487
	Profit/(loss) Before Extra ordinary items and Tax	15.64%	2.66%	84.36%	97.34%				
	As a percentage of total Profit/(Loss)								
4.	Segment Assets	46,676,024	12,900,455	38,478,400	31,779,423	111,638,435	103,420,600	196,792,859	148,100,477
5.	Segment Liabilities	16,852,391	4,236,463	19,257,273	7,909,392	147,723,195	135,954,622	183,832,859	148,100,477
6.	Capital Expenditure	11,601	32,000	7,107,677	21,392,187			7,119,278	21,424,187
7.	Depreciation	28,185	44,981	2,031,490	968,354			2,059,675	1,013,335

For Dagliya & Co
Chartered Accountants
Firm No: 00671S

For RKB Agro Industries Ltd.,

R.S.Somashekara
Partner

S.K.Bhandari
Managing Director

V.M.Bhandari
Wholetime Director

Membership No: 018395
PLACE : BANGALORE
DATE : 31.07.2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014

No.	Particulars	Year ended 31.03.2014	Year ended 31.03.2013
A)	CASH FLOW FROM OPERATING ACTIVITES		
	Net profit/loss before tax but after adjustment of exceptional items	7,585,826	4,087,917
	Adjustment for :		
	Depreciation	2,059,675	1,013,335
	Interest Expenses	33,012	-
	Rent Received	(685,450)	(849,730)
	Interest Received	(85,573)	(14,880)
	(Profit)/Loss on sale of assets	(22,806)	24,491
	Operating profit before working capital adjustment		
	Sub Total (a)	8,884,684	4,261,13
	Adjustments for :		
	(Increase)/Decrease in inventories	(3,584,876)	3,474,069
	(Increase)/Decrease in Trade receivables	(6,517,828)	(5,565,543)
	(Increase)/Decrease in Short term Loans & Advances	(12,826,307)	382,554
	(Increase)/Decrease in Other Current Assets	(164,176)	(834,459)
	(Increase)/Decrease in Other Non Current Assets	351,870	373,311
	Increase/(Decrease) in Trade payables	6,771,804	(4,206,798)
	Increase/(Decrease) in Other Current Liabilities	(558,982)	2,948,078
	Increase/(Decrease) in Short term Provisions	(305,763)	(377,670)
	Sub Total (b)	(16,834,258)	(3,806,457)
	Net Cash generated from operations A = (a)+(b)	(7,949,574)	454,675
B)	CASH FLOW FROM INVESTEMENT ACTIVITIES		
	Purchase of Fixed assets	(7,107,677)	(21,424,187)
	Proceeds from Sale of Fixed Assets	74,500	331,000
	Rent Received	685,450	849,730
	Interest Received	85,573	14,880
	Net Cash Flow From Investement Activites (B)	(6,262,154)	(20,228,577)
C)	CASH FLOW FROM FINANCING ACTIVITES		
	Proceeds from Long Term Borrowings	17,383,558	21,605,031
	Repayment of other short term Borrowings	5,078,127	(1,005,430)
	Interest Expenses	(33,012)	-
	Tax Adjustmensts Income/(Expense)	(4,110)	14,739
	Net Cash used in Financing Activites (C)	22,424,563	20,614,340
	Net Increase/(decrease) in cash & cash equivalents (A)+(B)+(C)	8,212,835	840,438
	Cash and Cash equivalents (Opening balances)	1,024,405	183,967
	Cash and Cash equivalents (Closing balances)	9,237,240	1,024,405

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 Fourth Annual General Meeting of the Company being held on 13th November 2014 at 10.00 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

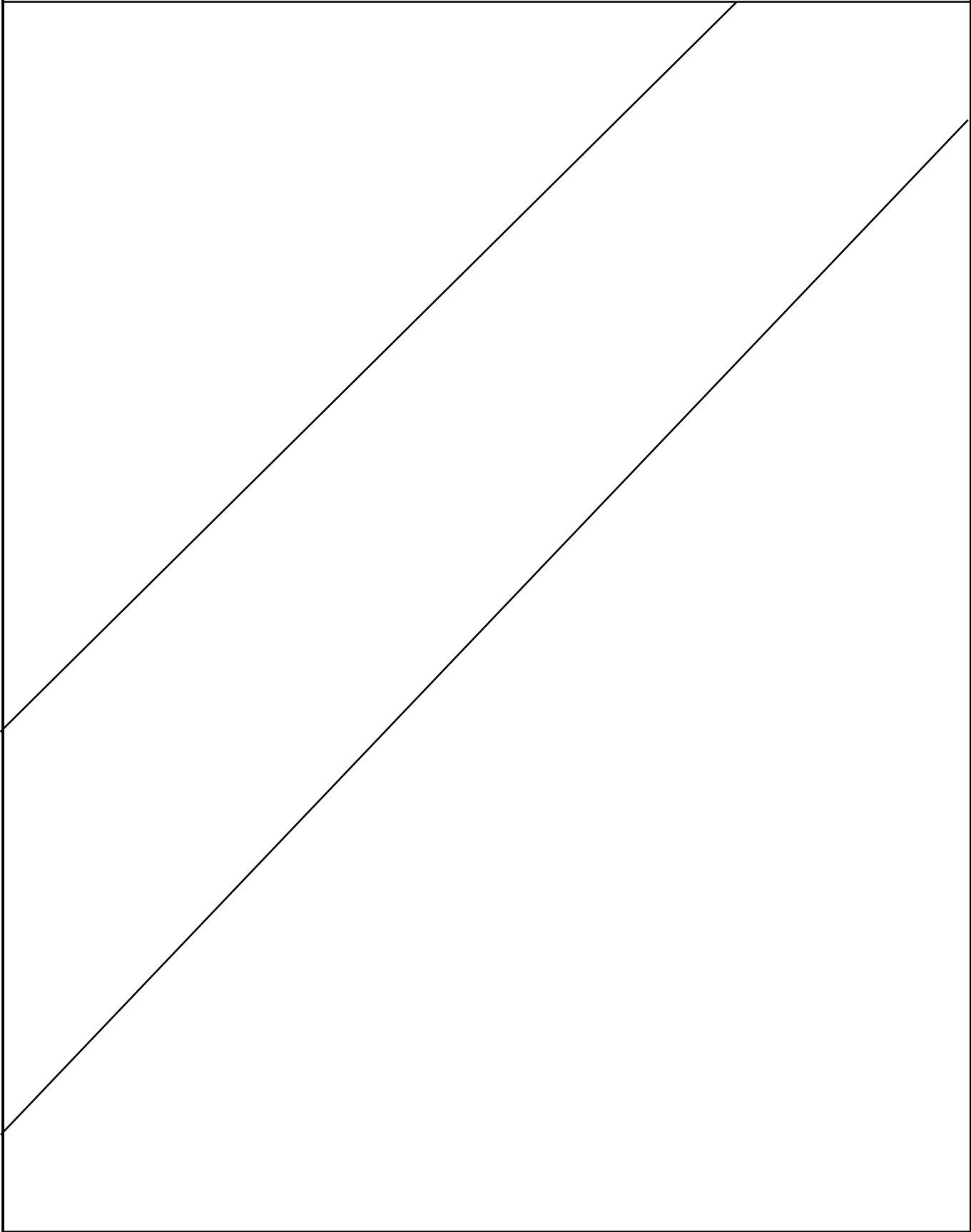
him.....of.....as my/our proxy to attend

for me /us and vote on my/our behalf at the Thirty Second Annual General Meeting of the Company

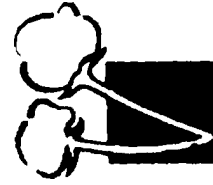
being held on 13th October 2014 at 10.00 a.m. at the Registered office, 1st Floor, Kushal Chambers, M G Road, Raichur-584101 and at any adjournment thereof.

Signed this, theday of October 2014.

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.