

**RKB AGRO INDUSTRIES LIMITED**  
**RAICHUR**



**THIRTY SEVENTH ANNUAL REPORT**  
**2016 - 2017**

DIRECTORS	:	Sri S.K. Bhandari	- Managing Director
		Sri V.M. Bhandari	- Whole Time Director
		Sri Shantilal Mootha	- Director
		Sri M. Ganesh	- Director
		Smt. Rupal Bhandari	- Women Director

Company Secretary                      Sri Sooraj Soni

AUDITORS                                        :    **M/s. Dagliya & Co.,**  
Chartered Accountants  
'L' Block, Unity Buildings,  
Bangalore - 560 002.

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

WEBSITE                                        :    [www.rkbagro.com](http://www.rkbagro.com)

E-MAIL    :    [bhandariudhyog@hotmail.com](mailto:bhandariudhyog@hotmail.com)

SHARE TRANSFER AGENTS :    **Bigshare Services (P) Limited**  
Bharat Tin Works Building  
1st Floor, Opp. Vasant Oasis,  
Makwana Road, Marol, Anderi (E)  
Mumbai - 400 059.  
Ph. : 022 - 62638200

INVESTOR GREVIANCES :    [investors@rkbagro.com](mailto:investors@rkbagro.com)

## **RKB AGRO INDUSTRIES LIMITED**

Registered Office: 1st Floor, Kushal Chambers  
M.G. Road, RAICHUR – 584 101

**CIN: L17100KA1979PLC003492**

### **NOTICE**

NOTICE is hereby given that the 37th Annual General Meeting of the members of R K B Agro Industries Limited will be held on Thursday the 28th September 2017 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 financial statement as at 31st March 2017 along with Notes and Boards' Report and Auditors' Report thereon.
2. To appoint a director in place of Mr. V. M. Bhandari (DIN: 0041116) who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Smt. Rupal Bhandari (DIN: 07139243) who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint Statutory Auditor and to pass the following resolution:

"RESOLVED THAT pursuant to provisions of Section 139 (2) of the Companies Act, 2013 (the Act) and the rules made thereunder, M/s Ganapath Raj & Co, Chartered Accountants, Bangalore (Firm Registration No 0008465) be and are hereby appointed as statutory auditor of the Company for a term of 5 years from the financial year 2017-18 till the conclusion of the Annual General Meeting of the financial year 2021-22 in place of M/s. Dagliya & Co., Chartered Accountants who ceases to be Auditor in terms of section 139 (2) of the Act and to fix the remuneration."

#### **SPECIAL BUSINESS:**

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

"RESOLVED THAT pursuant to section 186 and other applicable provisions if any of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 and such other approvals as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company to give loan to any person or body corporate, give guarantee or provide security in connection with a loan to any other body corporate or person, acquire or purchase securities of any other body corporate from time to time for an amount not exceeding Rs. 5,00,00,000/- (Rupees five crores only) outstanding at any point of time whether or not it exceeds the sixty per cent of paid up capital, free reserves and securities premium account or one hundred per cent of free reserves and securities premium account."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company be and is hereby empowered and authorized to take such steps as may be necessary in relation to the above and to settle all the matters arising out of and incidental thereto and to sign and to execute deeds, applications, documents and writings that may be required on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, expedient or incidental for giving effect to this resolution."

On Behalf of Board of Directors

Place : Raichur

Date : 23rd August 2017.

S.K. Bhandari  
Managing Director  
DIN: 00409750

## 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 valid must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10 percent of the total share capital of the company carrying voting rights.
4. Explanatory Statement as required under section 102 of Companies Act, 2013 is attached to this report.
5. Corporate members intending to send their authorised representative to attend the meeting are requested to send to the company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
6. Members/ proxies should bring the attendance slip duly filled and signed for attending the meeting. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. The relevant information pursuant to Clause 49 of the Listing Agreement with Stock Exchanges on the code of corporate governance is provided in Corporate Governance report attached.
8. The register of members and share transfer books of the Company will remain closed from 21st September 2017 to 28th September 2017 (both days inclusive).
9. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates and PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the company.
10. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the company.
11. Members who hold shares in physical form in multiple folios in identical names or joint holding are requested to send the shares certificates to the company for consolidation into a single folio.
12. Members are requested to notify any change in their address to the Company's Share Transfer Agent – M/s. Big Share Services Private Limited, Bharat Tin Works Building, 1st Floor, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (E) Mumbai - 400 059.
13. 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.
14. The business set out in the Notice will be transacted through electronic voting system and the company is providing facility for voting by electronic means. The following instructions may please be followed:

In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended, the Company is pleased to provide members facility to exercise their right to vote on resolution proposed to be passed in the meeting by electronic means. Members may cast their votes using an electronic voting system from a place other than the venue of the meeting (remote e-voting) 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](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) 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](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below for login:

**For members holding shares in Demat Form and Physical Form :**

PAN	<p>Enter your 10 Digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholder as well as physical shareholder)</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
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	Enter the Dividend Bank details as recorded in your demat account or in the company records for the said demat account or folio.
Details	<ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the in the Dividend Bank Details field.</li> </ul>

- (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](mailto: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](mailto: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 25.09.2017 and end on 27.09.2017. 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](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@adslindia.com](mailto:helpdesk.evoting@adslindia.com).

The result will be declared on or after the Annual General Meeting of the company. The result declared along with the scrutinized report will be placed on the company's website [www.rkbagro.com](http://www.rkbagro.com) and on the website of CDSL – [www.cdslindia.com](http://www.cdslindia.com) within two days from the date of the Annual General Meeting and communicated to the stock exchanges.

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**RKB AGRO INDUSTRIES LIMITED**

Registered Office: 1st Floor, Kushal Chambers  
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**CIN: L17100KA1979PLC003492**

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

**Item No. 5 :**

In order to make optimum the business turnover and also to achieve long term strategic and business objectives, it may become necessary for the company to give loan to any person or body corporate/ guarantee or provide security in connection with a loan to any other body corporate or person and to acquire or purchase securities of any other body corporate.

Pursuant to the provision of Section 186(3) of the Companies Act, 2013 and rules made thereunder, the Company needs to obtain prior approval of the shareholders by the way of special resolution in case the amount of loan, guarantee / security / investment proposed to be made exceeds sixty per cent of paid up capital, free reserves and securities premium account or one hundred per cent of free reserves and securities premium account.

Accordingly it is proposed to obtain the approval of shareholders by way of special resolution as contained in the notice of the Meeting. The Directors therefore, recommend the Special Resolution for approval of the shareholders.

None of the Directors, Key Managerial Personnel of the Company or their relatives of the Company in any way, financially or otherwise concerned or interested in the resolution except to the extent any loan / guarantee /security/ investment that may be given or extended to the entities / persons in which the Directors or their relatives may be interested. Your Directors recommend this resolution as a Special Resolution for your approval.

On Behalf of Board of Directors

Place: Raichur

Date: 23rd August 2017.

S.K. Bhandari  
Managing Director  
DIN: 00409750

**RKB AGRO INDUSTRIES LIMITED**

Registered Office: 1st Floor, Kushal Chambers  
M.G. Road, RAICHUR – 584 101

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**BOARDS' REPORT**

To

**The Members**

**R K B Agro Industries Limited**

Your directors are pleased to present the annual report along with the audited financial statements for the year ended 31st March 2017.

**1. Financial results :**

Particulars	31st March 2017 Amount in Rs.	31st March 2016 Amount in Rs.
Gross Revenue from operations	50,50,66,809	31,21,82,787
Other Income	29,41,298	42,27,971
<b>Total Income</b>	<b>50,80,08,107</b>	<b>31,64,10,758</b>
Expenditure before depreciation and financial cost	49,29,41,821	30,36,60,426
Depreciation	25,90,406	29,68,688
Financial cost	51,21,919	59,45,657
Exceptional Items (Income) Prior period income	-	(72,403)
Profit before tax	73,53,961	37,63,584
Provision for Tax – Current Tax	14,00,000	8,00,000
Tax adjustment of prior periods	(79,896)	(35,065)
Profit/(Loss) after Tax for the year	60,33,857	29,98,649
Earnings per share	0.80	0.40

**2. Operations :**

During the year, your company's revenue from operations was Rs. 50,50,66,809 as against previous years' figure of Rs. 31,21,83,787 Taking into account income from other sources the total income has aggregated to Rs. 50,80,08,107 as against Rs. 31,64,10,758 during the previous year. After providing for depreciation and financial cost, the operation has resulted in a profit before tax of Rs. 73,53,961. With making provision for current tax and tax adjustment for prior periods the result in profit after tax of Rs. 60,33,857 (previous year Rs. 29,98,649).

**3. Dividend:**

Your company has accumulated loss over the years and the surplus amount is applied to reduce the carry forward loss. In view of this your Directors do not recommend any dividend.

**4. Reserves:**

The Board does not propose to carry any amount to any reserves.

**5. Brief description of the Company's state of affair:**

During the year under review the performance of the company has shown perceptible increase as the volume of traded cotton has gone up from Rs. 31,21,82,787 to Rs.50,50,66,809. This was possible due to favourable raining pattern for cultivation of cotton and also favourable market conditions. It was expected that the weather conditions would continue to be conducive for cultivation of cotton and with upward demand for cotton, your company would be able to achieve further increase in turnover and the profitability.

**6. Extract of the Annual Return:**

The extract of annual return in for MGT-9 as required under the provisions of Section 92 (3) of the Act is attached as Annexure A to this report.

**7. Directors and Key Managerial Personnel:****A. Directors:**

There are no changes in the composition of board of directors. Sri V.M. Bhandari, Whole-time Director retire by rotation at the ensuing annual general meeting and being eligible offers themselves for re-appointment. Smt. Rupal Bhandari who retires by rotation and being eligible offers herself for reappointment.

The composition of the Board of Directors and the number of board meetings attended by them as follows :

Sl. No.	Name of Director	Designation	Qualification	No. of meeting attended
1	Sri S.K. Bhandari	Managing Director	B.Com	11
2	Sri V.M. Bhandari	Whole-time Director	B.Com	11
3	Sri Shantilal Moota	Independent Director	Matricide	11
4	Sri M. Ganesh	Independent Director	MBA	8
5	Mrs. Rupal Bhandari	Woman Director	BBM	11

During the financial year 2016-17, eleven Board meetings were held on 30-04-2016, 18-07-2017, 20-07-2016, 04-08-2016, 13-08-2016, 29-08-2016, 26-10-2016, 12-01-2017, 07-02-2017, 13-02-2017 and 21-02-2017 and the intervening gap between any two meetings was within the period prescribed in section 173 of the Companies Act, 2013.

**B. Key Managerial Personnel:**

As required under section 203 of the Companies Act, 2013, apart from the Managing Director the following are the Key Managerial Personnel.

Sri N. Mahesh	Company Secretary (till 29-08-2016)
Mr. S. Sooraj Soni	Company Secretary (from 01-09-2016)
Sri Sripad Hanchate	Chief Financial Officer

**C. Declaration by Independent Director(s):**

Sri Shantilal Moota and Sri M. Ganesh, Independent Directors have furnished declaration to the effect that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

**8. Audit Committee:**

The Audit Committee constituted by the Board consists of the following directors:

Sri. Shantilal Moota	Independent Director	Chairman
Sri. M. Ganesh	Independent Director	Member
Sri. V. M. Bhandari	Whole-time Director	Member
Sri. S. Sooraj Soni	Company Secretary	Secretary to the Committee.

**Vigilance Mechanism:**

The Company has established a vigil mechanism and overseas through the committee, the genuine concerns expressed by the employees, stakeholders and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of co employees and the Company.

**9. Adequacy of internal financial controls with reference to the Financial Statements:**

The internal financial controls are adequate to ensure that the financial statements are drawn up with due care to reflect the factual position.

Further pursuant to section 138 the Companies Act, 2013, the company has appointed M/s. Moota S.K. & Co., Chartered Accountants, Loharwadi, Raichur- 580101 as the Internal Auditor for the Company.

**10. Composition of Nomination and Remuneration Committee and its policy.**

The Nomination and Remuneration Committee consists of the following members:

Sri. Shantilal Moota	Independent Director	Chairman
Sri. M. Ganesh	Independent Director	Member
Mrs. Rupal Bhandari	Director	Member

The number of director on the Board of the Company is only five out of which two are independent directors. The Audit Committee and Nomination and Remuneration has been constituted amongst them however ensuring compliance with the provisions of the Act.

The Company has drawn up the remuneration policy considering the various parameters prevalent in Raichur district, one of the backward districts in Karnataka State. Further the remuneration fixed for the Managing Director and the Whole-time Director, the core promoters of the company is meager and so also the remuneration offered to other Key Managerial Personnel.

**11. Managerial Remuneration :**

- 1) The ratio of the remuneration of Managing Director and the Whole-time Director to the median remuneration of the employees of the Company is 1:4. None of the Directors are paid any commission.
- 2) During the year under consideration there is no increase of remuneration paid to any Key Managerial Personnel.
- 3) The percentage increase in the medial remuneration of the employees in the financial year is 5%.
- 4) The number of permanent employees on the roll of the Company is 8

The company is situated in a backward district and considering the relevant parameters and in view of the fact that there is no increase in the remuneration paid to KMPs during 2016-17 and accordingly information under Rule 5 (viii) of Companies (Appointment and Remuneration Personnel) Rules, 2014 is not furnished. The remuneration paid to KMPs is as per the remuneration policy of the Company

**12. Change in the nature of business:**

There is no change in the nature of the business.

**13. Subsidiaries, Joint Ventures and Associate Companies:**

There are no Subsidiary / Joint Venture Companies / Associate Companies.

**14. Particulars of Loans, Guarantees or Investments:**

The Company has not given any loan, provided any guarantee and made any investments falling within the purview of section 186 of the Companies Act, 2013, during the year.

**15. Particulars of contracts or arrangements with related parties:**

Details of related party transactions attracting the provisions of section 188 of the Companies Act, 2013 is provided in form AOC 2 as Annexure B to this Report.

**16. Share Capital**

The paid up share capital of the Company stands at Rs.7,50,00,000/- (Rupees Seven crores and fifty lakhs only).

**17. Risk Management Policy:**

The Company has drawn up a Risk Management Policy. The Board constantly reviews the policy to ensure that the fluctuation in market price for cotton would not impact the performance of the company. Also the raining pattern including possibility of any drought / deluge is studied which would adversely affect the cultivation of cotton. This exercise is done periodically for drawing up alternative plan to overcome the situation.

**18. Fixed Deposits:**

During the year under report, the Company has not invited / accepted / renewed any fixed deposit from public in terms of the provisions of section 73 of the Companies Act, 2013, read with Companies (Acceptance of Deposits) Rules, 2014.

**19. Listing with Stock Exchanges:**

As per the requirement of listing agreement with BSE Limited, Mumbai your directors hereby declare that with regard to listing of shares there is no change in the status of discontinuance during the current year. Your Company is making all out efforts to secure the approval of the said Exchange for relisting of the securities and it is expected that it should materialize early.

**20. Depository system:**

As on 31st March 2017, 25,46,890 equity shares representing 33.96 % of total paid up equity share capital of the Company have been in dematerialized.

**21. Mechanism for formal Board evaluation.**

Every Director is requested to evaluate the effectiveness of the Board and identify the areas of improvement and to evaluate the Board dynamics and inter-personal relations, inflow of information, decision making capacity and inclination of each director. The Board also constantly evaluates the contribution of the members and shares the information. The performance of independent directors is evaluated with reference to their ability to contribute and monitor corporate governance practice, effective participation in the long term strategic planning and commitment to their obligation and fiduciary responsibilities, including participation in Board meetings and committee meetings.

**22. Corporate Governance:**

A report on Corporate Governance is attached to this report.

**23. Directors' Responsibility Statement:**

Pursuant to section 134 (5), your Directors state:

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

**24. Auditors:**

Pursuant to the provisions of Section 139 (2) of the Companies Act, 2013 and the rules made thereunder, it is proposed to appoint M/s Ganapath Raj & Co, Chartered Accountants, Bangalore (Firm Registration No 0008465) as statutory auditor of the Company for a term of 5 years from the financial year 2017-18 till the conclusion of the Annual General Meeting of the financial year 2021-22 and the board to fix the remuneration in place of M/s. Dagliya & Co., Chartered Accountants who ceases to be Auditor in terms of section 139 (2) of the Act.

**25. Auditors' Report:**

Explanations or comments by the Board on the qualification, reservation or adverse remark or disclaimer made by the auditor are detailed below:

**RKB AGRO INDUSTRIES LIMITED THIRTY SEVENTH ANNUAL REPORT - 2016 -2017**

Ref. to Audit Report	Qualification / reservation / adverse remark / disclaimer	Explanation / comments by the Board
Basis for qualified opinion	(ii) 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 accrued to such enterprises is not determined and provided for. Consequential impact on profit for the year and Trade payables as at the year end is not ascertainable.	The Company has large no. of creditors and they are all cotton growing farmers who are not required to register under Micro Small & Medium Enterprises Dev. Act, 2006. With regard to other entities action initiated to ascertain the applicability of the said Act. However this will not have any impact on the profit for the year and the trade payables.
Report on other legal and regulatory requirements	(iii) The Company has accounted the Retirement Gratuity on cash basis as against actuarial valuation basis as envisaged in AS-15 notified under Rule 7 of the Companies (Accounts) Rules, 2014 an disclosure required under this standard is not disclosed. Consequential impact on the accounts is not ascertainable.	Action is being taken to get the actuarial valuation done as envisaged in AS-15.

**26. Secretarial Audit Report:**

The Secretarial Audit Report pursuant to section 204 of the Companies Act, 2013 is attached as Annexure C to this Report.

**27. Corporate Social Responsibility**

Your Company does not fall under the purview of eligibility criteria as defined under the provision of section 132 of the Companies Act, 2013 and hence the provisions of CSR are not applicable to the Company

**28. Conservation of energy, technology absorption and exchange earnings and outgo:  
Conservation of energy:**

- Energy conservation measures taken - The Company has continued its conservation measures at its cotton ginning, pressing unit that include correction of defective electrical installations.
- Additional investment and proposals:  
Need based additional investments are made as and when required.
- Impact of measures:  
In a) and b) above resulted in avoidance of wastage of energy there by achieved reduction of power consumption.

**Technology absorption:**

The activity of the company is agro based and the operation being medium in size the company has not at present made any efforts in technology absorption.

**Foreign Exchange Earnings and out flow:**

There is no Foreign Exchange in flow/ out go during the year under review.

**29. Acknowledgements:**

The Board of Directors place on record its appreciation of the continued support provided by the Bankers, stakeholders, valued customers, suppliers, employees at all levels and the Government and Local Authorities in conducting the Business activities of the Company.

On behalf of R K B Agro Industries Limited

Date : 23rd August 2017.

Place: Raichur

S.K. Bhandari  
Managing Director  
DIN: 00409750

V.M.Bhandari  
Whole-time Director  
DIN:02722196



**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN****As on financial year ended on 31.03.2017****Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.****I. REGISTRATION & OTHER DETAILS :**

1.	CIN	L17100KA1979PLC003492
2.	Registration Date	17/03/1979
3.	Name of the Company	R K BAGRO INDUSTRIES LIMITED
4.	Category/Subcategory of the Company	Company Limited by shares/Indian Non Government Company
5.	Address of the Registered office & contact details	1ST FLOOR, KUSHAL CHAMBERS, M G ROAD, RAICHUR-584 101.
6.	Whether listed company	YES
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s Bigshare Services Private Ltd, Bharat Tin Works Building, 1st Floor, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (E) Mumbai - 400 059. Board No. : 022 62638200

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY** (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S.No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	The company is engaged in manufacturing and processing of cotton and in its trading.	01632	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S.No.	Name and Description of main products / services	CIN / GLN	Holding / Subsidiary / associate	% shares held.
	There is no holding, subsidiary and associates companies	NA	NA	NA

**RKB AGRO INDUSTRIES LIMITED** THIRTY SEVENTH ANNUAL REPORT - 2016 -2017

**III. VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**  
 Category wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	126110	4356700	5617800	74.9040	1261100	4356700	5617800	74.9040	0
b) Central Govt	0	0	0	0	0	0	0	0	
c) State Govt(s)	0	0	0	0	0	0	0	0	
d) Bodies Corp.	0		0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	
f) Any other	0	0	0	0	0	0	0	0	
<b>Total shareholding of Promoter (A)</b>	<b>1261100</b>	<b>4356700</b>	<b>5617800</b>	<b>74.9040</b>	<b>1261100</b>	<b>4356700</b>	<b>5617800</b>	<b>74.9040</b>	<b>0</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	80300	80300	1.0707	0	80300	80300	1.0707	
c) Central Govt	0	0	0	0	0	0	0	0	
d) State Govt	0	0	0	0	0	0	0	0	
e) Venture Capital Funds	0	0	0	0	0	0	0	0	
f) Insurance Companies	0	0	0	0	0	0	0	0	
g) FIs	0	0	0	0	0	0	0	0	
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	
i) Others (specify)	0	0	0	0	0	0	0	0	
<b>Sub-total</b>	<b>0</b>	<b>80300</b>	<b>80300</b>	<b>1.0707</b>	<b>0</b>	<b>80300</b>	<b>80300</b>	<b>1.0707</b>	<b>0</b>

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Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(B)(1):- 2 Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	378656	4800	383456	5.1127	368824	4800	373624	4.9817	0.13 <sup>1</sup> <sub>0</sub>
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1lakh	606279	434310	1040589	13.8745	696383	434310	1130693	15.08	1.20
ii) Individual shareholders holding nominal share capital in excess of Rs 1lakh	298502	70000	368502	4.91336	212480	70000	282480	3.7664	-1.15
c) Others (Employees)	0	2000	2000	0.0267	0	2000	2000	0.0267	0
Non Resident Indians	2153	5000	7153	0.0954	2153	5000	7153	0.0954	0
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members	200	0	200	0.0027	5950	0	5950	0.0793	0.076 <sub>6</sub>
Trusts									
Foreign Bodies-DR									
<b>Sub-total (B)(2):-</b>	1285790	516110	1801900	24.0254	1285790	516110	1801900	24.0295	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	1285790	596410	1882200	25.0960	1285790	596410	1882200	25.1002	0
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>2546890</b>	<b>4953110</b>	<b>7500000</b>	<b>100</b>	<b>2546890</b>	<b>4953110</b>	<b>7500000</b>	<b>100</b>	<b>0</b>

**RKB AGRO INDUSTRIES LIMITED THIRTY SEVENTH ANNUAL REPORT - 2016 -2017**
**B) Shareholding of Promoter -**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share hold ing during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total	
1	VIJAYRAJ BHANDARI (MHUF)	733000	9.77	0	733000	9.77	0	0
2	SOWBHAGRAJ BHANDARI (MHUF)	614000	8.18	0	614000	8.18	0	0
3	PAVAN BHANDARI	666500	8.89	0	666500	8.89	0	0
4	RAJMAL KHEMRAJ (HUF)	595200	7.93	0	595200	7.93	0	0
5	SOWBHAGRAJ BHANDARI (HUF)	445500	5.94	0	445500	5.94	0	0
6	SUSHILABAI BHANDARI	420500	5.61	0	420500	5.61	0	0
7	SANJAY KUMAR BHANDARI	332500	4.43	0	332500	4.43	0	0
8	SHANTABAI BHANDARI	374000	4.99	0	374000	4.99	0	0
9	VEENA BHANDARI	147000	1.96	0	147000	1.96	0	0
10	SOWBHAGRAJ BHANDARI	590600	7.88	0	590600	7.88	0	0
11	VIJAYRAJ BHANDARI	176000	2.35	0	176000	2.35	0	0
12	VIJAYRAJ BHANDARI (HUF)	124000	1.66	0	124000	1.66	0	0
13	CHANDANA BHANDARI	88,000	1.17	0	88,000	1.17	0	0
14	SHA RAJMAL KUSHALRAJ BHANDARI	72000	0.96	0	72000	0.96	0	0
15	AJAY BHANDARI	116000	1.55	0	116000	1.55	0	0
16	SANGITA JEETENDER LUNIYA	45500	0.61	0	45500	0.61	0	0
17	ABHAY KUMAR BHANDARI	43500	0.58	0	43500	0.58	0	0
18	KUSHALRAJ BHANDARI	25500	0.34	0	25500	0.34	0	0
19	GOPAL SINGH	5000	0.07	0	5000	0.07	0	0
20	K H PEERA SAB	3500	0.05	0	3500	0.05	0	0

**RKB AGRO INDUSTRIES LIMITED THIRTY SEVENTH ANNUAL REPORT - 2016 -2017**
**C) Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>At the beginning of the year</b>				
1	VJAYRAJ BHANDARI (MHUF)	733000	9.77		
2	SOWBHAGRAJ BHANDARI (MHUF)	614000	8.18		
3	PAVAN BHANDARI	666500	8.89		
4	RAJMAL KHEMRAJ (HUF)	595200	7.93		
5	SOWBHAGRAJ BHANDARI (HUF)	445500	5.94		
6	SUSHILABAI BHANDARI	420500	5.61		
7	SANJAY KUMAR BHANDARI	332500	4.43		
8	SHANTABAI BHANDARI	374000	4.99		
9	VEENA BHANDARI	147000	1.96		
10	SOWBHAGRAJ BHANDARI	590600	7.88		
11	VJAYRAJ BHANDARI	176000	2.35		
12	VJAYRAJ BHANDARI (HUF)	124000	1.66		
13	CHANDANA BHANDARI	88000	1.17		
14	SHA RAJMAL KUSHALRAJ BHANDARI	72000	0.96		
15	AJAY BHANDARI	116000	1.55		
16	SANGITA JEETENDER LUNIYA	45500	0.61		
17	ABHAY KUMAR BHANDARI	43500	0.58		
18	KUSHALRAJ BHANDARI	25500	0.34		
19	GOPAL SINGH	5000	0.07		
20	K H PEERA SAB	3500	0.05		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):				
	<b>At the end of the year</b>				
1	VJAYRAJ BHANDARI (MHUF)			733000	9.77
2	SOWBHAGRAJ BHANDARI (MHUF)			614000	8.18
3	PAVAN BHANDARI			666500	8.89
4	RAJMAL KHEMRAJ (HUF)			595200	7.93
5	SOWBHAGRAJ BHANDARI (HUF)			445500	5.94
6	SUSHILABAI BHANDARI			420500	5.61
7	SANJAY KUMAR BHANDARI			332500	4.43
8	SHANTABAI BHANDARI			374000	4.99
9	VEENA BHANDARI			147000	1.96
10	SOWBHAGRAJ BHANDARI			590600	7.88
11	VJAYRAJ BHANDARI			176000	2.35
12	VJAYRAJ BHANDARI (HUF)			124000	1.66
13	CHANDANA BHANDARI			14200	1.17
14	SHA RAJMAL KUSHALRAJ BHANDARI			72000	0.96
15	AJAY BHANDARI			116000	1.55
16	SANGITA JEETENDER LUNIYA			45500	0.61
17	ABHAY KUMAR BHANDARI			43500	0.58
18	KUSHALRAJ BHANDARI			25500	0.34
19	GOPAL SINGH			5000	0.07
20	K H PEERA SAB			3500	0.05

**RKB AGRO INDUSTRIES LIMITED THIRTY SEVENTH ANNUAL REPORT - 2016 -2017**

V) **INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	4,30,84,456	2,18,48,223	Nil	6,49,32,679
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>4,30,84,456</b>	<b>2,18,48,223</b>	<b>Nil</b>	<b>6,49,32,679</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	3,30,74,917	Nil	Nil	3,30,74,917
* Reduction	Nil	1,47,79,222	Nil	1,47,79,222
<b>Net Change</b>	<b>3,30,74,917</b>	<b>1,47,79,222</b>	<b>Nil</b>	<b>4,78,54,139</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	7,61,59,373	70,69,001	Nil	8,32,28,374
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>7,61,59,373</b>	<b>70,69,001</b>	<b>Nil</b>	<b>8,32,28,374</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS / MANAGER :**

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount (Rs. per month)
		Sowbhagraj Bhandari - MD	Vijayraj Bhandari WTD	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7,20,000	7,20,000	14,40,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission - as % of profit - others, specify...	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	<b>Total (A)</b>	<b>7,20,000</b>	<b>7,20,000</b>	<b>14,40,000</b>
	<b>Ceiling as per the Act</b>			

**RKB AGRO INDUSTRIES LIMITED THIRTY SEVENTH ANNUAL REPORT - 2016 -2017**

**V) INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	4,30,84,456	2,18,48,223	Nil	6,49,32,679
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>4,30,84,456</b>	<b>2,18,48,223</b>	<b>Nil</b>	<b>6,49,32,679</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	3,30,74,917	Nil	Nil	3,30,74,917
* Reduction	Nil	1,47,79,222	Nil	1,47,79,222
<b>Net Change</b>	<b>3,30,74,917</b>	<b>1,47,79,222</b>	<b>Nil</b>	<b>4,78,54,139</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	7,61,59,373	70,69,001	Nil	8,32,28,374
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>7,61,59,373</b>	<b>70,69,001</b>	<b>Nil</b>	<b>8,32,28,374</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS / MANAGER :**

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount (Rs. per month)
		Sowbhagraj Bhandari - MD	Vijayraj Bhandari WTD	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7,20,000	7,20,000	14,40,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission - as % of profit - others, specify...	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	<b>Total (A)</b>	<b>7,20,000</b>	<b>7,20,000</b>	<b>14,40,000</b>
	<b>Ceiling as per the Act</b>			

**RKB AGRO INDUSTRIES LIMITED** THIRTY SEVENTH ANNUAL REPORT - 2016 -2017**B. REMUNERATION TO OTHER DIRECTORS-** No remuneration is paid to other directors.**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WT**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel (Rs. per Month)			
		CEO	CS Sooraj Soni	CFO Sripad Hanchate	Total
1	Gross salary	-	23000/-	8000/-	31,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil	Nil
	- as % of profit	Nil	Nil	Nil	Nil
	others, specify...	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	Total	Nil	23000/-	8000/-	31,000

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES :**

There have been no penalties / punishment / compounding of offences against the company during the year.

On behalf of RKB Agro Industries Limited

Date : 23rd August 2017.

Place: Raichur

S.K. Bhandari  
Managing Director  
DIN: 00409750

V.M.Bhandari  
Whole-time Director  
DIN:02722196



**ANNEXURE-B TO THE BOARD'S REPORT****Form No. AOC-2**

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

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

**1.Details of contracts or arrangements or transactions not at arm's length basis:**

The company has not entered into any contracts or arrangements or transactions which are at arm's length.

**2. Details of material contracts or arrangement or transactions at arm's length basis.**

a) Name of the related party

<b>Name of the Related Party</b>	<b>Nature of Relationship</b>
Sri. S.K.Bhandari	Managing Director
Sri. V.M.Bhandari	Whole-time Director
Mrs. Rupal Bhandari	Director
Sri. Pavan Kumar Bhandari	Relative of a Director
Pavan Bhandari HUF	Kartha is a relative of Director
Kushal Enterprises	Proprietor is a relative of the Director
RKB Foundation	Directors and their family members are founders.
Bhandari Distributors Pvt. Ltd.	Relatives are Directors
Mukan Marketing Pvt. Ltd.	Relatives are Directors

(b) Nature of contracts/arrangements/transactions.

<b>Name of the related party</b>	<b>Nature of contract / transactions</b>	<b>Relationship</b>	<b>Value in Rs.</b>
Mukan Marketing Pvt. Ltd.	Purchase of cotton Medicine for Employees	Relatives are Director	3,10,22,258 12,330
Pavan Bhandari HUF	Rent paid	Kartha is a relative of Director	48,000 Per year
RKB Foundation	Hospital Charges for Employee	Directors are Trustees	29,792

(c) Duration of the contracts / transactions

Five years from 1st April 2017.

(d) Salient terms of the contracts or arrangements or transactions:

The transaction is at arm's length basis and the terms and conditions are as prevalent in market.

(e) Date of approval by the Board: 30th April 2017.

(f) Amount paid as advance: NIL

On behalf of R K B Agro Industries Limited

Date : 23rd August 2017.

Place: Raichur

S.K. Bhandari  
Managing Director  
DIN: 00409750

V.M.Bhandari  
Whole-time Director  
DIN:02722196

**ANNEXURE-C TO THE BOARD'S REPORT**

Form No. MR-3

**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017**

**[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014]**

**To**  
**The Members**  
**R K B Agro Industries Limited**

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 in accordance with the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
  - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009;
  - (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (v) We have been informed by the company that there are no other laws specifically applicable to the company.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc., mentioned above except that the clarification furnished by the Company to the BSE Ltd., on the compliance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 with regard to listing of 42,50,700 equity shares allotted on preferential basis by conversion of unsecured loan into equity has not been accepted by BSE Ltd., and the Company is in the process of making an Application to SEBI for condoning / compounding for non obtaining in principle approval for allotment of shares issued on preferential basis..

We have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with BSE Ltd.

We further report that:

The Board of Directors of the company is duly constituted with proper balance of Executive Directors, Independent Directors, and Woman Director.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

We further report that during the audit period there were no events which have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, standards, etc.

For M. CHANDRAPPA & ASSOCIATES

Bangalore

Date: 23rd August 2017.

CHANDRAPPA  
Proprietor

**RKB AGRO INDUSTRIES LIMITED**

Registered Office: 1st Floor, Kushal Chambers  
M.G. Road, RAICHUR – 584 101

**CIN : L17100KA1979PLC003492**

**CORPORATE GOVERNANCE REPORT****1. Company's Philosophy :**

Your Company is committed to good corporate governance as it believes in fair business practices while dealing with the shareholders, customers, employees, the Government and all other stakeholders. Corporate governance of the company accords importance for compliance with laws, rules and regulations at all times.

**2. Board of Directors :**

The Board of Directors has an optimum combination of executive, non-executive independent directors and the Board meets at regular intervals.

The Board of Directors consists of a Managing Director, one Whole-time Director and three non-executive directors. Two out of three directors are independent directors and one is a woman director. All the directors possess relevant skills and experience to bring judgment to bear on the business of the company.

During the financial year 2016-17, eleven Board meetings were held on 30-04-2016, 18-07-2017, 20-07-2016, 04-08-2016, 13-08-2016, 29-08-2016, 26-10-2016, 12-01-2017, 07-02-2017, 13-02-2017 and 21-02-2017.

Details of attendance of Directors at Board Meetings and at the last Annual General Meeting held on 29th September 2016, with particulars of their directorships and Chairman/Membership of the Board Committees of other companies as on 31st March 2017 are given below:

Name of Director	Designation	Category	Meetings held during the year	No. of meetings attended	Chairman / Director in other Company	Member of Board committees	Whether attended last AGM
Sri S.K. Bhandari	Managing Director	Executive	11	11	Nil	Nil	Yes
Sri V.M. Bhandari	Whole-time Director	Executive	11	11	Nil	Yes	Yes
Sri Shantilal Mootha	Independent Director	Non-executive	11	11	Nil	Yes	Yes
Sri M. Ganesh	Independent Director	Non-executive	11	8	Nil	Yes	No
Mrs. Rupal Bhandari	Woman Director	Non-executive	11	11	Nil	Yes	Yes

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

Sri V.M. Bhandari, retires by rotation and being eligible offers himself for reappointment. He is a graduate in Commerce. He has over 40 years of experience in cotton trading, ginning, oil extraction and processing. He is associated with the Company as a promoter and currently he is the Whole Time Director of the company.

Smt. Rupal Bhandari retires by rotation and being eligible offers herself for re-appointment. She is a graduate in Business Management having knowledge in marketing & finance and her appointment complies the provision of section 149(1) of the Companies Act, 2013.

### **3. Audit Committees :**

#### **(A) Terms of Reference :**

The role of the Audit Committee includes the following :

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation for appointment of statutory auditors and payment of professional fee and fee for any other services rendered by them.
- Reviewing of the management and the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:
  - (a) Matters required to be included in the Directors' Responsibility Report included in the Boards' Report in terms of section 134(3) of the Companies Act, 2013.
  - (b) Major accounting entries involving estimates based on the exercise of judgment by management.
  - (c) Significant adjustments made in the financial statements arising out of audit findings.
  - (d) Compliance with listing and other legal requirements relating to financial statements.
  - (e) Disclosure of related party transactions.
- Reviewing the quarterly financial statements before submission to the Board for approval.
- Valuation of the assets / undertakings of the Company, whenever necessary.
- Reviewing the adequacy of internal audit and discussion with internal auditors of any significant findings and follow up there on.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concerned.
- Approval of appointment of Chief Financial Officer and after assessing the qualification, experience and background, etc., of the candidate.
- Carrying out of any other function as is mentioned in the terms of reference of the Audit Committee.

#### **(B) Composition**

The composition of the Committee is as follows and they are all financially literate and having adequate financial management experience.

Sri Shantilal Moota	Independent Director	Chairman
Sri M. Ganesh	Independent Director	Member
Sri V. M. Bhandari	Whole-time Director	Member
Sri Sooraj Soni	Company Secretary as Secretary to the Committee.	

Seven audit committee meetings were held during the year 2016-17 on 30th April 2016, 20th July 2016, 4th August 2016, 13th August 2016, 29th August 2016, 26th October 2016 and on 21st February 2017 and all the members attended the meeting.

The Committee meetings were attended by the Managing Directors and the Chief Financial Officer by invitation.

**4. Nomination and Remuneration Committee.****(A) Terms of reference:**

The role of the Nomination and Remuneration committee including the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.

- Formulation of criteria for performance evaluation of Independent Directors and devising a policy on Board diversity.

**(B) Composition:**

The composition of the committee is as follows

Sri Shantilal Mootha	Independent Director	Chairman
Sri M. Ganesh	Independent Director	Member
Mrs. Rupal Bhandari	Non Executive Director	Member

Four meetings of Nomination and Remuneration committee were held during the year 2016-17 on 30th April 2016, 20th July 2016, 29th August 2016, 3rd December 2016 and on 21st February 2017 and all the members were present at the meetings.

**(C) Remuneration Policy :**

Remuneration of the Managing Director and Whole Time Directors are recommended by the Nomination and Remuneration Committee to the Board of Directors which is nominal when compared to industry standard. The remuneration paid is Rs.60,000/- p.m. to the Managing Director and Whole-time Director Non-executive directors are paid only sitting fee for the meetings attended by them.

**5. Shareholders / Investors Grievance Committee :****(A) Terms of Reference:**

The role of the committee is to resolve the grievances, if any of the stakeholders of the company including complaints related to transfer of shares, non-receipt of annual accounts.

**(B) The committee consists of the following directors.**

Sri. Shantilal Mootha	Independent Director	Chairman
Sri. M. Ganesh	Independent Director	Member
Mrs. Rupal Bhandari	Non Executive Director	Member

The members met four times during the financial 2016-17 on 30th April 2016, 20th July 2016, 3rd December 2016 and on 21st February 2017 and all the members were present at the meetings. No grievance was pending as on 31-03-2017.

**6. Risk Management Committee :****(A) Terms of Reference**

The role of the committee is to frame, implement and monitor the risk management plan of the company.

**(B) Composition :**

The Committee consists of the one Executive Director and three non-Executive Directors out of which two are independent directors. During the year 2016-17, one meeting was held on 30th April 2016 and all the members attended the meeting.

**7. General Body Meeting :****(A) Venue and time of the last three annual general meetings :**

Year	Venue	Date	Time
2013-14	1st Floor, Kushal Chambers, M.G. Road, Raichur.	30-10-2014	11.00 a.m.
2014-15	1st Floor, Kushal Chambers, M.G. Road, Raichur.	29-12-2015	10.00 a.m.
2015-16	1st Floor, Kushal Chambers, M.G. Road, Raichur.	29-09-2016	11.00 a.m.

**8. Familiarization programme for Independent Directors :**

The Independent Directors were already on the Board as Directors and as such were familiar with the company's business model and understanding of the business relations. However the company through the Managing Director / Senior Managerial Personnel periodically familiarizes the Independent Directors with the business scenario, strategy, operations and functions of the Company

**9. Independent Directors' meeting :**

The Independent Directors held one meeting on 21st February 2017 without non- Independent Directors and Senior Managerial Personnel.

**10. Terms and conditions of appointment of Independent Directors.**

The terms and conditions of appointment of Independent Directors have been displayed on the Company's website [www.rkbagro.com](http://www.rkbagro.com)

**11. Compliance certificate from the Auditors.**

The Board of Directors has laid down a code of conduct for all Board Members and Senior Managerial personnel of the Company. The code of conduct has been posted on the Company's website. An affirmation as to be compliance with the code of conduct is obtained from all the Directors and the Senior Managerial Personnel annually. A declaration from the Managing Director concerning compliance with the Code of Conduct is given below:

**12. Code of Conduct :**

The Board of Directors has laid down a code of conduct for all Board Members and Senior Managerial personnel of the Company. The code of conduct has been posted on the Company's website. An affirmation as to be compliance with the code of conduct is obtained from all the Directors and the Senior Managerial Personnel annually. A declaration from the Managing Director concerning compliance with the Code of Conduct is given below :

**Declaration :**

It is hereby declared that all the Board Members and Senior Managerial Personnel of the Company have affirmed compliance with the Code of Conduct for the Directors and Senior Managerial Personnel of the Company in respect of financial year ended 31st March 2017.

Place : Raichur

Date: 23rd August 2017

S.K. Bhandari

Managing Director

**13. Chief Executive Officer / Chief Financial Officer Certification :**

The Managing Director and Chief Financial Officer of the Company give certificate on financial reporting and internal controls to the Board on an annual basis. The certificate for the financial year 2016-17 was placed before the Board at its meeting held on 14th August 2017.

**14. Compliance with mandatory & non-mandatory requirements :**

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement.

**(A) Audit Qualifications :**

Proper explanation has been furnished to the Audit Qualification / Observation in the Boards' Report.

**(B) Separate posts of Chairman and Managing Director:**

The posts of Chairman and the Managing Director are not combined. There is no executive Chairman.

**(C) Reporting of Internal Auditors:**

The Internal Auditors of the company report to the Audit Committee.

**15. Disclosures :****(A) Related Party Transactions :**

The Board in its meeting held on 1st April 2017 has adopted related party transaction policy for determining the materiality of related party transactions and also on the dealing with related parties. There are no related party transactions that may have potential conflict with the interests of the company at large. All the related party transactions are at arm's length and in ordinary course of business.

Details of all related party transactions form a part of the accounts and they are disclosed in the Notes 16 to the Financial Statements. Further the Company does not have any related party transactions during the financial year 2016-17 attracting the provisions of section 188 of the Companies Act, 2013.

**(B) Management Discussion and Analysis :**

Management discussing and analysis report is provided in the Management Discussion and Analysis section of this Annual Report.

**(C) Whistle Blower Policy :**

The Company has established a Vigil Mechanism for employees, directors and others who are associated with the company to report to management instances of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The Policy provides adequate safeguards against victimization of employees/directors who avail the mechanism. The Vigil Mechanism also covers the Whistle Blower mechanism aspect as stipulated under clause 49 of the Listing Agreement. The Company affirms that no person has been denied access to the Audit Committee in this respect.

**16) Means of Communication :**

The unaudited Financial Results for every quarter and the Annual Audited Financial Results of the Company are published. The quarterly and annual financial results are also displayed on the Company's website. The Company also informs the Stock Exchange information on all matters which in the opinion of the Company are relevant for the shareholders.

**17) General Shareholders Information :**

Information of importance to the shareholders is given in the Shareholder Information section of this Annual Report

Place : Raichur  
Date : 23rd August 2016 7

S.K. Bhandari  
Managing Director  
DIN: 00409750



**SHAREHOLDERS INFORMATION****1. Corporate Identity Number :**

Company Identify Number (CIN) is : L17100KA1979PLC003492

**2. Annual General Meeting**

Day &amp; Date 28th September 2017

Time 11.00 a.m.

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

Financial year 1st April 2016 to 31st March 2017

Board meeting for consideration  
of unaudited quarterly results Last week of succeeding month

Financial Reporting – 2017 year end results July 2017

Date of Book Closure 21st September 2017 to 28th September 2017.  
(both days inclusive)Listing on Stock Exchanges BSE Limited,  
Listing fee is paid. Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai.Share Transfer Agents Big Share Services Pvt. Ltd.,  
Bharat Tin Works Building, 1st Floor  
Opp. Vasant Oasis, Makwana Road  
Marol, Andheri(E), Mumbai – 400059  
Ph: 022 – 62638200Share Transfer System The turnaround time for completion of transfer of  
shares in physical form is generally less than 30  
days from the date of receipt, if the documents are  
clear in all respects. The demat requests confirmed  
within 21 days from the date of receipt of DRF and  
share certificates.Dematerialization of Shares 25,46,890 equity shares representing 33.95% of the  
equity share capital is in dematerialized form.

**RKB AGRO INDUSTRIES LIMITED** THIRTY SEVENTH ANNUAL REPORT - 2016 -2017**Distribution holding as on 31.3.2016**

Category	Total holders	% of holders	Total Holding (Rs.)	% to total equity
1 -- 5000	930	67.1965	2086740	2.7823
5001 -- 10000	156	11.2717	1380110	1.8401
10001 -- 20000	89	6.4306	1457270	1.9430
20001 -- 30000	61	4.4075	1667950	2.2239
30001 -- 40000	60	4.3353	1982950	2.6439
40001 -- 50000	17	1.2283	816820	1.0891
50001 -- 100000	26	1.8786	1810300	2.4137
100001 -- 999999999	45	3.2514	63797860	85.0638
<b>Total</b>	<b>1384</b>	<b>100.00</b>	<b>75000000</b>	<b>100.00</b>

**Share Holding Pattern as on 31.3.2017**

Category	No. of equity shares	Percentage of holding
<b>A. Promoters Holding</b>		
1. Promoters		
Indian promoters	56,17,800	74.9010
Foreign promoters	-	-
2. Persons acting in concert	-	-
<b>Sub Total</b>	<b>56,17,800</b>	<b>74.9010</b>

**Note : 2. Foreign Shareholdings**

Total Foreign shareholdings		
FII's	0	0
NRIs/OCBs	7153	0.0954
Total	7153	0.0954

**Address for correspondence**

Investor correspondence  
Big Share Services Pvt. Ltd.,  
Bharat Tin Works Building, 1st Floor  
Opp. Vasant Oasis, Makwana Road  
Marol, Andheri(E), Mumbai-400059  
Ph: 022 - 62638200 200

For other correspondence  
R K B Agro Industries Ltd.,  
1st Floor, Kushal Chambers,  
M. G. Road,  
Raichur - 584 101

**Plant Location :**

Manchalpur Road, Raichur - 584 102

Place : Raichur

Date : 23rd August 2017

S.K. Bhandari  
Managing Director  
DIN: 00409750

**MANAGEMENT DISCUSSION AND ANALYSIS****Industry structure and developments :**

The main business activity of the Company relates cotton which is an agro based activity. Therefore understandably the indicator for the performance of the company's is timely rains and favorable weather condition coupled with remunerative price for their produce that would help encourage the farmers to go in for cotton cultivation. In the last two years thanks to reasonable good rainfall in the cotton growing area of Karnataka the Company's performance has been on encouraging note.

The assistance and guidance extended by the Government has been an encouraging factor for making cotton cultivation reasonably attractive. The demand for quality cotton is another factor that would help the industry realize remunerative price to sustain the growth.

**Review of operating performance :**

Particulars	31st March 2017 Amount in Rs.	31st March 2016 Amount in Rs.
Gross Revenue from operations	50,50,66,809	31,21,82,787
Other Income	29,41,298	42,27,971
<b>Total Income</b>	<b>50,80,08,107</b>	<b>31,64,10,758</b>
Expenditure before depreciation and financial cost	49,29,41,821	30,36,60,426
Depreciation	25,90,406	29,68,688
Financial cost	51,21,919	59,45,657
Exceptional Items (Income) Prior period income	-	(72,403)
Profit before tax	73,53,961	37,63,584
Provision for Tax – Current Tax	14,00,000	8,00,000
Tax adjustment of prior periods	(79,896)	(35,085)
Profit/(Loss) after Tax for the year	60,33,857	29,98,649
Earnings per share	0.80	0.40

During the year the overall revenue grew by 61.79 % that of last year. This was possible due to favorable weather conditions and upward trend in the market price.

**Effect of economy on the company**

Though there are no visible weaknesses, the textile industry is prone to cyclical recession trend. The going would be good so for the industry gets support exemption support from Government.

**Industry Outlook**

The world consumption of cotton is forecast to increase by nearly 5% 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**

The risk management policy is being 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**

The contents in this Management Discussion and Analysis describing the Company's objectives, estimates and expectations constitute "forward looking statements" given the existing laws and regulations which the management believes are true to the best of its knowledge at the time of preparation of this report. 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 1.4.2016 to 31.3.2017  
Certification by Managing Director and Whole-time Director

We, Mr. S K Bhandari, Managing Director, Mr. V M Bhandari, Whole time Director and Mr. Sripad Hanchate, Chief Financial Officer, on the basis of the review of the financial statements and the cash flow statement for year ended 31st March 2017 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 2017 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.

S. K. Bhandari  
Managing Director  
DIN: 00409750

V.M.Bhandari  
Whole-time Director  
DIN: 02722196

Sripad Hanchate  
Chief Financial Officer

Place : Raichur

Dated : 23rd August 2017

**RKB AGRO INDUSTRIES LIMITED**

Registered Office: 1st Floor, Kushal Chambers  
M.G. Road, RAICHUR – 584 101

**CIN: L17100KA1979PLC003492**

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

**THE MEMBERS**

**RKB AGRO INDUSTRIES LTD.  
RAICHUR**

"We have examined the compliance of conditions of Corporate Governance by RKB AGRO INDUSTRIES LTD. for the year ended 31st March 2017 as stipulated in Clause 49 of the Listing Agreement of the company with Stock Exchange for the period from 01.04.2016 to 31.03.2017.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to review of the 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.

We have examined the relevant records of the company in accordance with the Generally Accepted Auditing Standards in India to the extent relevant and as per the Guidance Note on certification of Corporate Governance issued by the Institute of Chartered Accountants of India.

In our opinion and to the best of our information and according to the explanations given to us, subject to the following:

The company has published unaudited quarterly results for the three quarters ended 30.06.2016, 30.09.2016, & 31.12.2016 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 and SEBI Regulations, as and when applicable.

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 01.04.2016 to 31.03.2017 and that there are no complaints pending as on 31.03.2017.

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: 0671S

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

Place : Bangalore  
Date : 23-08-2017

### **Independent Auditors' Report**

The Members of  
**RKB Agro Industries Limited,**  
**Raichur**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **RKB Agro Industries Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss and the 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act 2013 ("the Act") with respect to the preparation and presentation 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

**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 enterprises as required under the said Act are not disclosed. Moreover, interest, if any accrued to such enterprises is not determined and provided for. (Refer clause II (7) of Note 19 to the Financial Statements). Consequential impact on profit for the year and Trade payables as at the year end is not ascertainable.
- (ii) The company has accounted the Retirement Gratuity on cash basis as against actuarial valuation basis as envisaged in AS-15 notified under Rule 7 of the Companies (Accounts) Rules, 2014 and disclosures required under this standard is not disclosed. Consequential impact on the accounts is not ascertainable. (Refer clause I (6) (ii) and II - 14(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 aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31st March 2017, and its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

- I. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act and in terms of the information and explanations sought by us and given by the company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:
  - (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
  - (c) The title deeds of immovable properties are held in the name of the company.
  - (ii) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book 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.
  - (iii) As explained to us, the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership Firms or other parties covered in the register maintained u/s 189 of the Act, hence the question of grant of such loans being prejudicial to company's interest, schedule of repayment of interest and principal, receipt of principal and interest on regular basis and steps for recovery of overdue amount for more than 90 days as per clause (iii) of the Order does not arise.
  - (iv) As explained to us, the company has not granted any loans, nor given guarantees/ security to any party attracting the provisions of sec 185 of the Act. Investments held by the company in government securities, which exceed threshold limits specified under Sec 186 of the Act are made prior to the introduction of the Act.



- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public within the meaning of Sec 73 of the Act and The Companies (Acceptance of Deposits) Rules, 2014; hence the question of compliance with the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under as per clause (v) of the Order does not arise.
- (vi) The company is not engaged in production of any such goods or provision of any such services for which Central Government has prescribed particulars relating to utilization of material or labour or other items of cost. Hence the provisions of Sec 148(1) of the Act do not apply to the company.
- (vii) (a) According to the records of the Company, the company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues to the extent applicable to it.
- (b) According to the information and explanations given to us and based on the records verified by us, we state that no undisputed amounts payable in respect of Income Tax, Service Tax, Sales Tax, Value Added Tax, Duty of Customs, Duty of Excise or Cess which have remained outstanding as at 31st March 2017 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of Income tax, Sales tax, Value Added Tax, Service Tax, Duty of Customs, Duty of Excise or Cess, which have not been deposited on account of any dispute.
- (viii) 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 neither borrowed any loans from Financial Institutions, Government nor issued any debentures and hence the question of default in repayment does not arise.
- (ix) According to the information and explanations given to us no money was raised by way of initial public offer or further public offer and the company has not taken any term loans from banks or financial institutions during the year. Hence the question of application of moneys raised by way of initial public offer, further public offer and term loans for the purpose for which they were raised does not arise.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the company, managerial remuneration has been paid and provided in compliance with the provisions of Section 197 read with Schedule V of the Act.
- (xii) The company is not a Nidhi Company. Therefore the provisions of clause 3 (xii) of the Order are not applicable to the company.
- (xiii) In our opinion and according to information and explanations given to us, the company has complied with the provisions of Sections 177 and 188 of the Act and the disclosure of such transactions in the Financial Statements etc., as required by applicable Accounting Standards in respect of transactions entered into with related parties.
- (xiv) As explained to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year, hence the requirement of compliance with provisions of Section 42 of the Act and utilisation of amounts so raised for the purpose for which the funds were raised as per clause 3 (xiv) of the Order does not arise.

- (xv) In our opinion, the company has not entered into any non-cash transactions with directors or persons connected with them; hence the requirement of compliance to provisions of Section 192 of the Act as per clause 3 (xv) of the Order does not arise.
- (xvi) In our opinion, the company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934, hence the requirements of clause 3 (xvi) of the Order does not arise.

II. As required by section 143(3) of the Act, we report that:

- i) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
- iii) The balance sheet, statement of profit & loss and cash flow statement dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- v) On the basis of written representations received from the directors, as on 31st March 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- vi) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- vii) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note no II (3) of Notes to the financial statements;
- b. As explained to us, the Company does not foresee any loss on long-term contract entered in to. The company has not entered in to any derivative contracts. In view of the above the question of making provision does not arise;
- c. There are no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- d. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. However, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Clause 17 of Note 19 to the Financial Statements.

For DAGLIYA & Co.  
CHARTERED ACCOUNTANTS  
F.R.N. 0671 S

(R S SOMASEKHARA)  
Membership No: 018395  
Partner

Place: Bangalore  
Date : 23-08-2017

**ANNEXURE A - TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON  
THE FINANCIAL STATEMENTS OF RKB AGRO INDUSTRIES LIMITED****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of  
Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of RKB Agro Industries Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matter**

The Company did not have a written/ documented framework for internal financial controls over financial reporting. However, based on the fact the transactions being limited/less complex and there being very few levels of management, we have relied upon testing of controls through direct inquiry combined with other procedures, such as observation of activities, inspection of less formal documentation etc. to obtain sufficient audit evidence about the internal financial controls over financial reporting and its operating effectiveness as at the year end.

Our opinion is not qualified in respect of the aforesaid matter.

For DAGLIYA & Co.  
CHARTERED ACCOUNTANTS  
F.R.N. 0671 S

(R S SOMASEKHARA)  
Membership No: 018395  
Partner

Place : Bangalore  
Date : 23-08-2017

**RKB AGRO INDUSTRIES LIMITED** THIRTY SEVENTH ANNUAL REPORT - 2016 -2017

**BALANCE SHEET AS ON 31ST MARCH 2017**
**(Rs. in Lakhs)**

Particulars	Notes Ref. No.	As at 31st March 2016	As at 31st March 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	75,000,000	75,000,000
(b) Reserves and Surplus	2	110,149,833	38,418,340
(c) Money received against share warrants		-	-
<b>(2) Share application money pending allotment</b>		-	-
<b>(3) Non-Current Liabilities</b>			
(a) Long Term Borrowings	3	13,441,265	26,964,221
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long Term Liabilities		-	-
(d) Long Term Provisions		-	-
<b>(4) Current Liabilities</b>			
(a) Short Term Borrowings	4	69,787,109	37,968,458
(b) Trade Payables	5		
Total outstanding dues to Micro & Small Enterprises		-	-
Total outstanding dues of creditors other than Micro & Small Enterprises		44,777,385	8,575,846
(c) Other Current Liabilities	6	6,215,691	8,291,469
(d) Short Term Provisions	7	3,05,891	-
<b>Total</b>		<b>319,677,174</b>	<b>195,218,134</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets (As per Annexure)			
(i) Property, Plant & Equipments		197,578,875	135,246,450
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(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)	-	2,00,000
(e) Other non-current assets	9 (c)	1,169,121	1,141,160
<b>(2) Current assets</b>			
(a) Current investments			
(b) Inventories	10 (a)	45,324,220	13,535,086
(c) Trade receivables	10 (b)	59,327,625	41,266,631
(d) Cash and cash equivalents	10 (c)	7,085,588	5,68,758
(e) Short-term loans and advances	10 (d)	4,501,391	2,247,936
(f) Other current assets	10 (e)	4,674,858	9,96,618
<b>Total</b>		<b>319,677,174</b>	<b>195,218,134</b>

Significant Accounting Policies and Notes to Financial Statements 19  
As per our report of even date attached.

For Dagliya & Co  
Chartered Accountants  
FR No. 00671S

R S Somasekhara  
Partner  
Membership No: 016395  
PLACE : BANGALORE  
DATE : 23-08-2017

For RKB Agro Industries Limited

S.K.Bhandari  
Managing Director  
DIN: 00409750  
Sooraj Soni  
Company Secretary  
A36771

V.M.Bhandari  
Wholetime Director  
DIN: 02722196  
Sripad Hanchate  
Chief Financial Officer

**Statement of Profit And Loss for the year ended 31st March 2017****(Rs. in Lakhs)**

Particulars	Notes Ref. No.	As at 31st March 2017	As at 31st March 2016
I. Revenue from Operations	11	505,066,809	312,182,787.00
II. Other Income	12	2,941,298	4,227,971.00
<b>III. Total Revenue</b>		<b>508,008,107</b>	<b>316,410,758.00</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	13	386,211,979	221,437,454.00
Purchase of Stock-in-Trade	14	119,858,794	74,391,207.00
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	15	(31,939,625)	(9,640,852.00)
Employee Benefit Expense	16	7,228,582	6,349,004.00
Finance Costs	17	5,121,919	5,945,657.00
Depreciation and Amortization Expense (Annexure)		2,590,406	2,968,688.00
Other Expenses	18	11,582,091	11,123,613.00
<b>Total Expenses</b>		<b>500,654,146</b>	<b>312,574,771</b>
<b>V. Profit before exceptional and extraordinary items and tax (III - IV)</b>		<b>7,353,961</b>	<b>3,835,987</b>
VI. Exceptional Items			
VII. Prior period Income/(Expenses) - Net			(72,403)
VII. Profit before extraordinary items and tax (V - VI)		<b>7,353,961</b>	<b>3,763,584</b>
VIII. Extraordinary Items - -			
IX. Profit before tax (VII - VIII)		<b>7,353,961</b>	<b>3,763,584</b>
X. Tax expense:			
(1) Current tax		1,400,000	800,000
(2) Deferred tax adjustment		-	-
(3) Tax Adjustment of Prior periods		(79,896)	(35,065)
XI. Profit/(Loss) from the period from continuing operations (IX - X)		<b>6,033,857</b>	<b>2,998,649</b>
XII. Profit/(Loss) from discontinuing operations - -			
XIII. Tax expense of discounting operations - -			
XIV Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
<b>XV. Profit/(Loss) for the period (XI + XIV)</b>		<b>6,033,857</b>	<b>2,998,649</b>
XVI. Earning per equity share of Rs.10/- each:			
Basic & Diluted		<b>0.80</b>	<b>0.40</b>

Significant Accounting Policies and Notes to Financial Statements 19  
As per our report of even date attached.

For Dagliya & Co  
Chartered Accountants.  
FR No. 00671S

R S Somasekhara  
Partner  
Membership No: 018395  
PLACE : BANGALORE  
DATE : 23-08-2017

S.K.Bhandari  
Managing Director  
DIN: 00409750  
Sooraj Soni  
Company Secretary  
A36771

For RKB Agro Industries Limited

V.M.Bhandari  
Wholtime Director  
DIN: 02722196  
Sripad Hanchate  
Chief Financial Officer

**RKB AGRO INDUSTRIES LIMITED** THIRTY SEVENTH ANNUAL REPORT - 2016 -2017

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016 (Rs. in Lakhs)**

Particulars	Notes Ref. No.	As at 31st March 2017	As at 31st March 2016
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net profit/loss before tax		7,353,961	3,763,584
<b>Adjustment for :</b>			
Depreciation		2,590,406	2,968,688
Interest Expenses		4,444,591	5,769,409
Rent Received		(2,519,085)	(146,261)
Interest Received		(347,042)	(2,661,917)
<b>Operating profit before working capital adjustment</b>			
<b>Sub Total (a)</b>		<b>11,522,831</b>	<b>9,693,503</b>
<b>Adjustments for :</b>			
(Increase)/Decrease in inventories		(31,789,134)	(7,113,360)
(Increase)/Decrease in Trade receivables		(18,060,994)	1,046,797
(Increase)/Decrease in Short term Loans & Advances		(2,253,455)	(1,794,560)
(Increase)/Decrease in Other Current Assets		(3,678,240)	(1,032,177)
(Increase)/Decrease in Other Non Current Assets		(27,961)	(250,400)
(Increase)/Decrease in Long Term Loans & Advances		200,000	(200,000)
Increase/(Decrease) in Trade payables		36,201,739	3,862,846
Increase/(Decrease) in Other Current Liabilities		(2,075,778)	1,186,456
<b>Sub Total (b)</b>		<b>(21,483,823)</b>	<b>5,124,601</b>
<b>Cash generated from operations</b>		<b>(9,960,993)</b>	<b>14,818,104</b>
Direct Taxes paid	(c)	(1,014,213)	(913,560)
<b>Net Cash generated from operations</b>	<b>A = (a)+(b)-(c)</b>	<b>(10,975,206)</b>	<b>13,904,544</b>
<b>B) CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
Purchase of Fixed assets		(1,306,445)	(1,931,928)
Rent Received		2,519,085	146,261
Interest Received		347,042	2,661,917
<b>Net Cash Flow From Investment Activities (B)</b>		<b>1,559,682</b>	<b>8,76,250</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from/(Repayment of) Long Term Borrowings		(13,522,957)	(21,574,495)
Proceeds from/(Repayment of) Other short term Borrowings		31,818,651	7,705,998
Capital Subsidy received		2,081,250	
Interest Expenses		(4,444,591)	(5,769,409)
<b>Net Cash used in Financing Activities (C)</b>		<b>15,932,353</b>	<b>(19,637,906)</b>
<b>Net Increase/(decrease) in cash &amp; cash equivalents</b>	<b>(A)+(B)+(C)</b>	<b>6,516,830</b>	<b>(4,857,112)</b>
<b>Cash and Cash equivalents (Opening balances)</b>		<b>222,758</b>	<b>5,079,870</b>
<b>Cash and Cash equivalents (Closing balances)</b>		<b>6,739,588</b>	<b>222,758</b>
		<b>(6,516,830)</b>	<b>4,857,112</b>

Significant Accounting Policies and Notes to Financial Statements 19  
As per our report of even date attached.

For Dagliya & Co  
Chartered Accountants  
FR No. 00671S

R S Somasekhara  
Partner  
Membership No: 018395

PLACE : BANGALORE  
DATE : 23-06-2017

S.K.Bhandari  
Managing Director  
DIN: 00409750

Sooraj Soni  
Company Secretary  
A36771

For RKB Agro Industries Limited

V.M.Bhandari  
Wholetime Director  
DIN: 02722196

Sripad Hanchate  
Chief Financial Officer

**RKB AGRO INDUSTRIES LIMITED**

Notes forming part of Financial Statements for the year 2016-2017

**1) SHARE CAPITAL****Rs. in Lakhs**

No.	Particulars	As at 31.03.2017	As at 31.03.2016
A.	Authorised Share Capital: 90,00,000 Equity Shares (P.y. 90,00,000) of Rs 10/- each	90,00,000	90,00,000
B.	Issued, Subscribed and Fully Paid-up Share Capital: 75,00,000 Equity shares (P.Y.75,00,000) of Rs. 10/- each (including 7,78,000 equity shares (P.Y. 7,78,000) of Rs. 10/ each issued as Bonus shares by capitalisation of profit/reserve)	75,00,000	75,00,000

Note: Listing approval for allotment of 42,50,700 equity shares of Rs.10/- each made during the year 2014-15 is awaited

**C. Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period :**

No.	Particulars	As at 31.03.2017		As at 31.03.2016	
		No. of Shares	Amount	No. of Shares	Amount
	Number of Equity Shares at the beginning of the year	75,00,000	75,00,000	75,00,000	75,00,000
	Add/Less: Number of Shares allotted/(bought back) - Number of Equity Shares at the end of the year	75,00,000	75,00,000	75,00,000	75,00,000

**D. Equity Shares of the company held by each shareholder holding more than 5% shares :**

No.	Particulars	As at 31.03.2017		As at 31.03.2016	
		No. of Shares	Amount	No. of Shares	Amount
1	Vijayraj Bhandari (MHUF)	733,000	9.77%	733,000	9.77%
2	Pavan Bhandari	666,500	8.89%	666,500	8.89%
3	Sowbhagraj Bhandari(MHUF)	614,000	8.19%	614,000	8.19%
4	Rajmal Khemraj(HUF)	595,200	7.94%	595,200	7.94%
5	Sowbhagraj Bhandari	590,600	7.88%	590,600	7.88%
6	Sowbhagraj Bhandari (HUF)	445,500	5.94%	445,500	5.94%
7	Sushilabai Bhandari	420,500	5.61%	420,500	5.61%

**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 holders.

**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. Bonus shares shown in 1 (B) above are relating to the period beyond five years.



**RKB AGRO INDUSTRIES LIMITED** THIRTY SEVENTH ANNUAL REPORT - 2016 -2017

**2) RESERVES & SURPLUS :**

No.	Particulars	As at 31.03.2017	As at 31.03.2016
A.	Revaluation Reserve		
	(a) ON ACCOUNT OF LAND		
	Balance as per last Balance Sheet	96,108,324	96,108,324
	Add: Revaluation for the Year	67,916,777	-
		164,025,101	96,108,324
	(b) ON ACCOUNT OF BUILDINGS		
	Balance as per last Balance Sheet	2,219,140	2,219,140
	Less: Revaluation On building Withdrawn	(2,219,140)	-
			-
	Total of (a) & (b)	(i) 164,025,101	98,327,464
B.	Capital reserve		
	State Investment Subsidy From Govt. of Karnataka	(ii) 588,000	588,000
C.	General Reserve		
	As per Last Balance Sheet	30,934,440	30,934,440
		(iii) 30,934,440	30,934,440
D.	Surplus in Statement of Profit & Loss		
	As per Last Balance Sheet	(91,431,564)	(94,430,213)
	Less: Profit for the year	6,033,857	2,998,649
		(iv) (85,397,707)	(91,431,564)
	<b>TOTAL (i+ii+iii+iv)</b>	<b>110,149,833</b>	<b>38,418,340</b>

**3) LONG TERM BORROWINGS**

No.	Particulars	As at 31.03.2017	As at 31.03.2016
	<b>A Secured</b>		
	Term Loans from Lakshmi Vilas Bank Ltd.		
	1. Term Loan I (Machinery)	3,614,276	4,645,893
	2. Term Loan III (Machinery)	1,257,136	1,615,960
	(Term Loan I and Term Loan III are secured by hypothecation of machinery & other Accessories purchased out of the above loans)		
	3. Term Loan II (Building)	1,928,560	2,301,632
	4. Term loan IV (Building)	226,292	263,456
	(Term Loan II and IV are secured by Mortgage of the Press and Gin hall and platform constructed at RS no.198/2/2, Manchalapur road, Industrial area , Raichur)		
	<b>NOTE:</b>		
	1. TL I & II are repayable in 70 equal monthly instalments commencing from April 2014 and ending with January 2019. Interest payable on monthly rests @ (Base Rate +3.60%) p.a		
	2. TL III & IV are repayable in 70 equal monthly instalments commencing from January 2015 and ending with October 2020. Interest payable on monthly rests @ (Base Rate +2.25%) p.a		
	3. Above loans are guaranteed by Sri S K Bhandari Managing Director in his personal capacity		
	Unsecured	7,026,264	8,826,941
B	From Related Parties	6,415,001	18,137,280
		6,415,001	18,137,280
	<b>TOTAL</b>	<b>13,441,265</b>	<b>26,964,221</b>

**RKB AGRO INDUSTRIES LIMITED** THIRTY SEVENTH ANNUAL REPORT - 2016 -2017

<b>4) SHORT TERM BORROWINGS</b>			
No.	Particulars	As at 31.03.2017	As at 31.03.2016
	i Loans repayable on demand:		
	Secured Loans		
	Laxmi Vilas Bank : OCC	56,883,109	34,257,515
	(Secured by hypothecation of stocks & book debts and Collateral security by way of EM of Industrial property Sy. No.198/2/2 and M.No.12-7-68/4 (old), 12-7-196 (new) at Mukram gunj,manchalapur road, Raichur)		
	(Guaranteed by Sri S K Bhandari Managing Director in his personal capacity) Goods Loan	12,250,000	
	(Against pledge of Cotton bales and Guaranteed by Sri S K Bhandari Managing Director and relatives of Directors in their personal capacity)		
	<b>Unsecured</b>		
	i. From Managing Director	654,000	2,400,000
	ii. From Related Parties		1,310,943
<b>TOTAL</b>		<b>69,787,109</b>	<b>37,968,458</b>

<b>5) TRADE PAYABLES</b>			
No.	Particulars	As at 31.03.2017	As at 31.03.2016
	i. Dues to Micro and Small Enterprises (not available) (Ref. Note 19 II (6))	-	-
	ii. Others	44,777,385	8,575,646
<b>TOTAL</b>		<b>44,777,385</b>	<b>8,575,646</b>

<b>6) OTHER CURRENT LIABILITIES</b>			
No.	Particulars	As at 31.03.2017	As at 31.03.2016
	Current Maturities of Long Term Debt* (Refer Note 3)	3,510,862	5,680,992
	TDS Payable	301,095	179,807
	Advance Received against Sale of Goods/Services	-	20,933
	Advance received against sale of goods/services - from Related parties	-	1,025,000
	VAT payable	1,669,332	1,099,339
	Professional Tax Payable	-	4,675
	Rent Deposit	70,800	70,800
	Outstanding Liabilities	522,952	209,923
	Interest Accured but not due	140,650	-
<b>TOTAL</b>		<b>6,215,691</b>	<b>8,291,469</b>

\* Repayable in 70 equal monthly instalments commencing from April 2014/January 2015 and ending with January 2019/October 2020. Interest payable on monthly rests @ (Base Rate +3.60%) p.a (Guaranteed by Sri S K Bhandari Managing Director in his personal capacity)

**RKB AGRO INDUSTRIES LIMITED THIRTY SEVENTH ANNUAL REPORT - 2016 -2017**

<b>7) SHORT TERM PROVISIONS</b>			
No.	Particulars	As at 31.03.2017	As at 31.03.2016
	Provision for Taxes		
	Provision For Income Tax	1,400,000	
	LESS: Advance Tax and TDS receivable	1,094,109	
	<b>TOTAL</b>	<b>305,891</b>	<b>-</b>
<b>8) DEFERRED TAX ASSETS</b>			
No.	Particulars	As at 31.03.2017	As at 31.03.2016
	Arising on account of timing difference:		
	On account of Depreciation	-	-
	On account of Sec. 43 B items	1,445	1,445
	<b>TOTAL</b>	<b>1,445</b>	<b>1,445</b>
Note: The company has accumulated business loss of Rs. 1,13,61,102/- on which deferred tax asset has not been recognised as there is no virtual certainty to utilise the same. In view of the above, deferred tax liability arising on account of depreciation amounting to Rs 38,01,038/- has not been recognised.			
<b>9) NON CURRENT ASSETS</b>			
No.	Particulars	As at 31.03.2017	As at 31.03.2016
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	-	200,000
		-	200,000
c	Other non- current assets (Unsecured, Considered Good)		
	Gescom Deposits	721,670	721,670
	Security Deposit	447,451	419,490
	<b>TOTAL</b>	<b>1,169,121</b>	<b>1,141,160</b>
<b>10) CURRENT ASSETS</b>			
No.	Particulars	As at 31.03.2017	As at 31.03.2016
a	Inventories		
	Cotton Seeds (Produced)	12,053,462	6,997,338
	Cotton bales (Finished goods/Traded goods)	22,580,948	3,359,220
	Loose Cotton (Intermediary Product)	10,053,974	2,392,201
	Kappas (Raw Materials)	434,445	-
	Stores & Spares	170,215	287,527
	Packing Material	31,175	498,800
		<b>45,324,220</b>	<b>13,535,086</b>
b	Trade Receivables		
	Trade Receivables are unsecured but considered good and includes Rs. 3,70,319/- (P.Y. Rs.48,55,234/-) being amounts outstanding beyond six months from the date they have fallen due for payment.	59,327,625	41,266,631
		<b>59,327,625</b>	<b>41,266,631</b>

**RKB AGRO INDUSTRIES LIMITED** THIRTY SEVENTH ANNUAL REPORT - 2016 -2017

c	Cash and Cash Equivalents		
	Cash on Hand	171,627	119,749
	Balances with Banks- In Current Accounts	67,961	103,009
	Balances with Banks- In Deposit Accounts	6,500,000	-
		6,739,588	222,758
d	Other Bank Balances		
	Fixed Deposits with Bank	346,000	346,000
	(Includes Rs.3,41,000/- (P.Y Rs.3,41,000/-) as margin money against Bank guarantees)		
	Total Cash & Bank Balances	7,085,588	568,758
e	Short Term Loans and Advances		
	Unsecured, Considered Good		
	Staff Advances	1,199,170	1,179,662
	Other Advances	3,302,221	1,068,274
		4,501,391	2,247,936
e	Other Current Assets		
	Unsecured, Considered Good		
	Advance Tax and TDS receivable	-	1,354,022
	Less: Provision for income tax	-	( 800,000)
		-	554,022
	Prepaid Expenses	313,054	260,985
	Subsidy Receivable		
	Power Subsidy receivable	367,350	-
	Interest Subsidy receivable	2,081,250	-
	Capital Subsidy receivable	567,975	-
	Income Tax Refund Receivable	640,080	-
	Rent Receivable	507,168	8,785
	Interest Receivable	197,981	172,826
	<b>TOTAL</b>	<b>4,674,858</b>	<b>996,618</b>

**11) REVENUE FROM OPERATIONS**

No.	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
	<b>Sale of Products</b>		
	F P Cotton Bales	326,458,427	179,906,847
	Cotton Seeds	107,257,909	64,030,719
	<b>Traded Goods</b>		
	Loose Cotton	67,261,099	60,999,241
	Bale Patti / Cloth /Gunny Bags	1,155,379	990,000
	<b>Sub-Total</b>	<b>502,132,814</b>	<b>305,926,807</b>
	<b>Sale of Services</b>		
	Ginning Charges	1,878,505	4,769,980
	Pressing Charges	473,460	1,287,000
	<b>Sub-Total</b>	<b>2,351,965</b>	<b>6,056,980</b>
	Other operating Revenue	582,030	199,000
	<b>TOTAL</b>	<b>505,066,809</b>	<b>312,182,787</b>

**RKB AGRO INDUSTRIES LIMITED** THIRTY SEVENTH ANNUAL REPORT - 2016 -2017

**12) OTHER INCOME**

No.	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
	Interest Income / Discount	347,042	2,661,917
	Rent Received	2,519,085	146,261
	Miscellaneous Income	4,403	4,772
	Provision withdrawn	-	25,000
	Incidental Charges	-	130,000
	Carrying Charges Received	-	29,004
	Bad debts recovered	-	1,231,017
	Sundry balances written back	70,768	-
	<b>TOTAL</b>	<b>2,941,298</b>	<b>4,227,971</b>

**13) COST OF MATERIALS CONSUMED**

No.	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
	<b>Raw materials (Kapaas)</b>		
	Opening stock	-	2,781,482
	Add: Purchases during the year	386,646,425	218,655,972
		386,646,425	221,437,454
	Less: Closing stock	434,445	-
	<b>Cost of materials consumed</b>	<b>386,211,979</b>	<b>221,437,454</b>

**14) PURCHASE OF STOCK IN TRADE**

No.	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
	<b>a. Traded Goods Purchased</b>		
	Loose Cotton	50,001,887	23,477,426
	Cotton Bales	69,856,907	50,913,781
	<b>TOTAL</b>	<b>119,858,794</b>	<b>74,391,207</b>

**15) CHANGES IN INVENTORIES OF FINISHED GOODS,  
WORK IN PROGRESS & TRADED GOODS**

No.	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
	<b>A. Opening Stock</b>		
	FP Cotton	3,359,220	600,768
	Loose cotton	2,392,201	1,399,428
	Cotton Seeds	6,997,338	1,107,711
	<b>Sub Total</b>	<b>12,748,759</b>	<b>3,107,907</b>
	<b>B. Closing Stock</b>		
	FP Cotton	22,580,948	3,359,220
	Loose cotton	10,053,974	2,392,201
	Cotton Seeds	12,053,462	6,997,338
	<b>Sub Total</b>	<b>44,688,384</b>	<b>12,748,759</b>
	<b>(Increase)/Decrease in Inventory (A) - (B)</b>	<b>(31,939,625)</b>	<b>(9,640,852)</b>

**RKB AGRO INDUSTRIES LIMITED** THIRTY SEVENTH ANNUAL REPORT - 2016 -2017

**16) EMPLOYEE BENEFIT EXPENSES**

No.	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
	Salaries and Wages	5,445,399	4,731,207
	Directors Remuneration	1,440,000	1,200,000
	Contribution to Provident and Other Funds	2 74,360	298,844
	Staff Welfare Expenses	68,823	118,953
	<b>TOTAL</b>	<b>7,228,582</b>	<b>6,349,004</b>

**17) FINANCE COSTS**

No.	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
	Bank Loan Interest	4,444,591	5,769,409
	Documentation charges	618,264	16,095
	Other Interest paid	-	114,700
	Bank charges	59,064	45,453
	<b>TOTAL</b>	<b>5,121,919</b>	<b>5,945,657</b>

(Note: Interest for the current year is net of Interest subsidy)

**18) OTHER EXPENSES (Amount in Rs.)**

No.	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
	<b>Auditor's Remuneration</b>		
	For Statutory audit	85,000	60,000
	For IFC	20,000	20,000
	For Tax audit	25,000	15,000
	For Income tax matters	20,000	15,000
	Service tax	-	16,500
	For Other Services	11,450	51,525
	Out of pocket expenses	26,055	6,500
		<b>187,505</b>	<b>184,525</b>
	Sitting Fees	40,000	40,000
	Consumption of Stores and Spares	214,853	475,025
	Freight & Transportation charges	43,863	68,120
	Power and Fuel (Net of subsidy received during CY)	1,839,963	3,296,599
	Rent	48,000	24,000
	Repairs to Buildings	85,851	97,232
	Repairs to Machinery	626,062	768,705
	Insurance	600,483	579,978
	Packing Charges	1,477,300	742,452
	Rates and Taxes	185,373	548,341
	Other expenses	6,232,838	4,298,637
	<b>TOTAL</b>	<b>11,582,091</b>	<b>11,123,613</b>

## RKB AGRO INDUSTRIES LIMITED

## Fixed Assets Schedule as on 31.03.2017

NOTE: FIXED ASSETS	Gross Block			Depreciation			NET Block	
	As on 01/04/2016	Additions	Deletions	Adjustments during the year	As on 31/03/2017	For the year	As on 31/03/2017	As on 31/03/2016
Land	#	6 7,816,777	-	-	164,596,677	-	164,596,677	96,679,900
Building	@	30,889,931	1,074,007	2,219,140	29,744,798	6 82,573	14,759,330	10,813,172
Computers		346,946	-	-	346,946	19,785	3 20,496	46,233
Furniture & Fixtures		699,511	-	-	699,511	-	6 82,912	16,599
Electrical Installations		2,787,166	-	-	2,787,166	2 74,186	8 76,252	2,195,115
Factory/Office Equipments		108,716	-	-	108,716	24,547	29,640	103,623
Plant & Machinery	*	24,154,924	-	2,081,250	22,073,674	1,573,650	6,416,868	19,311,706
Vehicles		302,137	2 32,408	-	534,575	15,653	227,698	90,102
Grand Total		155,969,231	69,223,222	4,300,390	220,992,863	2,990,496	23,313,195	135,346,449
PREVIOUS YEAR		154,037,304	2,382,280	430,352	155,969,232	2,998,688	26,722,783	135,346,449

NOTE : # Difference on account of Revaluation of land as on 31.03.2017 added during the year

@ Balance of revaluation reserve in Building as on 01.04.2016 reversed and deducted from the value of Building.

\* Capital Investment Subsidy received from Department of Textiles deducted from the Plant &amp; machinery

**RKB AGRO INDUSTRIES LIMITED: RAICHUR****NOTE 19: NOTES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2017****(I) SIGNIFICANT ACCOUNTING POLICIES:****1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

These financial statements have been prepared on the historical cost convention unless otherwise stated in accordance with generally accepted accounting principles in India, the Accounting Standards notified under Rule 7 of the Companies (Accounts Rules) 2014 as amended and the provisions of the Companies Act, 2013.

**2. PROPERTY, PLANT & EQUIPMENT (PPE)**

Entire Land of the company is stated on fair value (on the basis of revaluation made by an approved valuer) and all other PPE are stated at historical cost less accumulated depreciation. The company does not have any intangible assets.

**3. DEPRECIATION**

Depreciation is provided on Straight Line Method based on the useful life of the assets and the manner specified in Schedule II of the Companies Act 2013.

**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 and bought out items are determined on FIFO method.

However, raw materials and other items held for use in production of finished goods are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

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 rentals 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.

**12. REVENUE RECOGNITION**

- i. Revenue from sales is recognized when significant risks and rewards of ownership of the goods are transferred to the buyer and there is reasonable certainty for ultimate collection.
- ii. Revenue other than sales is recognized to the extent it is probable that economic benefits would flow to the company and the revenue can be reliably measured.

**13. GOVERNMENT GRANTS**

Grants/ Subsidies are recognized when the company has complied with or when there is reasonable assurance that the company complies with the conditions attached to them. Grants/ Subsidies relating to capital assets are credited to relevant assets. Grants/ subsidies in the nature of revenue are recognized to the Statement of Profit & Loss when the benefits have been earned and it is reasonably certain that ultimate collection would be made.

**II. NOTES ON ACCOUNTS****1. REVALUATION OF LAND**

The company's entire land is stated on fair value on the basis of revaluation as on 31.03.2017. Following are the disclosures as required under paragraph 85 of AS 10:

S.No.	Particulars	Remarks
A	Effective date of revaluation	31-03-2017
B	Whether an independent valuer was involved	Yes. Revaluation was carried out by Sri Sandesh Shah of Kalburgi, an independent Govt. Valuer.
C	The methods and significant assumptions applied in estimating fair values of the items;	Procedure adopted is on the basis of government's guidance value.
D	The extent to which fair values of the items were determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms or were estimated using other valuation techniques	Fair Market Value is arrived based on the present value as per State government guidelines.
E	The revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders	Total Revaluation surplus stands at Rs16,40,25,101/- as at 31st March, 2017 including Rs.6,79,16,777/- created during the year. Revaluation Surplus is neither available for distribution as dividends nor for issue of Bonus Shares to the share holders.

**2. WITHDRAWAL OF REVALUATION RESERVE ON BUILDINGS**

The company's buildings relating to Cotton Unit, which were revalued as on 31st March 1994 have been reverted back to historical cost mode and the balance of Revaluation surplus of Rs.22,19,240 as on 1st April, 2016 has been withdrawn and credited to buildings. This has resulted in reduction in depreciation charge for the year by Rs.2,76,769/-.

**3. CONTINGENT LIABILITIES NOT PROVIDED FOR:**

Claims against the company not acknowledged as debt-

**NIL (P.Y.NIL)**

4. Bank has issued three bank guarantees totalling to Rs.3,37,000/- (P.Y.Rs.3,37,000/-) to Director General of Foreign trade, Bangalore for export obligation against which the company has kept FDRs worth Rs.3,41,000/- (Previous year Rs.3,41,000/- with bank as Margin Money.
5. ESTIMATED AMOUNT OF CONTRACTS remaining to be executed and not provided for:
  - a. Capital Commitments: **NIL (P.Y. NIL)**
  - b. Other Commitments: **NIL (P.Y. NIL)**
6. Certain balances under the heads of Trade Receivables, Loans and Advances, Trade Payables, Current Liabilities and certain Bank Accounts are subject to confirmation.
7. 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. In view of the above, interest, if any accrued to such enterprises could not be ascertained and provided for.
8. The lease arrangements entered into by the company are cancellable. Hence disclosures as envisaged by AS-19 are not applicable.
9. Investments (National Savings Certificates) amounting to Rs.14,050/- (P.Y. Rs. 14,050/-) is in the name of Director of the Company and are lodged with Sales Tax authorities /Agriculture Produce Marketing Committee for which the confirmation not received from the Authorities.
10. There are no amounts due to be remitted to "Investor's Education & Protection Fund" as at the year end. (P.Y. 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. The company has accounted the Capital Investment Subsidy of Rs.15,13,275/- received during the current year and subsidy accrued amounting to Rs.5,67,975/- (received on 13.07.2017) is recognized adjusted the same against the Plant & machinery under Property, Plant and Equipment.
13. The company has recognized power subsidy and Interest Subsidy, sanctioned/approved amounting to Rs.20,81,250/- and Rs.14,16,010/- respectively and credited to relevant expense accounts.

**14. a) Defined Benefit Plans:**
**Gratuity:**

Since the company is accounting gratuity to employees on cash basis, disclosures as required under AS-15 could not be made.

**b) Defined Contribution Plans:**

	<b>Curr.Year (Rs.)</b>	<b>Pr.Year (Rs.)</b>
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Company's contribution to P F/Pension plan:	2,74,360	2,98,844
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**15. EARNING PER SHARE (EPS) has been computed in accordance with AS-20**

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
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 <b>(Rs.)</b>	60,33,857	29,98,649
(B) Weighted average number of equity shares for EPS computation (for basic and diluted EPS) <b>(Nos.)</b>	75,00,000	75,00,000
(C) Earning per share (Basic & diluted) <b>(Rs.)</b>	0.80	0.40

**16. 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) Smt. Rupal Bhandari | Director            |

**b) Relatives of Key management personnel**

Pavan Kumar Bhandari

**c) Associates :**

- |                                   |                             |
|-----------------------------------|-----------------------------|
| (1) Bhandari Distributors (P) Ltd | (2) Mukan Marketing (P) Ltd |
| (3) Kushal Enterprises            | (4) Pavan Bhandari HUF      |
| (5) RKB Foundation                |                             |

**B. Summary of Transactions with Related Parties**

Particulars	Key Management Personnel		Relatives of KMP		Associates	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Rent Paid	-	-	48,000	24,000	-	-
Remuneration	14,40,000	12,00,000	-	-	-	-
Electricity Charges	1,36,010	1,48,754	-	-	-	-
Medical Expenses	-	-	-	-	42,122	58,333
Loan Received	23,50,000	87,00,000	-	-	1,31,89,768	3,39,11,249
Loan Repayments	40,96,000	70,41,097	-	-	2,62,22,990	4,16,62,391
Advances paid for Purchase of Cotton	-	-	-	-	40,60,000	2,55,000
Advance paid refunded	-	-	-	-	40,60,000	2,55,000
Advance received for cotton supplies	-	-	-	-	-	10,25,000
Refund of advance received	-	-	-	-	10,25,000	-
Purchase of cotton	-	-	-	-	3,10,22,258	-
Payment against cotton supplies	-	-	-	-	3,41,49,896	-
Outstanding Payables as at the year end	6,54,000	24,00,000	-	-	64,15,000	2,04,73,223

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

17. DETAILS OF SPECIFIED BANK NOTES (SBN) HELD AND TRANSACTED during the period from 8th November 2016 to 30th December 2016 as provided in the table below:

**(Amount in Rs.)**

Sl.No.	Particulars	SBNs	Other Denomination Notes (Other than SBNs)	Total
1	Closing Cash on hand as on 08.11.2016	8,500	7,01,354	7,09,854
2	<b>ADD:</b>			
	i. Permitted Receipts between 09.11.2016 to 30.12.2016	-	36,800	36,800
	ii. Withdrawals from bank between 09.11.2016 to 30.12.2016	-	6,84,000	6,84,000
3	<b>LESS:</b>			
	i. Permitted payments between 09.11.2016 to 30.12.2016	8,500	10,66,042	10,74,542
	ii. Amounts deposited in Bank between 09.11.2016 to 30.12.2016	NIL	NIL	NIL
4	Closing Cash on hand as on 30.12.2016	NIL	NIL	3,56,112

18. The Company has not recognized the MAT Credit of Rs.64,89,629/- (P.Y Rs.51,32,053/-) in the books in the absence of uncertainty that sufficient future taxable income will be available against which deferred tax can be realised.

19. In view of non recognition of unabsorbed business loss as deferred tax asset in the absence of virtual certainty, deferred tax liability on account of Sec 43 B items are not considered since the same would sufficiently covered by unrecognized deferred tax asset.

**20. SEGMENT REPORTING**

The company transacts in manufacturing and trading of cotton and cotton seeds and also carries out the services of Ginning & Pressing of cotton and all these operations are carried domestically. The company has identified these two reportable primary segments during the year. The information on segment reporting as envisaged in AS 17 is enclosed. (Statement enclosed).

For Dagliya & Co.  
Chartered Accountants  
FRN: 0671S

for RKB Agro Industries Limited

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

S K Bhandari  
Managing Director  
DIN: 00409750

V M Bhandari  
Wholetime Director  
DIN: 02722196

Place : Bangalore  
Date : 23-08-2017

Sooraj Soni  
Company Secretary  
A36771

Sripad Hanchate  
Chief Financial Officer

**RKB AGRO INDUSTRIES LIMITED**

Following are the Related Parties and transactions made with them

Amount Rs. In Lakhs

Sl. No.	Particulars	Key management Personnel		Relatives of KMP		Associates	
		31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
<b>A</b>	<b>TRANSACTIONS</b>						
	<b>I Rent Paid</b>						
	1 Pavan Bhandari HUF	-	-	48,000	24,000	-	-
	<b>TOTAL</b>	-	-	<b>48,000</b>	<b>24,000</b>	-	-
<b>I</b>	<b>I REMUNERATION</b>						
	1 S K Bhandari	720,000	600,000	-	-	-	-
	2 V M Bhandari	720,000	600,000	-	-	-	-
	<b>TOTAL</b>	<b>1,440,000</b>	<b>1,200,000</b>	-	-	-	-
<b>III</b>	<b>ELECTRICITY CHARGES</b>						
	1 S K Bhandari	92,458	74,377	-	-	-	-
	2 V M Bhandari	43,552	74,377	-	-	-	-
	<b>TOTAL</b>	<b>136,010</b>	<b>148,754</b>	-	-	-	-
<b>IV</b>	<b>MEDICAL EXPENSES</b>						
	1 Mukan Marketing P Ltd.	-	-	-	-	12,330	30,468
	2 MKB Hospital	-	-	-	-	29,792	27,865
	<b>TOTAL</b>	-	-	-	-	<b>42,122</b>	<b>58,333</b>
<b>V</b>	<b>Loan Accepted</b>						
	1 S K Bhandari	2,350,000	8,700,000	-	-	-	-
	2 Bhandari Cottons Ltd.	-	-	-	-	-	2,810,000
	3 Kushal Enterprises	-	-	-	-	9,599,824	18,085,943
	4 Mukan Marketing P Ltd.	-	-	-	-	3,589,944	13,015,306
	<b>TOTAL</b>	<b>2,350,000</b>	<b>8,700,000</b>	-	-	<b>13,189,768</b>	<b>33,911,249</b>
<b>VI</b>	<b>LOAN REPAID</b>						
	1 S K Bhandari	4,096,000	7,041,097	-	-	-	-
	2 Bhandari Distributors P Ltd.	-	-	-	-	3,127,639	6,817,390
	3 Kushal Enterprises	-	-	-	-	19,505,408	25,175,000
	4 Mukan Marketing P Ltd.	-	-	-	-	3,589,944	6,860,001
	5 Bhandari Cottons Ltd.	-	-	-	-	-	2,810,000
	<b>TOTAL</b>	<b>4,096,000</b>	<b>7,041,097</b>	-	-	<b>26,222,991</b>	<b>41,662,391</b>
<b>VII</b>	<b>ADVANCE PAID FOR COTTON PURCHASE</b>						
	1 Mukan Marketing P Ltd.	-	-	-	-	4,060,000	2,55,000
<b>VIII</b>	<b>ADVANCE PAID REFUNDED</b>						
	1 Mukan Marketing P Ltd.	-	-	-	-	4,060,000	2,55,000
<b>X</b>	<b>ADVANCE RECEIVED FOR COTTON SUPPLIES</b>						
	1 Bhandari Distributors P Ltd.	-	-	-	-	-	1,025,000
<b>XI</b>	<b>REFUND OF ADVANCE RECEIVED</b>						
	1 Bhandari Distributors P Ltd.	-	-	-	-	10,25,000	-
<b>XII</b>	<b>PURCHASE OF COTTON</b>						
	1 Mukan Marketing P Ltd.	-	-	-	-	31,022,258	-
<b>XIII</b>	<b>PAYMENT AGAINST COTTON SUPPLIES</b>						
	1 Bhandari Distributors (P) Ltd.	-	-	-	-	3,127,639	-
	2 Mukan Marketing P Ltd.	-	-	-	-	31,022,258	-
	<b>TOTAL</b>	-	-	-	-	<b>34,149,897</b>	-
<b>XIV</b>	<b>PAYABLES</b>						
	1 S K Bhandari	654,000	2,400,000	-	-	-	-
	2 Kushal Enterprises	-	-	-	-	6,415,001	16,320,585
	3 Bhandari Distributors P Ltd.	-	-	-	-	-	3,127,639
	4 Bhandari Distributors P Ltd.	-	-	-	-	-	1,025,000
	<b>TOTAL</b>	<b>654,000</b>	<b>2,400,000</b>	-	-	<b>6,415,001</b>	<b>20,473,223</b>

**ENCLOSURE TO PARA NO.21 OF NOTE 19 TO FINANCIAL ACCOUNTS**

Particulars	Mfg. & Trading		Services		Unallocable		Total	
	For the year ended		For the year ended		For the year ended		For the year ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
<b>1. Segment Revenue</b>								
External Sales	5,02,132,814	3,05,926,807	2,351,965	6,099,980			5,04,484,779	3,11,963,787
Inter segment sales -----								
Total Revenue	5,02,132,814	3,05,926,807	2,351,965	6,099,980			5,04,484,779	3,11,963,787
2. Total Revenue of each segment as a percentage of total revenue of all segments	96.53%	98.06%	0.47%	1.54%				
<b>3. Segment Result</b>								
Profit/(loss) Before Extra ordinary items and Tax	6,517,093	4,06,949	8,36,968	3,429,337			7,383,961	3,835,986
As a percentage of total Profit/(Loss)	88.62%	10.60%	11.38%	89.40%				
4. Segment Assets	1,30,947,030	77,947,432	17,332,382	20,009,548	1,03,790,983	97,264,153	2,51,790,395	1,95,218,133
5. Segment Liabilities	1,20,780,185	3,810,573	-	-	1,98,591,098	1,41,407,961	3,19,371,283	1,95,218,134
6. Capital Expenditure	7,68,442	9,85,964	5,37,004	9,65,964			1,306,445	1,931,928
7. Depreciation	2,331,366	2,374,960	2,59,041	593,738			2,590,406	2,968,698

**RKB AGRO INDUSTRIES LIMITED**

Registered Office: 1st Floor, Kushal Chambers M.G. Road, RAICHUR – 584 101

**FORM NO. MGT-11****Proxy form**

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

CIN : L17100KA1979PLC003492  
 Name of the company : R.K.B. Agro Industries Limited  
 Registered office : 1st Floor, Kushal Chambers  
 M.G. Road, RAICHUR - 584 101.

Name of the member (s) :

Registered address :

E-mail Id :

Folio No/ Client Id :

DP ID :

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

1. Name : ..... 2. Name : .....

Address : ..... Address :

E-mail Id : ..... E-mail Id :

Signature: ....., or failing him Signature.

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the company, to be held on the Thursday day of September 28, 2017 at 11.00 a.m. at the registered office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.

1st Item

2nd Item

3rd Item

4th Item

5th Item

Signed this..... day of..... 2017.

Affix  
Revenue  
Stamp

Signature of shareholder Signature of Proxy holder(s)

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



**ADMISSION SLIP**

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company/Depositories.

DP ID :

Reg Folio No. :

Client ID Regd :

No. of Shares :

Name(s) in Full

Father's/Husband's Name

Address as Regd. with the Company

I/WE HEREBY RECORD MY/OUR PRESENCE AT THE 36th ANNUAL GENERAL MEETING OF THE COMPANY BEING HELD ON 28th SEPTEMBER 2017 AT 11.00 A.M. AT REGISTERED OFFICE: 1ST FLOOR, KUSHAL CHAMBERS, M.G. ROAD, RAICHUR – 584 101

PLEASE TICK IN THE BOX

MEMBER

☐

PROXY

☐

MEMBER'S/PROXY'S SIGNATURE

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.