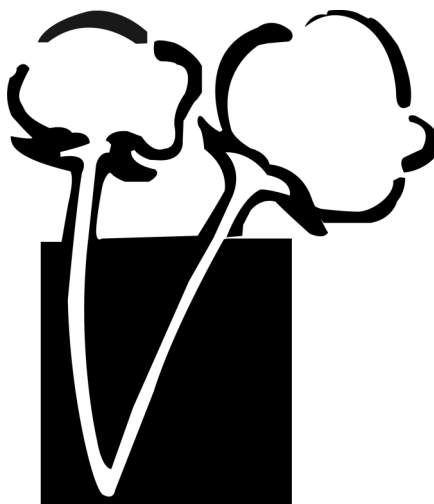


**RKB AGRO INDUSTRIES LIMITED**  
**RAICHUR**



**THIRTY NINTH ANNUAL REPORT**  
**2018 - 2019**

DIRECTORS : Sri S.K. Bhandari - Managing Director  
Sri V.M. Bhandari - Whole Time Director  
Sri Vinod Kumar Mootha - Independent Director  
Sri Rajendra Dhoka - Independent Director  
Smt. Rupal Bhandari - Women Director

Company Secretary : Sri Praveen Birsingh Choudhary

AUDITORS : **M/s. Ganapath Raj & Co.,**  
Chartered Accounts  
No. 387, (71), 42nd Cross,  
Between 1 & 2nd Main,  
Jayanagar 8th Block,  
Bangalore - 560 070.

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

e-mail : bhandariudhyog@hotmail.com **Web** : www.rkbagro.com ☎ : 08532 - 236814.

**CIN: L17100KA1979PLC003492**

### **NOTICE**

NOTICE is hereby given that the 39th Annual General Meeting of the members of R K B Agro Industries Limited will be held on Saturday the 28th September 2019 at 11.30 a.m. at the Registered Office of the Company to transact the following business

#### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the financial statements of the Company for the financial year ended March 31, 2019 and the report of the Board of Directors' and Auditors' thereon and in this regard pass the following resolution:

“RESOLVED THAT the financial statement of the Company for the year ended March 31, 2019 and the reports of the Board of Directors' and Auditors' thereon laid before this meeting, be and are hereby considered and adopted”

2. To fix the remuneration of M/s Ganapath Raj & Co, Chartered Accountants, Bangalore, Auditors of the Company pursuant to section 142 of the Companies Act, 2013.

3. Regularization of Mr. Rajendrakumar Shantilalji Dhoka, Additional Director

“RESOLVED THAT Mr. Rajendrakumar Shantilalji Dhoka holding DIN: 08267627 who was appointed as an Additional Director of the Company, by the Board of Directors in their Meeting held on 02/11/2018 under Section 161(1) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, (including any Statutory Modifications or re-enactments thereof) and applicable provisions of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as Director of the Company.”

4. Regularization of Mr. Vinod Kumar Mootha, Additional Director

“RESOLVED THAT Mr. Vinod Kumar Mootha holding DIN: 08267648 who was appointed as an Additional Director of the Company, by the Board of Directors in their Meeting held on 02/11/2018 under Section 161(1) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, (including any Statutory Modifications or re-enactments thereof) and applicable provisions of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as Director of the Company.”

#### **SPECIAL BUSINESS :**

Appointment of Sri Sowbhagraj Bhandari (DIN 00409750) as Managing Director.

To Considered and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution.

5. "RESOLVED THAT pursuant Article 31 of the Articles of Association of the Company and sections 196, 197 & 203 of the Companies Act 2013 read with Schedule V of the said Act and the Rules framed thereunder, as amended from time to time, consent of the members be and is hereby accorded for the re-appointment of Sri Sowbhagraj Bhandari (DIN 00409750) as the Managing Director of the Company for a period of two years effective from 1st April 2019 to 31st March 2021 on the terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting.

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

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

Appointment of Sri Vijayraj Bhandari (DIN 00411146) as a Director.

To Considered and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution.

6. "RESOLVED THAT pursuant sections 196, 197 & 203 of the Companies Act 2013 read with Schedule V of the said Act and the Rules framed thereunder, as amended from time to time, consent of the members be and is hereby accorded for the re-appointment of Sri Vijayraj Bhandari (DIN 00411146) as the Director of the Company for a period of two years effective from 1st April 2019 to 31st March 2021 on the terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting.

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

On Behalf of Board of Directors

Place : Raichur

Date : August 22, 2019

S.K. Bhandari  
Managing Director  
DIN: 00409750

**Notes :**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll on his / her behalf and the proxy need not be a member of the company.
2. Pursuant to Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty members holding in aggregate not more than ten percent of the total share capital of the company carrying voting rights. Members holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as Proxy, who shall not act as a proxy for any other member. If a proxy is appointed for more than fifty members, the proxy shall choose any fifty members and confirm the same to the company not later than 48 hours before the commencement of the meeting. In case, the proxy fails to do so, only the first fifty proxies received by the company shall be considered as valid. The instrument of proxy, in order to be effective, should be deposited, either in person or through post, at the registered office of the company, duly completed and signed, not later than 48 hours before the commencement of the meeting. Proxy form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / letter of authority, as applicable.
3. Corporate Members intending to send their authorised representatives to attend the AGM, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of relevant Board Resolution together with the respective specimen signatures of those representative(s) authorised under the said resolution to attend and vote on their behalf at the meeting.
4. 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.

5. The relevant information pursuant Listing Regulations (LODR) with Stock Exchanges on the code of corporate governance is provided in Corporate Governance report attached.
6. The register of members and share transfer books of the Company will remain closed from 22nd September 2019 to 28th September 2019 (both days inclusive).
7. 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 ban mandates immediately to the company.
8. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the company.
9. 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. They are also advised to get the shares dematerialized for easy dealings.
10. Members are requested to notify any change in their address to the Company's Share Transfer Agent – M/s. Big Share Services Private Limited, E2/3, Ansari Industrial Estate, Saki Naka, Andheri (East), Mumbai – 400 072.
11. Members desiring any information as regards to Financial Statement are requested to write to the Company at least 10 days before the meeting to enable the management to keep the information ready.
12. 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, and regulation 44 of Listing Regulations, 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 <b>CAPITAL</b> letters. eg,. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN Field.</li> </ul>
DOB	<p>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.</p>
Dividend Bank Details	<p>Enter the Dividend Bank details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank details in order to login. If the details are not recorded with the depository or company please enter the 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 will commence at 9.00 a.m. on Tuesday, 24th September, 2019 and will end at 5.00 p.m. on Friday, 27th September, 2019. 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 Bedi & Sons Corporate Solutions LLP 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.

On behalf of Board of Directors

Place: Raichur  
Date: August 22, 2019

S.K. Bhandari  
Managing Director  
DIN: 00409750

## **Explanatory Statement Pursuant To Section 102 (1) Of the Companies Act, 2013**

### **Item No. 5**

In terms Article 31 of the Articles of Association of the Company and sections 196, 197 & 203 of the Companies Act 2013 read with Schedule V of the said Act and the Rules framed thereunder, as amended from time to time, consent of the members be and is hereby accorded. Sri Sowbhagraj Bhandari (DIN 00409750) was appointed as a Managing Director of the Company with effect from 1st April 2019 to 31st March 2021 on the terms and conditions as set out by the Board of Directors.

The Board recommends the passing of the Ordinary Resolution as set out in the Item no. 5 of the Notice for the appointment of Sri Sowbhagraj Bhandari (DIN 00409750).

None of the Directors or other key managerial personnel or their relatives are concerned or interested except Sri Sowbhagraj Bhandari himself and Vijayraj Bhandari & Rupal Bhandari, who are related to each other.

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

### **Item No. 6**

In terms Article 31 of the Articles of Association of the Company and sections 196, 197 & 203 of the Companies Act 2013 read with Schedule V of the said Act and the Rules framed thereunder, as amended from time to time, consent of the members be and is hereby accorded. Sri Vijayraj Bhandari (DIN 00411146) was appointed as a Director of the Company with effect from 1st April 2019 to 31st March 2021 on the terms and conditions as set out by the Board of Directors.

The Board recommends the passing of the Ordinary Resolution as set out in the Item no. 5 of the Notice for the appointment of Vijayraj Bhandari (DIN 00411146).

None of the Directors or other key managerial personnel or their relatives are concerned or interested except Sri Vijayraj Bhandari himself and Sowbhagraj Bhandari & Rupal Bhandari, who are related to each other

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



**RKB AGRO INDUSTRIES LIMITED**

Registered Office: 1st Floor, Kushal Chambers M.G. Road, RAICHUR – 584 101  
 Email: bhandariudhyog@hotmail.com; Web: www.rkbagro.com ☎ : 08532 236814

**CIN: L17100KA1979PLC003492**

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 2019.

**BOARDS' REPORT****1. Financial results :**

Particulars	31st March 2019 Amount in Rs.	31st March 2018 Amount in Rs.
Gross Revenue from operations	2937.82	4164.36
Other Income	21.29	33.56
<b>Total Revenue</b>	<b>2959.11</b>	<b>4197.92</b>
Expenditure before depreciation and financial cost	2851.37	4046.45
Depreciation	26.19	23.27
Financial cost	73.45	83.92
<b>Profit before tax</b>	<b>8.10</b>	<b>44.28</b>
Provision for Tax – Current Tax	1.80	10.47
Mat Credit Set off	(0.80)	(1.93)
Deferred tax Charge/ (Income)	1.40	1.44
Tax adjustment of earlier years	-	0.21
<b>Profit/(Loss) after Tax for the year</b>	<b>5.70</b>	<b>34.08</b>
Earnings per share – Basic & Diluted	0.08	0.45

The financial statements for the financial year ended March 31, 2019, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (IND AS) as notified by the Ministry of Corporate Affairs.

**2. Operations :**

During the year, your company's revenue from operations was Rs. 2937.82 lakhs as against previous years' figure of Rs. 4164.36 lakhs. Taking into account of other income the total revenue has aggregated to Rs. 2959.11 lakhs as against Rs. 4197.92 lakhs during the previous year, after providing for depreciation, financial cost and tax expenses the operation has resulted in a net profit of Rs. 5.70 lakhs as against the previous year profit of Rs. 34.08 lakhs. Due to reduced sales, increased in financial cost and other market conditions the company posted declined net profit for the year 2018-19 as compared to previous year.

**3. Dividend:**

With a view to conserve the resources, your Directors have not recommended any dividend for the year 2018-19.

**4. Reserves:**

The Board does not propose to carry any amount to any reserves; the entire net profit is proposed to be transferred to Balance sheet under the heads of other equity.

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

During the year under review the performance of the company has shown quite low as the volume of traded cotton has gone down from Rs. 4164.36 lakhs to Rs. 2937.82 lakhs due to unfavorable raining pattern for cultivation of cotton and also volatile market conditions. It was expected that, given a favorable weather conditions conducive for cultivation of cotton and with upward demand for cotton, your company would be able to achieve increased 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 changes in the composition of board of directors.

Sri Ganesh, Director resigned on 30.04.2018 and Sri Shanthilal Moota, resigned on 10-07-2018 due to demise.

Sri Sowbhagraj Bhandari and Sri. Vijayraj Bhandari Director retire by rotation at the ensuing annual general meeting and being eligible offers himself for re-appointment.

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. Sowbhagraj Bhandari	Managing Director	B.Com	09
2	Sri V.M. Bhandari	Whole-time Director	B.Com	09
3	Sri Rajendrakumar Shantilalji Dhoka	Independent Director	Matriculate	02
4	Sri. Vinod Kumar Mootha	Independent Director	MBA	02
5	Mrs. Rupal Bandari	Woman Director	BBM	09
6	Shanthilal Moota	Independent Director		02
7	M Ganesh	Independent Director		01

During the financial year 2018-19, 08 board meetings were held on 04-04-2018; 30-04-2018; 10-07-2018; 30-07-2018; 14-08-2018; 02-11-2018; 12-11-2018; 06-02-2019; and 29-03-2019 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. Praveen Birsingh Choudhary - Company Secretary  
Sri. Sripad Chandrakanth Hanchate - Chief Financial Officer

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

Sri Rajendrakumar Shantilalji Dhoka and Sri Vinod Kumar Mootha, 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. Rajendrakumar Shantilalji Dhoka	Independent	Director Chairman
Sri. Vinod Kumar Mootha	Independent	Director Member
Sri. Vijayraj Bhandari	Whole-time Director	Member
Sri. Sripad Chandrakanth Hanchate	Chief Financial Officer	Convener

**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. Motha 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. Rajendrakumar Shantilalji Dhoka	Independent Director	Chairman
Sri. Vinod Kumar Mootha	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 have 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 1:3. None of the Directors are paid any commission.
- 2) During the year under consideration Sri. S K Bhandari, Managing Director and Sri. V M Bhandari, Whole-time Director have been paid a remuneration of 72,000/- p.a. each, decrease from Rs. 7,80,000/-)
- 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 role of the Company is 9.

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 to CFO and Company Secretary. and accordingly information under Rule (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. There is two Associate Companies, viz., Bhandari Distributors Private Limited and Mukan Marketing Private Limited.

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

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

**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) consisting of 75,00,000 equity shares of Rs. 10 each.

**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 attracting 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 Bombay Stock Exchange 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 2019, 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. 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

**23. Corporate Governance :**

A report on Corporate Governance is attached to this report as **Annexure C**.

**24. Auditors :**

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules made there under, M/s Ganapath Raj & Co, Chartered Accountants, Bangalore (Firm Registration No 000846S) who were appointed as Auditors of the Company for a term of 5 years from the financial year 2017-18 to till the conclusion of the Annual General Meeting of the financial year 2021-22.

**25. Auditors' Report :**

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

**RKB AGRO INDUSTRIES LIMITED THIRTY NINTH ANNUAL REPORT - 2018 - 2019**

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 yearend 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 D** 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 135 of the Companies Act, 2013 and hence the provisions of CSR are not applicable to the Company.

**28. Maintenance of Cost records :**

Pursuant to section 148(1) of the Companies Act, 2013 and Rules made there under, maintenance of cost records has not been prescribed by Central Government hence it is not applicable.

**29. Prevention of Sexual Harassment at Workplace :**

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('POSH Act') and Rules made thereunder, your Company has constituted Internal Complaints Committees (ICC) and also states that there were no complaints reported/filed under the said Act.

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

**i. Conservation of energy :**

**Statement attached as Annexure E to this report :**

**ii. 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.

**iii. Foreign Exchange Earnings and out flow :**

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

**31. 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.

Date: August 22, 2019.

On behalf of R K B Agro Industries Limited

Place: Raichur.

S.K. Bhandari  
Managing Director  
DIN: 00409750

V.M.Bhandari  
Whole-time Director  
DIN: 00411146

**ANNEXURE A TO THE BOARD'S REPORT  
FORM - MGT 9  
EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31.03.2019**

**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 B AGRO 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, Board No. : 022 40430200 Direct No. : 022 40430212 Mob. No. : 7045454395

**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 NINTH ANNUAL REPORT - 2018 - 2019**
**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-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% 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	1261100	4356700	5617800	74.90	1261100	4356700	5617800	74.90	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	262000	0	262000	3.49	262000	0	262000	262000	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
<b>Total shareholding of Promoter (A)</b>	<b>1523100</b>	<b>4356700</b>	<b>5879800</b>	<b>78.40</b>	<b>1523100</b>	<b>4356700</b>	<b>5879800</b>	<b>78.40</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	1.07	0	80300	80300	1.07	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>80300</b>	<b>80300</b>	<b>1.07</b>	<b>0</b>	<b>80300</b>	<b>80300</b>	<b>1.07</b>	<b>0</b>

**RKB AGRO INDUSTRIES LIMITED THIRTY NINTH ANNUAL REPORT - 2018 - 2019**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% 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	100976	4800	105776	1.41	94174	4800	98974	1.32	0.09
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	615709	434310	1050019	14.00	622511	434010	1056521	14.09	(0.09)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	298502	70000	368502	4.91	298502	70000	368502	4.91	0
c) Others (Employees)									
Non Resident Indians	2153	7000	7153	0.13	2153	7000	7153	0.13	0
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members	6450	0	6450	0.09	6750	0	6750	0.09	(0.00)
Trusts									
Foreign Bodies - D R									
<b>Sub-total (B) (2):-</b>	<b>1023790</b>	<b>516110</b>	<b>1539900</b>	<b>20.53</b>	<b>1024090</b>	<b>515810</b>	<b>1539900</b>	<b>20.53</b>	<b>0</b>
Total Public Shareholding (B)=(B)(1)+ (B)(2)	1023790	596410	1620200	21.60	1024090	596110	1620200	21.60	0
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>2546890</b>	<b>4953110</b>	<b>7500000</b>	<b>100</b>	<b>2547190</b>	<b>4952810</b>	<b>7500000</b>	<b>100</b>	<b>0</b>



**RKB AGRO INDUSTRIES LIMITED THIRTY NINTH ANNUAL REPORT - 2018 - 2019**
**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	SHARAJMAL 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
21	MUKAN MARKETING PRIVATE LIMITED	262000	3.49	0	262000	3.49	0	0

**RKB AGRO INDUSTRIES LIMITED THIRTY NINTH ANNUAL REPORT - 2018 - 2019**
**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	VIJAYRAJ 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 KUMARBHANDARI	332500	4.43		
8	SHANTABAI BHANDARI	374000	4.99		
9	VEENA BHANDARI	147000	1.96		
10	SOWBHAGRAJ BHANDARI	590600	7.88		
11	VIJAYRAJ BHANDARI	176000	2.35		
12	VIJAYRAJ BHANDARI (HUF)	124000	1.66		
13	CHANDANA BHANDARI	88,000	1.17		
14	SHA RAJMALKUSHALRAJ BHANDARI	72000	0.96		
15	AJAY BHANDARI	116000	1.55		
16	SANGITA JEETENDERLUNIYA	45500	0.61		
17	ABHAY KUMARBHANDARI	43500	0.58		
18	KUSHALRAJ BHANDARI	25500	0.34		
19	GOPAL SINGH	5000	0.07		
20	K H PEERA SAB	3500	0.05		
21	MUKAN MARKETING PRIVATE LIMITED	262000	3.49		
	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	VIJAYRAJ 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 KUMARBHANDARI			332500	4.43
8	SHANTABAI BHANDARI			374000	4.99
9	VEENA BHANDARI			147000	1.96
10	SOWBHAGRAJBHANDARI			590600	7.88
11	VIJAYRAJ BHANDARI			176000	2.35
12	VIJAYRAJ BHANDARI (HUF)			124000	1.66
13	CHANDANA BHANDARI			14200	1.17
14	SHA RAJMALKUSHALRAJ BHANDARI			72000	0.96
15	AJAY BHANDARI			116000	1.55
16	SANGITA JEETENDERLUNIYA			45500	0.61
17	ABHAY KUMARBHANDARI			43500	0.58
18	KUSHALRAJ BHANDARI			25500	0.34
19	GOPAL SINGH			5000	0.07
20	K H PEERA SAB			3500	0.05
21	MUKAN MARKETING PRIVATE LIMITED			262000	3.49

**RKB AGRO INDUSTRIES LIMITED THIRTY NINTH ANNUAL REPORT - 2018 - 2019**
**D) Shareholding Pattern of top ten Shareholders :  
(Other than Directors, Promoters and Holders of GDRs and ADRs) :**

Sl. No.	For Each of the Top 10 Shareholders	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	SUBRAMANIAN P	115080	1.53	-	-
2	S K BHANDARI	70000	0.93	-	-
3	COMFORT INTECH LIMITED	67734	0.90		
4	DEEPAK JAYANTILAL SHAH	51200	0.68	-	
5	THE REPATRIATES CO OP FIN & DEV BANK I	79300	1.06	-	-
6	VIJAYRAJ PUROHIT	46200	0.62	-	
7	CHANDRA	16167	0.22		
8	JYOTHI RAJENDRA SHAH	15900	0.21		
9	S KANTHILAL	12,056	0.16		
	Date 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 beginning of the year</b>				
1	SUBRAMANIAN P			115080	1.53
2	S K BHANDARI			79300	0.93
3	COMFORT INTECH LIMITED			70000	0.90
4	DEEPAK JAYANTILAL SHAH			66684	0.68
5	THE REPATRIATES CO OP FIN & DEV BANK I			51200	1.06
6	VIJAYRAJ PUROHIT			46200	0.62
7	CHANDRA			16167	0.22
8	JYOTHI RAJENDRA SHAH			15900	0.21
9	S KANTHILAL			12,056	0.16

**E) Shareholding of Directors and Key Managerial Personnel :**

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	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	SOWBHAGRAJ BHANDARI	590600	7.88	-	-
2	VIJAYRAJ BHANDARI	176000	2.35		
	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	SOWBHAGRAJ BHANDARI	-	-	590600	7.88
2	VIJAYRAJ BHANDARI	-	-	176000	2.35

**RKB AGRO INDUSTRIES LIMITED THIRTY NINTH ANNUAL REPORT - 2018 - 2019**

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	672.76	142.70	Nil	815.46
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>672.76</b>	<b>142.70</b>	<b>Nil</b>	<b>815.46</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	Nil	Nil	Nil	-
* Reduction	115.97	73.16	Nil	189.13
<b>Net Change</b>	<b>115.97</b>	<b>73.16</b>	<b>Nil</b>	<b>189.13</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	556.79	69.54	Nil	626.33
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>556.79</b>	<b>69.54</b>	<b>Nil</b>	<b>626.33</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	nil	Nil	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	72000	72000	1,44,000
	(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 – Electricity Charges	73000	27000	1,00,000
	<b>Total (A)</b>	<b>1,45,000</b>	<b>99,000</b>	<b>2,44,000</b>
	Ceiling as per the Act .			

**RKB AGRO INDUSTRIES LIMITED THIRTY NINTH ANNUAL REPORT - 2018 - 2019****B. REMUNERATION TO OTHER DIRECTORS-** No remuneration is paid to other directors.**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel (Rs. per Month)			
		CEO	CS	CFO	Total
			Praveen Choudhary	Sripad Hanchate	
1	Gross salary	-	14,500	8,000	22,500
	(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
	<b>Total</b>	-	<b>14,500</b>	<b>8,000</b>	<b>22,500</b>

**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 : August 22, 2019.

Place: Raichur

Sowbhagraj Bhandari  
Managing Director  
DIN: 00409750

V.M.Bhandari  
Whole-time Director  
DIN: 00411146

**ANNEXURE - B 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 not arm's length.

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

a) Name of the related party's

Name of the Related Party	Nature of Relationship
Sri. S.K.Bhandari	Managing Director
Sri. V.M.Bhandari	Whole-time Director
Smt. Rupal Bhandari	Women Director
Pavan Bhandari HUF	Kartha is a relative of a Director
Kushal Enterprises	Proprietor is a relative of a Director
RKB Foundation	Directors and their family members are founders/Trustees
Bhandari Distributors Pvt. Ltd.	Relatives are Directors
Mukan Marketing Pvt. Ltd.	Relatives are Directors
MKB Hospital	Directors are trustees

(b) Nature of contracts/arrangements/transactions.

Name of the related party	Nature of contract / transactions	Relationship	Value in Rs.
Kushal Enterprises	Purchase of cotton	Proprietor is a relative of a Director	4,80,93,000
Mukan Marketing Pvt Ltd	Purchase of cotton	Relatives are Directors	2,72,40,000
Kushal Enterprises	Sale of cotton	Proprietor is a relative of a Director	2,71,18,000
Mukan Marketing Pvt. Ltd.	Sale of cotton	Relatives are Directors	6,11,42,000
Sri. Pavan Bhandari HUF	Rent paid	Kartha is a relative of Director	48,000

**(c) Duration of the contracts / transactions.**

Five years from 01st 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 RKB Agro Industries Limited

Date: August 22, 2019.

Place: Raichur

S.K. Bhandari  
Managing Director  
DIN: 00409750

V.M.Bhandari  
Whole-time Director  
DIN:00411146

**CORPORATE GOVERNANCE REPORT ANNEXURE - C**

**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 2018-19, 09 board meetings were held on 04-04-2018; 30-04-2018; 10-07-2018; 30-07-2018; 14-08-2018; 02-11-2018; 12-11-2018; 06-02-2019; and 29-03-2019.

Details of attendance of Directors at Board Meetings and at the last Annual General Meeting held on 28th September 2018, with particulars of their directorships and Chairman/Membership of the Board Committees of other companies as on 31st March 2019 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	09	09	Nil	Nil	Yes
Sri V.M. Bhandari	Whole-time Director	Executive	09	09	Nil	Nil	Yes
Sri Shantilal Mootha	Independent Director	Non- executive	09	02	Nil	Nil	Yes
Sri M. Ganesh	Independent Director	Non- executive	09	01	Nil	Nil	No
Mrs. Rupal Bhandari	Woman Director	Non-executive	09	09	Nil	Nil	Yes
Sri. Vinod Kumar Mootha	Independent Director	Non-executive	09	02	Nil	Nil	-
Sri Rajendrakumar Shantilalji Dhoka	Independent Director	Non-executive	09	02	Nil	Nil	-

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

Sri Sowbhagraj Bhandari retires by rotation and being eligible offers himself for reappointment. He is aged about 74 years and 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 from the inception and currently he is the Managing Director of the company.

**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. Rajendrakumar Shantilalji Dhoka	Independent Director	Chairman
Sri. Vinod Kumar Mootha	Independent Director	Member
Sri V. M. Bhandari	Whole-time Director	Member
Sri Praveen Birsingh Choudhary	Company Secretary as Secretary to the Committee.	
Sri Sripad Hanchate	Chief Financial Officer	

Six audit committee meetings were held during the year 2018-19 on 04th April 2018, 10th July 2018, 30th July 2018, 14th August 2018; 12th November 2018 and on 06th February 2019 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. Rajendrakumar Shantilalji Dhoka	Independent Director	Chairman
Sri. Vinod Kumar Mootha	Independent Director	Member
Mrs. Rupal Bhandari	Non Executive Director	Member
Sri Praveen Birsingh Choudhary	Company Secretary as Secretary to the Committee	



Two meetings of Nomination and Remuneration committee were held during the year 2017-18 on 30th April 2018, and 06th February, 2019 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.72,000/- p.a. each 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. Rajendrakumar Shantilalji Dhoka	Independent Director	Chairman
Sri. Vinod Kumar Mootha	Independent Director	Member
Mrs. Rupal Bhandari	Non Executive Director	Member
Sri Praveen Birsingh Choudhary	Company Secretary as Secretary to the Committee.	

The members met on 08th February, 2018 during the year 2017-18 and all the members were present at the meeting. No grievance was pending as on 31-03-2018.

**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) Compositionm**

The Committee shall consist of Members of the Board of Directors. Senior executives of the company may be members of the said committee but the chairman of the committee shall be a member of the Board of Directors. During the year 2017-18, one meeting was held on 08th February, 2018 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
2015-16	1st Floor, Kushal Chambers, M.G. Road, Raichur-584 101	29/12/2016	10.00 a.m.
2016-17	1st Floor, Kushal Chambers, M.G. Road, Raichur – 584 101	29/09/2017	11.00 a.m.
2017-18	1st Floor, Kushal Chambers, M.G. Road, Raichur – 584 101	28/09/2018	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 08th February 2018 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.**

Certificate from Auditors of the company on compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this report.

**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 2019.

Place: Raichur

Date: August 22, 2019

S.K. Bhandari  
Managing Director  
DIN: 00409750

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

The Managing Director and Chief Financial Officer of the Company have given certificate on financial reporting and internal controls to the Board on an annual basis. The certificate for the financial year 2018-19 was placed before the Board at its meeting held on 30th July 2018.

**14. Compliance with the Discretionary Requirements under the Listing Regulations**

The Board of Directors periodically reviews the compliance of all applicable laws and steps taken by the Company to rectify instances of non-compliance, if any. The Company is in compliance with all mandatory requirements of Listing Regulations.

**(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 30th April 2017 has accorded approval to enter into related party transaction with 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 Financial Statement and they are disclosed in the Notes 36 to the Financial Statements.

**(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 listing regulations. The Company affirms that no person has been denied access to the Audit Committee in this respect.

**17) 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.

**18) General Shareholders Information :**

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

Place: Raichur

Date: August 22, 2019

S.K. Bhandari  
Managing Director  
DIN: 00409750

**SHAREHOLDERS' INFORMATION :**

**1. Corporate Identity Number:** L17100KA1979PLC003492

**2. Annual General Meeting**

Day & Date 28<sup>th</sup> September 2019

Time 11.30 a.m.

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

Financial year 1<sup>st</sup> April 2018 to 31st March 2019

Board meeting for consideration of unaudited quarterly results	Date of board meeting	Event
	30-07-2018	Audited Financial Result for 2017-18
	14-08-2018	1st Quarter Results
	12-11-2018	2nd Quarter results
	06-02-2019	3rd Quarter Results

Financial Reporting 31<sup>st</sup> March, 2019 year end

Date of Book Closure 22<sup>nd</sup> September 2019 to  
28<sup>th</sup> September 2019.  
(both days inclusive)

Listing on Stock Exchanges Bombay Stock Exchange Ltd,  
Listing fee is paid. Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai.

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

Share TransferSystem 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 NINTH ANNUAL REPORT - 2018 - 2019**
**Distribution holding as on 31.3.2018**

Category		Total holders	% of holders	Total Holding (Rs.)	% to total equity
1	500	930	67.1965	208674	2.7823
501	1000	157	11.3439	139011	1.8535
1001	2000	87	6.2861	143176	1.909
2001	3000	62	4.4798	169346	2.2579
3001	4000	60	4.3353	198295	2.6439
4001	5000	18	1.3006	85981	1.1464
5001	10000	25	1.8064	175731	2.3431
10001	9999999999	45	3.2514	6379786	85.0638
		<b>1384</b>	<b>100.0000</b>	<b>7500000</b>	<b>100.0000</b>

**Share Holding Pattern as on 31.3.2019**

Category	No. of equity shares	Percentage of holding
A. Promoters Holding		
1. Promoters		
Indian promoters	58,79,800	78.3975
Foreign promoters	-	-
2. Persons acting in concert	-	-
<b>Sub Total</b>	<b>58,79,800</b>	<b>78.3975</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  
**Bigshare Services (P) Limited**  
 Bharat Tin Works Building  
 1st Floor, Opp. Vasant Oasis,  
 Makwana Road, Marol, Anderi (E)  
 Mumbai - 400 059.  
 Ph. : 022 - 62638200

 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 : August 22, 2019

 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 :**

<b>Particulars</b>	<b>31st March 2019</b>	<b>31st March 2018</b>
Gross Revenue from operations	2937.82	4164.36
Other Income	21.29	33.56
<b>Total Revenue</b>	<b>2959.11</b>	<b>4197.92</b>
Expenditure before depreciation and financial cost	2851.37	4046.45
Depreciation	26.19	23.27
Financial cost	73.45	83.92
<b>Profit before tax</b>	<b>8.10</b>	<b>44.28</b>
Provision for Tax – Current Tax	1.80	10.47
Mat Credit Set off	(0.80)	(1.93)
Deferred tax Charge/ (Income)	1.40	1.44
Tax adjustment of earlier years	-	0.21
<b>Profit/(Loss) after Tax for the year</b>	<b>5.70</b>	<b>34.08</b>
Earnings per share – Basic & Diluted	0.08	0.45

During the year the revenue declined as compare to last year due to reduced sales, unfavorable weather conditions and other market conditions.

**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 as clothing and textile production continues to expand throughout Asia, with India expected to witness robust increase in production, 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 1.4.2018 to 31.3.2019  
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 2019 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 2019 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

V.M.Bhandari  
Whole-time Director

Sripad Hanchate  
Chief Financial Officer

Place : Raichur

Dated : August 22, 2019

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

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

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

For the Financial Year ended 31st March 2019

To  
The Members,  
**R K B Agro Industries Limited**  
CIN: L17100KA1979PLC003492

I 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 my verification of the books, 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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2019 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:

I have examined the books, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 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; (Not applicable as the Company has not issued any further share capital during the year under consideration).
  - (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Take over) Regulations, 2011.
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (The company has not issued any debt securities)
- (v) I 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 75,00,000 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.

I have also examined compliance with the applicable clauses of the following:

- (a) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;
- (b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with BSE Limited; There have been delay in publishing quarterly unaudited financial results and audited financial results.
- (c) The Factories Act, 1948.

I 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.

I 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.

I 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 BEDI & SONS CORPORATE SOLUTIONS LLP

Bangalore  
Date: August 09, 2019

Prasannakumar Bhagavanth Bedi  
Partner  
CP No.: 3677

**ANNEXURE TO SECRETARUAL AUDITORS' REPORT**

To  
The Members,  
R K B Agro Industries Limited  
CIN: L17100KA1979PLC003492

Our Secretarial Audit Report of even date, for the financial year 2018-19 is to be read along with this letter.

**Management's Responsibility**

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

**Auditor's Responsibility**

2. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

**Disclaimer**

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. I have not verified the correctness and appropriateness of financial records and books of account of the Company.

For BEDI & SONS CORPORATE SOLUTIONS LLP

Bangalore  
Date: August 09, 2019

PRASANNAKUMAR BHAGAVANTH BEDI  
Partner  
CP No. : 3677

**ANNEXURE - E**

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.**

**Conservation of Energy :**

Form for disclosure of particulars with respect to conservation of energy for the year 2018-19.

Particulars	Unit	Current
A. Power & Fuel consumption		
1. Electricity	KWH	
a. Purchases Units	96328	
b. Total Amount		Rs. 12,34,792
c. Rate for unit (average)	12.85	
2. Own Generation		
Units/ ltrs of diesel /Oil		
Total Amount		
Running cost per unit	KHW	

**B. Consumption per unit of production**

a). Product:

b). Electricity(units/kg.): These details cannot be ascertained since the Company manufactures different types of equipments and are custom built and also undertake jobwork

**Research and Development (R&D)**

- |  |     |
|--|-----|
| 1. Areas in which R&D carried out, if any. | NIL |
| 2. Benefits derived as a result of R & D   | NIL |
| 3. Future Plan of Action                   | NIL |
| 4. Expenditure on R & D                    | NIL |

**TECHNOLOGY ABSORPTION AND INNOVATION**

1. Efforts in brief made towards technology absorption, adoption and innovation.

a. Efforts are being made to bring cost effectiveness in the existing product and new products by innovative changes.

2. Benefits derived as a result of the above efforts.

a. Commercially proved the process and received valuable orders for job works.

b. Cost control achieved by bringing down cycle time.

c. Process for various components established in the existing type of machines and new type of machine.

**FOREIGN EXCHANGE EARNINGS AND OUT GO :**

a) Expenditure

- |                                     |     |
|-------------------------------------|-----|
| i) Travelling Rs.                   | NIL |
| ii) CIF Value of imports Rs.        | NIL |
| iii) Interest on ECB Loan Rs.       | NIL |
| b) Earnings in foreign currency Rs. | NIL |

Place: Raichur  
Date: 22.08.2019.

For and on behalf of the Board  
S K Bhandari  
Managing Director  
DIN: 00409750

**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 2019 as stipulated in Clause 49 of the Listing Agreement of the company with Stock Exchange for the period from 01.04.2018 to 31.03.2019.

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 30.06.2018, 30.09.2018, & 31.12.2018 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 01.04.2018 to 31.03.2019 and that there are no complaints pending as on 31.03.2019.

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 Ganapath Raj & Co.  
Chartered Accountants  
Firm Registration No.000846S

Ganapath Raj.C  
Partner  
Membership No. 022955

Place: Bangalore  
Date:09.08.2018.

## Independent Auditors' Report

To,  
The Members of  
R K B AGRO INDUSTRIES LIMITED  
Raichur.

### Report on the Audit of Financial Statements

#### Qualified Opinion

We have audited the accompanying IND AS financial statements of RKB AGRO INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

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** section of our report, the aforesaid IND AS 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, including the IND AS, of the state of affairs (financial position) of the Company as at 31st March 2019, and its financial performance including other comprehensive income and cash flows for the year ended on that date.

#### 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 (4) of Note 2 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 IND AS 19 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 2.3.5(b) of Note 2 and Note 36(a) to the Financial Statements)

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

**RKB AGRO INDUSTRIES LIMITED THIRTY NINTH ANNUAL REPORT - 2018 - 2019**

Sr. No.	Key Audit Matter	Auditor's Response
1.	Information Technology Systems and Controls on Accounting Software	<p>Audit procedures Performed</p> <p>We have performed procedures to ensure the financial data entered in the Accounting software captures all accounting data.</p> <p>Our audit approach consisted testing of design and operating effectiveness of internal controls and substantive testing around the Accounting software system.</p> <p>We performed sufficient test of details as a part of our audit. We have performed the test of details for areas where the Management has implemented manual controls as at the year end.</p> <p>The combination of these tests of controls and procedures performed, gave us a sufficient evidence to enable us to rely on the operations of accounting software system for the purpose of the audit of the financial statements.</p>

**Information Other than the Financial Statements and Auditors Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board Report, Business Responsibility Report, Corporate Governance Report and Shareholder's information, but does not include the standalone financial statement and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of the our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information obtained prior to the date of this auditors report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibilities for the Financial Statements**

The Company's Board of Directors is responsible for the preparation and presentation of these IND AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and the cash flows of the Company in accordance with the accounting principles generally accepted in India specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 the 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.

In preparing the financial statements, the management of the Company is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the IND AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Company's internal financial controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatement in the financial statements that, individually or in aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) Planning the scope of our work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. 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, we give a statement on the matters specified in paragraphs 3 and 4 of the Order.
  - (i) As per the books and records examined by us in the normal course of audit based on such audit check that we considered necessary and appropriate and to the best of our knowledge and belief, we state that :
    - 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) 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 under section 189 of the Companies Act, 2013 ("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) The company has not granted any loans, investments, nor given guarantees/security to any party attracting the provisions of section Sec 185 and 186 of the Companies Act 2013, hence the question of compliance with the said provisions as per clause (iv) of the Order does not arise.
  - (v) The company has not accepted any deposits from the public, hence the question of compliance with the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 and other relevant provisions of the Companies Act, 2013 and the rules framed there under as per clause (v) of the Order does not arise.
  - (vi) We are informed that maintenance of cost records has not been prescribed by the Central Government under section 148(1) of the Companies Act, 2013 in respect of the Company's Products.



- (vii) a) According to the records of the Company, the company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods & Services 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 explanation given to us and based on the records verified by us, we state that no undisputed amount payable in respect of Provident fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Goods & Services Tax, Value Added Tax, Duty of Customs, Duty of Excise or Cess, which have remained outstanding as at 31st March 2019 for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us there are no dues of Income Tax, Sales Tax, Value Added Tax, Service Tax, Goods & Services Tax, Duty of Customs, Duty of Excise or Cess, which have not been deposited on account of dispute.
- (viii) In our opinion, the Company has not defaulted in repayment of dues to banks. The company has neither borrowed any loans from Financial Institutions other than banks, Government nor issued any debentures and consequently the question of default in repayment does not arise.
- (ix) The company has not raised any money 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 material 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 (xii) of the Order are not applicable to the Company.
- (xiii) In our opinion, 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.(Refer Note No.35)
- (xiv) The company has not made any preferential allotment/ private placement of shares/ fully or partly convertible debentures during the year, hence the requirement of compliance with provisions of Section 42 of the Act and utilization of amounts so raised for the purpose for which the funds were raised as per clause (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 him; hence the requirement of compliance to provisions of Section 192 of the Act as per clause (xv) of the Order does not arise.
- (xvi) The company is not required to be registered under Sec 45-IA of the Reserve Bank of India Act, 1934, hence the requirements of clause (xvi) of the Order does not arise.

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

- a) We have sought all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The company has not appointed separate branch auditor under section 143(8) of the Act.
- d) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- e) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.
- f) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- g) 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**”.
- h) With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our Opinion and to the best of our information and according to the explanation given to us the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- i) 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.
- i. The Company does not have any pending litigation which would impact its financial position in its financial statements
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund

For GANAPATH RAJ & CO  
CHARTERED ACCOUNTANTS  
FIRM REG NO:-000846S

(C. GANAPATH RAJ)  
PARTNER  
MEMBERSHIP NO.022955  
PLACE:-BANGALORE

DATE: - 09.08.2019

UDIN:-19022955AAAABC6745

## **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, 2019 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 control 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.

#### **Auditor's 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 applicable to an audit of Internal Financial Controls and, 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.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

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 authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized 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 March 31,2019, 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.

#### **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 GANAPATH RAJ & CO.  
CHARTERED ACCOUNTANTS  
FIRM REG NO:-000846S

C. GANAPATH RAJ  
PARTNER MEMBERSHIP  
NO.022955

PLACE: - BANGALORE  
DATE: - 09.08.2019  
UDIN:-19022955AAAABC6745

**RKB AGRO INDUSTRIES LIMITED THIRTY NINTH ANNUAL REPORT - 2018 - 2019**

CIN : L17100KA1979PLC003492

**BALANCE SHEET AS ON 31ST MARCH 2019**

(Rs. in Lakhs)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets (As per Annexure)</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	3	1,308.96	1,295.51
(b) Intangible assets - -			
(c) Intangible assets under development		-	-
(d) Deferred tax assets (Net)	4	-	-
(e) Non-current investments (net)	5	0.14	0.14
(f) Other non-current assets	6	7.32	11.69
		<b>1,316.41</b>	<b>1,307.34</b>
<b>(2) Current assets</b>			
(a) Inventories	7	181.47	401.35
<b>(b) Financial Assets</b>			
(i) Trade receivables	8	654.27	439.37
(ii) Cash and cash equivalents	9	4.24	4.00
(iii) Bank balances other than above	10	3.46	3.46
(iv) Loans	11	15.74	4.93
(c) Other current assets	12	77.15	202.60
		<b>936.33</b>	<b>1,055.71</b>
<b>Total assets</b>		<b>2,252.74</b>	<b>2,363.05</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	13	750.00	750.00
(b) Other Equity	14	428.00	422.30
<b>Total equity</b>		<b>1,178.00</b>	<b>1,172.30</b>
<b>(1) Non-current liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Long-term borrowings	15	5.34	167.62
(b) Deferred tax Liabilities (Net)	4	34.83	33.43
		<b>40.17</b>	<b>201.05</b>
<b>(2) Current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Short term borrowings	16	620.99	647.85
(ii) Trade payables	17	364.51	279.42
(iii) Other financial liabilities	18	33.20	35.94
(b) Other current liabilities	19	15.86	26.50
(c) Current tax provision	20	-	-
		<b>1,034.57</b>	<b>989.71</b>
<b>Total liabilities</b>		<b>1,074.74</b>	<b>1,190.75</b>
<b>Total equity and liabilities</b>		<b>2,252.74</b>	<b>2,363.05</b>

Significant Accounting Policies and Notes to Financial, Statements form an integral part of the Balance Sheet As per our report of even date attached 1-38

**For Ganapath Raj & Co.**

 Chartered Accountants  
 Firm Reg No: 000846S

 C. Ganapath Raj & Co.  
 Partner

 Membership No. 022955  
 UDIN : 19022955AAAABL1593

 PLACE : BANGALORE  
 DATE : 09-08-2019

 For and on behalf of the Board of Directors of  
**RKB Agro Industries Limited**

 S.K.Bhandari  
 Managing Director  
 DIN: 00409750

 V.M.Bhandari  
 Wholetime Director  
 DIN: 02722196

 Sripad Hanchate  
 Chief Financial Officer

**RKB AGRO INDUSTRIES LIMITED THIRTY NINTH ANNUAL REPORT - 2018 - 2019**

CIN : L17100KA1979PLC003492

**Statement of Profit And Loss for the year ended 31st March 2019 (Rs. in Lakhs)**

Particulars		Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>I</b>	Revenue from operations	21	2,937.82	4,164.36
<b>II</b>	Other Income	22	21.29	33.56
<b>III</b>	<b>Total Revenue (I + II)</b>		<b>2,959.11</b>	<b>4,197.92</b>
<b>IV</b>	<b>EXPENSES</b>			
	(a) Cost of materials consumed	23	538.51	2,900.41
	(a) Purchase of Stock in Trade	24	2,020.87	905.74
	(b) Changes in Inventories of finished goods, work-in-progress & Traded goods	25	209.07	58.14
	(c) Employee benefit expense	26	21.30	68.65
	(d) Financial costs	27	73.45	83.92
	(e) Depreciation and amortization expense	28	26.19	23.27
	(f) Other expenses	29	61.63	113.52
<b>IV</b>	<b>Total Expenses</b>		<b>2,951.01</b>	<b>4,153.64</b>
<b>V</b>	<b>Profit/(loss) before tax (III-IV)</b>		<b>8.10</b>	<b>44.28</b>
<b>VI</b>	<b>Tax Expense</b>			
	Current tax		1.80	10.47
	Mat credit set off		(0.80)	(1.93)
	Provison related to earlier years		-	-
	Deferred Tax Charge/(income)	4	1.40	1.44
	Tax adjustment of earlier years		-	0.21
	<b>Total tax expense</b>		<b>2.40</b>	<b>10.20</b>
<b>VII</b>	<b>Profit/(loss) after tax (V-VI)</b>		<b>5.70</b>	<b>34.08</b>
<b>VIII</b>	<b>Other comprehensive income</b>			
	<b>A</b> (i) Items that will not be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
<b>IX</b>	<b>Total comprehensive income for the period</b> (Comprising Profit (Loss) and other comprehensive income for the year)		5.70	34.08
<b>X</b>	<b>Earnings per equity share</b>			
	(1) Basic & Diluted	32	0.08	0.45

Significant Accounting Policies and Notes to Financial Statements form an integral part of the Profit and Loss As per our report of even date attached

1-38

**For Ganapath Raj & Co.**

Chartered Accountants  
Firm Reg No: 000846S

C. Ganapath Raj & Co.

Partner

Membership No. 022955

UDIN : 19022955AAAABL1593

PLACE : BANGALORE

DATE : 09-08-2019

For and on behalf of the Board of Directors of  
**RKB Agro Industries Limited**

S.K.Bhandari  
Managing Director  
DIN: 00409750

V.M.Bhandari  
Wholetime Director  
DIN: 02722196

Sripad Hanchate  
Chief Financial Officer

**RKB AGRO INDUSTRIES LIMITED THIRTY NINTH ANNUAL REPORT - 2018 - 2019**

CIN : L17100KA1979PLC003492

**Statement of Cash flows for the year ended March 31, 2019 (Rs. in Lakhs)**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the year	8.10	44.28
<b>Adjustments for :</b>		
Depreciation	2 6.19	23.27
Interest Expenses	6 5.83	79.45
Rent Received	(20.01)	(32.50)
Interest Received	(0.97)	(1.06)
	<b>79.14</b>	<b>113.43</b>
<b>Movement in working capital:</b>		
Increase/(Decrease) in Trade payables	8 5.09	(168.75)
Increase/(Decrease) in other current liabilities	(10.64)	0.70
Increase/(Decrease) in other financial liabilities	(2.73)	(0.58)
Increase/(Decrease) in current tax provisions	-	(3.06)
Increase/(Decrease) in other financial Assets	-	65.00
Increase/(Decrease) in other current assets	125.45	(122.83)
Increase/(Decrease) in other non current assets	4.37	-
Increase/(Decrease) in short term loans and advances	(10.81)	7.06
Increase/(Decrease) in trade receivables	(214.90)	153.91
(Increase)/Decrease in inventory	219.88	51.89
<b>Cash generated from operations</b>	<b>274.86</b>	<b>96.78</b>
Income tax paid	(1.00)	(8.75)
<b>Net cash generated by operating activities</b>	<b>273.87</b>	<b>88.03</b>
<b>Cash flow from investing activities</b>		
Purchase of Fixed assets	(39.64)	(22.16)
Rent Received	20.01	32.50
Interest Received	0.97	1.06
<b>Net cash generated by investing activities</b>	<b>(18.66)</b>	<b>1 1.41</b>
<b>Cash flow from financing activities</b>		
Proceeds from/(Repayment of) Long Term Borrowings	(162.28)	33.21
Proceeds from/(Repayment of) short term Borrowings	(26.85)	(51.38)
Capital Subsidy received	-	-
Interest expenses paid	(65.83)	(79.45)
<b>Net cash used in financing activities</b>	<b>(254.96)</b>	<b>(97.63)</b>
<b>Net increase in cash and cash equivalents</b>	<b>0.24</b>	<b>1.81</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>4.00</b>	<b>2.20</b>
Cash and cash equivalents at the end of the year	<b>4.24</b>	<b>4.00</b>
<b>Cash and cash equivalent as per above comprise of the following:</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Cash and cash equivalent		
Balance with banks	0.53	0.25
Cash on Hand	3.71	3.75
Deposits having original maturity less than 3 months	-	-
<b>Balance as per statement of cash flows</b>	<b>4.24</b>	<b>4.00</b>

The accompanying notes are an integral part of these financial statements  
As per our report of even date attached

**For Ganapath Raj & Co.**

Chartered Accountants  
Firm Reg No: 000846S

C. Ganapath Raj & Co.

Partner

Membership No. 022955

UDIN : 19022955AAAABL1593

PLACE : BANGALORE

DATE : 09-08-2019

For and on behalf of the Board of Directors of  
**RKB Agro Industries Limited**

S.K.Bhandari  
Managing Director  
DIN: 00409750

V.M.Bhandari  
Wholetime Director  
DIN: 02722196

Sripad Hanchate  
Chief Financial Officer

**RKB AGRO INDUSTRIES LIMITED** THIRTY NINTH ANNUAL REPORT - 2018 - 2019

CIN : L17100KA1979PLC003492

**Notes forming part of the financial statements****Statement of changes in equity****a. Equity share capital**

Particulars	Number of Shares	Amount
Balance as at 31 March 2018	75	750.00
Add: Issued during the year	-	-
Balance as at 31 March 2019	75	750.00

Note: Above unquoted investments are carried at amortised cost

**b. Other equity**

Particulars	Reserves and surplus		
	Retained earnings	General Reserve	Total
Balance at March 31st 2018	112.96	309.34	422.30
Profit for the year	5.70	-	5.70
Other comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year</b>	<b>5.70</b>	<b>-</b>	<b>5.70</b>
<b>Balance at March 31, 2019</b>	<b>118.65</b>	<b>309.34</b>	<b>428.00</b>

The accompanying notes are an integral part of these financial statements  
In terms of our report even date attached

**For Ganapath Raj & Co.**

Chartered Accountants  
Firm Reg No: 000846S

**For and on behalf of the Board of Directors  
of RKB Agro Industries Limited**

**C. Ganapath Raj**

Partner  
Membership No: 022955  
UDIN : 19022955AAAABL1539

**S.K. Bhandari**  
Managing Director  
DIN: 00409750

**V.M. Bhandari**  
Wholetime Director  
DIN: 02722196

Place : Bangalore  
Date : 09-08-2019

**Sripad Hanchate**  
Chief Financial Officer



**Notes forming part of the financial statements****1 General Information**

RKB Agro Industries Limited ("the Company") is a limited Company incorporated in India with its registered office situated in 1st floor, Kushal Chambers, MG Road, Raichur, Karnataka. The Company has been incorporated under the provisions of Indian Companies Act and its equity shares are listed on the Bombay Stock Exchange (BSE) in India. However listing has been suspended due to non-compliance of certain procedural requirements for which the company has made an application for revival of listing.

The Company's main object is to engage in the business of processing of Cotton and Cotton Seeds and its trading.

The functional and presentation currency of the Company is Indian Rupee which is the currency of the primary economic environment in which the Company operates.

**2 Significant accounting policies****2.1 Statement of compliance**

These financial statements have been prepared in accordance with Indian Accounting Standards as notified under the Section 133 of the Companies Act, 2013. ("the Act"), Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other relevant provisions of the Act, as applicable.

Upto the year ended March 31, 2017, the Company prepared its financial statements in accordance with the requirements of previous generally accepted accounting polices ("Previous GAAP"), which includes Accounting Standards ("AS") notified under the Companies (Accounting Standard) Rules, 2006 and prescribed under section 133 of the Companies Act, 2013, as applicable and the relevant provisions of Companies Act 2013 / Companies Act, 1956, as applicable. These are Company's first Ind AS financials Statements. The Date of transition to Ind AS is April 1, 2016.

**2.2 Basis of preparation and presentation**

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurement are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as under:.

- i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- iii) Level 3 inputs are unobservable for the asset or liability.

**2.3 The principal accounting policies are set out below :****2.3.1 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable net of discounts, taking into account contractually defined terms and excluding taxes or duties collected on behalf of the government.

**Sale of products**

Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods is recognised net of returns and trade discounts, when the risk and rewards of ownership are transferred to the customers. Sales exclude amounts recovered towards sales tax/value added tax/GST. Revenue is also recognised on sale of goods in case where the delivery is kept pending at the instance of the customer, the risk and rewards are transferred and customer takes title and accepts billing as per usual payment terms.

**Sale of service**

Income from services rendered is recognised based on the agreements/arrangements with the concerned parties and when services are rendered.

**2.3.2 Other income**

- a) Dividend income from investments is recognised in the year in which the right to receive the payment is established.
- b) Interest income from the financial asset is recognised when it is probable that the economic benefits will flow to the Company and can be measured reliably. Interest income is recognised on a time proportion basis taking into account the amount outstanding and at the effective interest rate applicable, which is the rate exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

**2.3.3 Leasing****a) Where the company is a lessee**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Company's significant leasing arrangements are in respect of operating leases for premises that are cancelable in nature. The lease rentals under such agreements are recognised in the Statement of Profit and Loss as per the terms of the lease. Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

**b) 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

**2.3.4 Foreign currency**

The functional currency of the Company is the Indian Rupee.

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction or at rates that closely approximates the rate at the date of transactions. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet date. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

### **2.3.5 Employee benefits**

#### **(a) Defined Contribution Plans**

Payment to defined contribution plans are recognized as an expense when employees have rendered service entitling them to the contributions.

The Company's contributions to the recognized provident fund and pension maintained with the Central Government and Employee state insurance scheme ("ESI") are considered as defined contribution plans. The Company has no further obligations for future provident fund, pension fund and ESI benefits other than its annual contributions.

#### **(b) Defined Benefit Plans**

##### **Gratuity:**

Since the company is accounting gratuity to employees on cash basis, disclosures as required under Ind AS-19 is not made.

### **2.3.6 Earning per share**

The Group presents basic and diluted earnings per share ("EPS"). Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares. The Company did not have any potentially dilutive securities in any of the periods presented.

### **2.3.7 Income taxes**

Income tax expense comprises current tax expense and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

#### **Current taxes**

The current income tax expense includes income taxes payable by the Company, for the year as determined in accordance with the applicable tax rates and the provisions of Income tax Act, 1961.

#### **Deferred taxes**

Tax on income for the current period is determined on the basis of taxable income estimated in accordance with provisions of Income tax act, 1961. Deferred tax is recognized for the future tax consequences of the temporary differences between the tax base and the carrying values of assets and liabilities. Deferred tax assets are recognized only if there is a reasonable certainty that they will be realized only if there is a reasonable certainty that they will be realized in future and are reviewed every year. The tax effect is calculated on the accumulated timing differences at the end of the year based on enacted or substantively enacted tax rates.

**2.3.8 Property, plant and equipment**

Property, plant and equipment (PPE) are stated at cost, less accumulated depreciation (other than freehold land) and impairment loss, if any. Cost includes purchase price, attributable expenditure incurred in bringing the asset to its working condition for the intended use and cost of borrowing till the date of capitalisation in the case of assets involving material investment and substantial lead time. Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is provided on the straight-line method as per the useful life mentioned in the below table. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Land has an unlimited useful life and therefore is not depreciated. Assets costing Rs 5,000 and below are depreciated over a period of one year.

The estimated useful lives are as mentioned below:

Type of asset	Useful lives (Years)
Buildings	30
Electrical Installation	10
Office Equipments	5
Furniture & Fixtures	10
Computers	3
Plant and Machinery	5-15
Motor Vehicles	8-15

The useful life is assessed based on technical advice taking into account the nature of the asset, the estimated usage of the asset, the operation condition of the asset, past history of replacement, maintenance support etc.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit & loss in the period in which the item is derecognised. Any tangible asset, when determined of no further use, is deleted from the gross block of the assets.

**2.3.9 Impairment of assets**

The Company assesses at each reporting date whether there is an indication that an asset/cash generating unit may be impaired. If any indication exists the Company estimates the recoverable amount of such assets and if carrying amount exceeds the recoverable amount, impairment is recognised. The recoverable amount is the higher of the net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount factor. When there is indication that previously recognised impairment loss no longer exists or may have decreased such reversal of impairment loss is recognised in the profit or loss.

**2.3.10 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.

**2.3.11 Provisions, Contingent liabilities and contingent assets**

The Company recognizes provisions when there is present obligation as a result of past events and it is probable that there will be an outflow of resources and reliable estimate (legal or constructive) of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period taking into account the risk and uncertainties surrounding the obligation

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**Contingent liabilities are disclosed for**

- possible obligation which will be confirmed only by future events not wholly within the control of the Company.
- present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

**2.3.12 Government Grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is treated as deferred income and released to the statement of profit and loss over the expected useful lives of the assets concerned.

**2.3.13 Financial instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in Statement of profit or loss.

For the purposes of subsequent measurement, financial instruments of the Company are classified in the following categories:

- a) Non derivative financial assets comprising amortised cost
- b) Financial assets fair value at fair value through other comprehensive income

c) Financial assets at fair value through profit or loss

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

### **Financial assets**

#### **Recognition and initial measurement**

The Company initially recognises loans and advances, deposits, debt securities issues and subordinated liabilities on the date on which they originate. All other financial instruments (including regular way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

#### **Subsequent measurement of the financial assets**

##### **(i) Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### **(ii) Financial assets at fair value through other comprehensive income (FVTOCI)**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in case where the company has made an irrevocable selection based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

##### **(iii) Financial assets at fair value through profit or loss (FVTPL)**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognized in the Statement of profit or loss.

### **Effective Interest Method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or where appropriate, a shorter period, to the gross carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other Income" line item.

**Impairment of Financial assets:**

The Company applies the expected credit loss (ECL) model for recognising the impairment loss on financial assets measured at amortised cost and FVTOCI but are not fair valued through profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime ECL. The amount of ECLs (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the Statement of profit or loss.

**Derecognition of Financial assets:**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

**Foreign exchange gains and losses:**

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

**Financial liabilities****a) Classification as debt or equity**

- a) Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**b) Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**c) Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

**d) Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
  - it is a derivative that is not designated and effective as a hedging instrument.
- A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
  - the financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Companying is provided internally on that basis; or
  - it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with IND AS 109

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an



accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss. Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

**e. Other financial liabilities**

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

**f. Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**2.3.14 Operating cycle**

Based on the nature of products/activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**II. NOTES ON ACCOUNTS**

- 1 Bank has issued three bank guarantees totaling to Rs.3.37 lakhs/- (P.Y.Rs.3.37 Lakhs) to Director General of Foreign trade, Bangalore for export obligation against which the company has kept FDRs worth Rs.3.41 Lakhs (Previous year Rs.3.41 Lakhs) with bank as Margin Money.
- 2 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)**
- 3 Certain balances under the heads of Trade Receivables, Loans and Advances, Trade Payables, Current Liabilities and certain Bank Accounts are subject to confirmation.
- 4 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.
- 5 Investments (National Savings Certificates) amounting to Rs. 0.14 Lakhs(P.Y. Rs. 0.14 Lakhs) 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
- 6 There are no amounts due to be remitted to "Investor's Education & Protection Fund" as at the year end. (P.Y. NIL).
- 7 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.

**Note** **Notes to Accounts**

Fixed assets	Gross block			Accumulated depreciation and amortisation				Net block			
	Deemed cost 1 April 2018	Addition during the year	Deletion during the year	Adjustments during the year	As at 31 March 2019	As at 1 April 2018	Depreciation charge for	Deletions during the year	Adjustments during the year	As at 31 March 2019	As at 31 March 2018
<b>Tangible assets, owned</b>											
Land	966.80	-	-	-	966.80	-	-	-	-	966.80	966.80
Building	210.90	1.272	-	-	223.62	6.7.98	7.05	-	-	148.59	142.91
Computers	3.60	-	-	-	3.60	3.41	0.08	-	-	0.12	0.19
Furniture & Fixtures	7.00	-	-	-	7.00	6.83	-	-	-	6.83	0.17
Electrical installations	2.7.87	3.82	-	-	31.69	1.1.31	1.5.44	2.83	-	14.13	16.57
Plant & Machinery	2.42.44	2.1.81	-	-	264.26	7.7.21	1.5.44	-	-	92.65	165.24
Vehicles	5.35	-	-	-	5.35	2.59	0.32	-	-	2.91	2.75
Office Equipments	1.40	1.28	-	-	2.69	0.52	0.48	-	-	1.00	0.88
<b>Total</b>	<b>1,465.36</b>	<b>39.64</b>	<b>-</b>	<b>-</b>	<b>1,505.00</b>	<b>1.69.85</b>	<b>26.19</b>	<b>-</b>	<b>-</b>	<b>1936.4</b>	<b>1,295.51</b>

**NOTE :** On the date of transition, the Company has adopted the optional exemption available to use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation as it is comparable to fair value.

**Notes forming part of the financial statements**

Note- 5 : Deferred tax asset liability/(asset)

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax calculation		
WDV as per books	342.16	328.71
WDV as per Income act, 1961	208.19	200.14
Timing Difference	<b>133.97</b>	<b>128.57</b>
Deferred tax Liability/(Asset) @26%	34.83	33.43
Opening balance of Deferred tax asset		
<b>Net deferred tax liability/(asset)</b>	<b>34.83</b>	<b>33.43</b>

**RKB AGRO INDUSTRIES LIMITED** THIRTY NINTH ANNUAL REPORT - 2018 - 2019

CIN : L17100KA1979PLC003492

**Notes forming part of the financial statements****Note 5 : Non-current investments**

Rs. in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
“Investments in Government or trust securities;” National savings Certificates		
(a) Aggregate amount of quoted investments and market value thereof	-	-
(b) Aggregate amount of unquoted investments	0.14	0.14
(c) Aggregate amount of impairment in value of investments.”	-	-
<b>Total</b>	<b>0.14</b>	<b>0.14</b>

Note: Above unquoted investments are carried at amortised cost

**Note 6 : Other non current assets**

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Capital Advances		
<b>Total (i)</b>	-	-
(ii) Advances other than capital advances		
(a) Security Deposits		
Gescom Deposits	7.32	7.22
Security Deposit		4.47
<b>Total(ii)</b>	<b>7.32</b>	<b>11.69</b>
<b>Total(i+ii)</b>	<b>7.32 1</b>	<b>1.69</b>

**Note 7 : Inventory**

Particulars	As at March 31, 2019	As at March 31, 2018
Cotton Seeds	113.45	80.06
Cotton bales (Finished goods/Traded goods)		218.67
Loose Cotton (Intermediary Product)	66.23	90.02
Kappas (Raw Materials)		10.95
Stores & Spares	161	1.26
Packing Material	0.18	0.40
<b>Total</b>	<b>181.47</b>	<b>401.35</b>

**Note 8 : Trade Receivables**

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good	654.27	439.37
Unsecured, considered doubtful	-	-
Less: Provision for doubtful	-	-
<b>Total</b>	<b>654.27</b>	<b>439.37</b>

**RKB AGRO INDUSTRIES LIMITED** THIRTY NINTH ANNUAL REPORT - 2018 - 2019**Note 9 : Cash and cash equivalents**

Particulars	As at March 31, 2019	As at March 31, 2018
Cash on Hand	3.71	3.75
Balance with banks - In Current Accounts	0.53	0.25
Deposits having original maturity less than 3 months	-	-
<b>Total</b>	<b>4.24</b>	<b>4.00</b>

**Note 10 : Bank balances other than above**

Particulars	As at March 31, 2019	As at March 31, 2018
In Term Deposits (Initial Maturity of more than 3 months) (Includes Rs.3.41 Lakshs as margin money against Bank guarantees)	3.46	3.46
<b>Total</b>	<b>3.46</b>	<b>3.46</b>

**Note 11 : Loans**

Particulars	As at March 31, 2019	As at March 31, 2018
Employees Advances	15.74	4.93
<b>Total</b>	<b>15.74</b>	<b>4.93</b>

**Note 12 : Other current assets**

Particulars	As at March 31, 2019	As at March 31, 2018
Advance given to suppliers	57.86	166.16
Statutory receivables	15.86	19.68
Subsidy receivables	-	9.35
Other receivables	2.74	4.83
Prepaid Expenses	0.70	2.58
<b>Total</b>	<b>77.15</b>	<b>202.60</b>

**Note 13 : Share Capital**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Authorised :</b>		
90 Lakshs Equity Shares of Rs. 10 each (31 March 2018 : 90 Lakshs Equity Shares of Rs. 10 each)	900.00	900.00
	<b>900.00</b>	<b>900.00</b>
<b>Issued and Subscribed:</b>		
75 Lakshs fully paid Equity Shares of Rs. 10 each (31 March 2018: 75 Lakshs Equity Shares of Rs. 10 each)	750.00	750.00
	<b>750.00</b>	<b>750.00</b>
<b>Paid up :</b>		
75 Lakshs fully paid Equity Shares of Rs. 10 each (31 March 2018: 75 Lakshs Equity Shares of Rs. 10 each)	750.00	750.00
<b>Total</b>	<b>750.00</b>	<b>750.00</b>

**RKB AGRO INDUSTRIES LIMITED THIRTY NINTH ANNUAL REPORT - 2018 - 2019**
**Reconciliation of shares outstanding at the beginning and at the end of the reporting period**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Number of shares</b>		
At the beginning of the period	75.00	75.00
Issued during the period - -		
<b>Outstanding at the end of the period Amount in Rs</b>	<b>75.00</b>	<b>75.00</b>
At the beginning of the period	750.00	750.00
Issued during the period	-	-
<b>Outstanding at the end of the period</b>	<b>750.00</b>	<b>750.00</b>

Note:- Listing approval for allotment of 42.5 Lakshs equity shares of Rs. 10/- each made during the year 2014-15 is awaited.

**Rights, powers & preferences attached to equity shares**

- (i) The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts if any, in proportion of their shareholding.

**Details of shareholders holding more than 5% shares in the Company**

Particulars	As at 31st March 2019		As at 31st March 2018	
	Number of Shares	% of Total Shares	Number of Shares	% of Total Shares
Vijayraj Bhandari (MHUF)	7.33	9.77%	7.33	9.77%
Pavan Bhandari	6.67	8.89%	6.67	8.89%
Sowbhagraj Bhandari(MHUF)	6.14	8.19%	6.14	8.19%
Rajmal Khemraj(HUF)	5.95	7.94%	5.95	7.94%
Sowbhagraj Bhandari	5.91	7.87%	5.91	7.87%
Sowbhagraj Bhandari (HUF)	4.46	5.94%	4.46	5.94%
Sushilabai Bhandari	4.21	5.61%	4.21	5.61%

**Note 14 : Other Equity**

Particulars	As at March 31, 2018	As at March 31, 2019
General Reserve	309.34	309.34
Retained earnings	118.65	112.96
	<b>428.00</b>	<b>422.30</b>

Particulars	As at March 31, 2019	As at March 31, 2018
<b>General Reserve</b>		
Opening Balance	309.34	309.34
Add: addition for the year		-
<b>Total</b>	<b>309.34</b>	<b>309.34</b>
<b>Retained earnings</b>		
Opening Balance	112.96	78.87
Add: Profit for the year	5.70	34.08
<b>Total</b>	<b>118.65</b>	<b>112.96</b>

**Note 15 : Long term borrowings**

Particulars		As at March 31, 2019	As at March 31, 2018
<b>Secured</b>			
Loans repayable on demand from Banks			
1. Term Loan I (Machinery)		-	18.51
2. Term Loan III (Machinery)		-	6.44
3. Term Loan II (Building)		4.64	12.42
4. Term loan IV (Building)		0.70	1.53
<b>Unsecured</b>			
Loans and advances from related parties			128.71
<b>Total</b>		<b>5.34</b>	<b>167.62</b>

**Security against above Term loans**

Term Loan I and Term Loan III are secured by hypothecation of machinery & other Accessories purchased out of the above loans

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

**Note:-**

1. TL I & II are repayable in 70 equal monthly instalments commencing from April 2014 and ending with January 2020. 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 September 2020. Interest payable on monthly rests @ (Base Rate +2.25%) p.a
3. TLAbove loans are guaranteed by Sri S K Bhandari Managing Director in his personal capacity

**Note 16 : Short term borrowings**

Particulars		As at March 31, 2018	As at March 31, 2017
<b>Secured</b>			
Loans repayable on demand from Banks			
- Laxmi Vilas Bank : OCC		506.74	608.03
- Current Accounts		44.71	25.83
<b>Unsecured</b>			
Loans and advances from			
- Directors		50.10	13.99
- Related Parties		19.44	-
<b>Total</b>		<b>620.99</b>	<b>647.85</b>

**(i) Cash Credit facility is secured by :**

- a) 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,
- b) Guaranteed by Sri S K Bhandari Managing Director in his personal capacity

**(ii) Loans and advances from related parties :**

Short term loan from Directors carries an interest rate of 9.00% per annum.

**RKB AGRO INDUSTRIES LIMITED THIRTY NINTH ANNUAL REPORT - 2018 - 2019**
**Note 17 : Trade payables**

Particulars	As at March 31, 2019	As at March 31, 2018
Trade payables other than acceptances:		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	3 64.51	279.42
<b>Total</b>	<b>364.51</b>	<b>279.42</b>

**Note 18 : Other current financial liabilities**

Particulars	As at March 31, 2019	As at March 31, 2018
Current Maturities of Long Term Debt* (Refer Note 3)	33.20	35.11
Interest Accrued but not due		0.83
<b>Total</b>	<b>33.20</b>	<b>35.94</b>

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

**Note 19 : Other current liabilities**

Particulars	As at March 31, 2019	As at March 31, 2018
Statutory Dues Payable	9.95	14.44
Advance Received		7.85
Rent Deposit	0.71	0.71
Provision for Tax		
Outstanding Liabilities	5.20	3.51
<b>Total</b>	<b>15.86</b>	<b>26.50</b>

**Note 20 : Current tax provision**

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Income tax		
Provision for Income Tax	1.80	10.47
Less: Advance Tax and TDS receivable	(4.50)	(12.03)
Less: MAT credit utilised	(0.80)	(1.93)
	(3.51)	(3.49)
Income Tax Refund receivable	3.51	3.49
<b>Total</b>	<b>-</b>	<b>-</b>

**Note 21 : Revenue from operations**

Particulars	As at March 31, 2019	As at March 31, 2018
Sale of products	2,932.57	4,099.67
Sale of services	5.25	64.68
<b>Total</b>	<b>2,937.82</b>	<b>4,164.36</b>

**RKB AGRO INDUSTRIES LIMITED** THIRTY NINTH ANNUAL REPORT - 2018 - 2019**Note 22 : Other Income**

Particulars	As at March 31, 2019	As at March 31, 2018
Interest Income	0.97	1.06
Sundry Balances W/o	0.32	-
Rent Received	20.01	32.50
<b>Total</b>	<b>21.29</b>	<b>33.56</b>

**Note 23 : Cost of Material Consumed**

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Stock	10.95	4.34
Add : Purchases	527.56	2,907.01
Less : Closing Stock		10.95
<b>Total</b>	<b>538.51</b>	<b>2,900.41</b>

**Note 24 : Purchase of Stock-in-Trade**

Particulars	As at March 31, 2019	As at March 31, 2018
Traded Goods Purchased	2,020.87	905.74
<b>Total</b>	<b>2,020.87</b>	<b>905.74</b>

**Note 25 : Changes in Inventories of Finished Goods, Work in Progress**

Particulars	As at March 31, 2019	As at March 31, 2018
Closing Stock: Finished goods	179.68	388.75
	<b>179.68</b>	<b>388.75</b>
Opening Stock: Finished goods	388.75	446.88
	<b>388.75</b>	<b>446.88</b>
<b>Changes in Inventories of finished goods, work-inprogress</b>	<b>209.07</b>	<b>58.14</b>

**Note 26 : Employee Benefits Expense**

Particulars	As at March 31, 2019	As at March 31, 2018
Salaries, Wages, allowance, and other benefits	16.73	49.59
Director's Remuneration	1.44	15.60
Contribution to provident and other funds	2.42	2.61
Staff welfare Expenses	0.71	0.85
<b>Total</b>	<b>21.30</b>	<b>68.65</b>



**RKB AGRO INDUSTRIES LIMITED** THIRTY NINTH ANNUAL REPORT - 2018 - 2019**Note 27 : Financial Cost**

Particulars	As at March 31, 2019	As at March 31, 2018
Interest expense on		
Bank Loan	65.83	79.45
Loan from Directors	3.38	0.54
Loan Processing Charges	3.35	1.32
Documentation Charges	0.03	1.02
Bank Charges	0.86	1.60
<b>Total</b>	<b>73.45</b>	<b>83.92</b>

**Note 28 : Depreciation and Amortisation expense**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Depreciation of Property, Plant &amp; Equipments</b>	<b>26.19</b>	<b>23.27</b>
<b>Total</b>	<b>26.19</b>	<b>23.27</b>

**Note 29 : Other Expenses**

Particulars	As at March 31, 2019	As at March 31, 2018
Office Renst	0.48	0.48
Repairs & Maintenance		
- Plant & Machinery	3.25	9.69
- Factory/ Building	3.46	4.45
- Office		0.26
- Computer		0.11
Commission/Brokerage	4.08	18.01
Power and fuel	13.85	34.47
Consumption of Stores & Spares	0.30	2.16
Consumption of Packing Materials	7.26	13.99
Tractor Expenses	0.30	2.53
Insurance Charges	3.63	6.43
Quality Allowances	1.27	1.55
Rates and Taxes	0.50	2.25
Printing & Stationery	1.28	0.92
Communication Expenses	0.42	0.62
Transportation Charges	3.26	1.17
Travelling Expenses	1.34	1.08
Vehicle/Conveyance Charges	1.92	2.03
Legal & Professional Fee	5.88	4.87
Ginning Charges paid	4.64	
Auditor's Remeuneration	1.51	1.40
Other Expenses	3.01	5.06
<b>Total</b>	<b>61.63</b>	<b>113.52</b>

**Note 30 : Commitments and contingent liabilities**

Particulars	As at March 31, 2019	As at March 31, 2018
Contingent liabilities	Nil	Nil
Commitments	Nil	Nil
<b>Total</b>	-	-

Claims against the Company not acknowledged as debts are NIL

**Note 31 : Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

The Company has not received any information from its creditors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED, Act 2006) and hence disclosure related to amount unpaid together with interest paid or payables under the mentioned act, as at the end of the year have not been given.

**Note 31.1 : Auditor's remuneration**

Particulars	As at March 31, 2019	As at March 31, 2018
a) For audit	1.00	1.00
b) For other services	-	-
c) Out of pocket expenses	0.51	0.40
<b>Total</b>	<b>1.51</b>	<b>1.40</b>

**Note 32 : Earning per share**

Particulars	As at March 31, 2019	As at March 31, 2018
Profit for the year (Amount in Rupees Lakhs)	5.70	34.08
Weighted average number of equity shares (Nos.)	75.00	75.00
Par value per share (Rs.)	10.00	10.00
Basic Earning Per Equity Share (Rs.)	0.08	0.45

Note - There are no items giving rise to diluted equity shares. Hence, basic EPS is considered as diluted EPS.

**Note 33 : Segment Reporting**

The Company's object is to engage in the business of manufacturing and trading of cotton and cotton seeds and also carries the services of Ginning & Pressing of cotton and all these operations are carried out domestically. In accordance with Ind AS 108 "Operating Segments", whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Accordingly the company has two reportable primary segments during the year. (Statement enclosed).

**Note 34 : Deferred tax**

Deferred tax is not recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carryforwards and unused tax credits could be utilized.

**Note 35 : Employee benefits**
**a) Defined benefit plans :**

Since the company is accounting to employees on cash basis, disclosures as required under Ind AS-19 is not made.

**b) Defined contribution plans**

The Company makes Provident Fund contributions to defined contribution plans for all employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company has recognised INR 2.42 Lakhs (Year ended 31 March, 2018 INR 2.61 Lakhs) for provident fund contributions in the statement of Profit and Loss which is grouped under "Contributions to provident fund and other funds of Note 27 Employee Benefits Expenses.

**Note 36 : Related Party Transactions**
**Description of relationship**
**Names of related parties**

Key management Personnel      Sri S K Bhandari (Managing Director)      Sri V M Bhandari ( Whole-time Director)  
    Sri Vinod Kumar Mootha (Independent Director)      Smt. Rupal Bhandari (Women Director)  
    Sri Rajendra Dhoka Independent Director

Relatives of Key management Personnel      Pavan Bhandari HUF

Associates      Kushal Enterprises, Bhandari Distributors (P) Ltd,  
    Mukan Marketing (P) Ltd, MKB Hospital, RKB Foundation

**Details of transactions with related parties**

Transactions	Key management Personnel		Relatives of KMP		Associates	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
<b>RENT PAID</b>						
Pavan Bhandari HUF	-	-	0.48	0.48	-	-
<b>TOTAL</b>	-	-	<b>0.48</b>	<b>0.48</b>	-	-
<b>REMUNERATION</b>						
S K Bhandari	0.72	7.80	-	-	-	-
V M Bhandari	0.72	7.80	-	-	-	-
<b>TOTAL</b>	<b>1.44</b>	<b>15.60</b>	-	-	-	-
<b>ELECTRICITY CHARGES</b>						
S K Bhandari	0.73	1.25	-	-	-	-
V M Bhandari	0.27	0.27	-	-	-	-
<b>TOTAL</b>	<b>1.00</b>	<b>1.53</b>	-	-	-	-
<b>MEDICAL EXPENSES</b>						
Mukan Marketing P Ltd.	-	-	-	-	-	0.23
MKB Hospital	-	-	-	-	-	0.43
<b>TOTAL</b>	-	-	-	-	-	<b>0.66</b>
<b>LOANS ACCEPTED</b>						
S K Bhandari	31.64	13.40	-	-	-	-
V M Bhandari	7.50	-	-	-	-	-
Kushal Enterprises	-	-	-	-	-	2.75
Mukan Marketing P Ltd.	-	-	-	-	-	-
<b>TOTAL</b>	<b>39.14</b>	<b>13.40</b>	-	-	-	<b>2.75</b>
<b>LOAN GIVEN</b>						
Mukan Marketing (P) Ltd	-	-	-	-	-	53.25
<b>TOTAL</b>	-	-	-	-	-	<b>53.25</b>
<b>LOANS REPAID</b>						
S K Bhandari	6.40	7.85	-	-	-	-
Bhandari Distributors P Ltd.	-	-	-	-	-	-
Kushal Enterprises	-	-	-	-	-	14.45
Mukan Marketing P Ltd.	-	-	-	-	-	-
<b>TOTAL</b>	<b>6.40</b>	<b>7.85</b>	-	-	-	<b>14.45</b>
<b>LOAN RECOVERED</b>						
Mukan Marketing (P) Ltd	-	-	-	-	-	53.25
<b>TOTAL</b>	-	-	-	-	-	<b>53.25</b>

**RKB AGRO INDUSTRIES LIMITED THIRTY NINTH ANNUAL REPORT - 2018 - 2019**

Transactions	Key management Personnel		Relatives of KMP		Associates	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
<b>ADVANCE PAID REFUNDED</b>						
Mukan Marketing P Ltd.	-	-	-	-	-	0.27
<b>TOTAL</b>	-	-	-	-	-	<b>0.27</b>
<b>ADVANCE RECEIVED FOR COTTON SUPPLIES</b>						
Mukan Marketing (P) Ltd	-	-	-	-	-	48.00
<b>TOTAL</b>	-	-	-	-	-	<b>48.00</b>
<b>REFUND OF ADVANCE RECEIVED</b>						
Mukan Marketing (P) Ltd	-	-	-	-	-	<b>48.00</b>
<b>TOTAL</b>	-	-	-	-	-	<b>48.00</b>
<b>PURCHASE OF COTTON</b>						
Mukan Marketing P Ltd.	-	-	-	-	272.40	-
Kushal Enterprises	-	-	-	-	480.93	76.26
<b>TOTAL</b>	-	-	-	-	<b>753.34</b>	<b>76.26</b>
<b>SALE OF COTTON</b>						
Kushal Enterprises	-	-	-	-	271.18	-
Mukan Marketing (P) Ltd	-	-	-	-	611.42	75.82
<b>TOTAL</b>	-	-	-	-	<b>882.60</b>	<b>75.82</b>
<b>PAYABLES</b>						
S K Bhandari	39.22	12.09	-	-	-	-
V M Bhandari	-	-	-	-	-	7.50
Kushal Enterprises	-	-	-	-	26.67	128.71
Mukan Marketing (P) Ltd	-	-	-	-	-	19.44
<b>TOTAL</b>	<b>46.72</b>	<b>12.09</b>	-	-	<b>46.11</b>	<b>128.71</b>

**Notes forming part of the financial statements**
**Note 37 : Capital Management**

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the equity balance. Further, the Company ensures optimal credit risk profile to maintain/enhance credit rating. The Company is not exposed to any externally imposed capital requirement. The capital structure of the Company consists of equity and other reserves of the Company. The Company maintains its financial framework to support the pursuit of value growth for shareholders, while ensuring a secure financial base.

The Company's Management reviews the capital structure of the company on an annual basis and determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic investment and expansion plans. As a part of this review, the Company's Management considers the loss of capital and risks associated with each class of capital. The funding needs are met through cash generated from operations, long term and short term bank borrowings. The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

The table below summarises the net debt, capital and net debt to equity ratio of the Company

Particulars	As at March 31, 2019	As at March 31, 2018
Long term borrowings (Refer Note 16)	5.34	167.62
Short term borrowings (Refer Note 16)	620.99	647.85
Cash & Cash equivalents (Refer Note 9)	(4.24)	(4.00)
<b>Net Debt (A)</b>	<b>622.09</b>	<b>811.46</b>
<b>Total Equity (B) (Refer Note 14 and Note 15)</b>	<b>1,178.00</b>	<b>1,172.00</b>
<b>Net debt to equity ratio (times) (A/B)</b>	<b>52.81%</b>	<b>69.22%</b>

**Note 38 : Financial Instruments - Fair Value & Financial Risk Management**
**Note 38.1 Categorisation of financial instruments**

Particulars		Carrying Amounts	
		As at March 31, 2019	As at March 31, 2018
<b>Financial assets measured at amortised cost</b>			
(i) Trade receivables (Refer Note 8)	Level 2	654.27	439.37
(ii) Cash and cash equivalents (Refer Note 9)	Level 2	4.24	4.00
(iii) Bank balances other than above (Refer Note 11)	Level 2	3.46	3.46
(iv) Loans (Refer Note 12)	Level 2	15.74	4.93
<b>Total financial assets</b>		<b>6 77.71</b>	<b>451.76</b>
<b>Financial liabilities measured at amortised cost</b>			
(i) Long term borrowings (Refer Note 16)	Level 2	5.34	167.62
(ii) Short term borrowings (Refer Note 17)	Level 2	620.99	647.85
(iii) Trade payables (Refer Note 18)	Level 2	364.51	279.42
(iv) Other financial liabilities (Refer Note 19)	Level 2	33.20	35.94
<b>Total financial liabilities</b>		<b>1,024.05</b>	<b>1,130.83</b>

Carrying amounts of cash and cash equivalents, trade receivables, trade payables, other financial assets and liabilities as at March 31, 2019, March 31, 2018 approximate their fair values because of their short term nature. Further, difference between the carrying amounts and fair values of borrowings is not significant in each of the years presented since most of the loans carry a variable rate of interest with no material changes in the credit rating.

**Note 38.2 Valuation techniques and significant unobservable inputs in measuring level 2 fair values  
Financial instruments measured at amortised cost**

Valuation Technique	Significant unobservable
Discounted cash flows : The valuation model considers the present value of expected payments, discounted using the relevant risk - adjusted discounted rate at each reporting date.	Not applicable

**Note 38.3 Financial Risk Management**
**Note 38.3.1 Objective**

In the course of its business, the Company is exposed primarily to a number of different financial risks arising from natural business exposure as well as its use of financial instruments including market risks (relating to interest rates and foreign currency exchange rate), credit risk and liquidity risk. The exposure to these risks and the companies risk management have been summarised as below :

**Note 38.3.2 Market Risk**

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy. The Company is exposed to the following significant market risks: INTEREST RATE RISK.

**Note 38.3.2.1 Interest Rate Risk Management**

The Company draws working capital term loans and avails cash credits etc. for meeting its funding requirements. Interest rates on these borrowings are exposed to change in respective benchmark rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs. The Company is subject to variable interest rates on some of its interest bearing liabilities. The Company's interest rate exposure is mainly related to debt obligations.

**Exposure to interest rate risk**

The interest rate profile of the company interest bearing financial instruments is as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Variable rate instruments</b>		
<b>Financial liabilities</b>		
Long term borrowings	5.34	167.62
Short term borrowings	620.99	647.85

**Cash flow sensitivity analysis for variable-rate instruments**

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>On Profit or Loss for the year</b>		
Impact of 50 bps increase	0.04	0.04
Impact of 50 bps decrease	(0.04)	(0.04)

**Note 38.4 Credit Risk Management**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from default. The Company regularly monitors its counterparty limits by reviewing the outstanding balance and ageing of the same.

Possible Credit Risk	Credit Risk Management
Credit risk relating to trade receivables	The Company's exposure to customers is relatively concentrated. Since majority of the customers belong to the same group/ Government of India and based on historical experience of collections from customers, no significant credit risk is perceived in this regard. The company doesnot have significant credit riskexposure to any single counterparty
Credit risk relating to bank balances and deposits	Company holds bank balances and deposits with reputed and creditworthy banking institutions within the approved exposure limits of each bank

The company has a credit policy that is designed to ensure that consistent processes are in place to measure and control credit risk. Credit risk is considered as a part of the risk-reward balance of doing business. On entering into any business contract, the extent to the arrangement exposes the Company to credit risk is considered.

**Notes forming part of the financial statements**
**Note 38.5 Liquidity Risk Managements**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company has obtained fund and non-fund based working capital lines from various banks. The Company invests its surplus funds in bank deposits which are highly liquid and carry no or low market risk.

**The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2019:**

Particulars	Carrying Amount	Upto 1 year	1-3 years	More than 3 years	Total
<b>Financial Liabilities</b>					
<b>Interest Bearing</b>					
(i) Long term borrowings (Refer Note 16)	5.34	5.34	-	-	5.34
(ii) Short term borrowings (Refer Note 17)	620.99	620.99	-	-	620.99
<b>Non Interest Bearing</b>					
(iii) Trade payables (Refer Note 18)	364.51	364.51	-	-	364.51
(iv) Other financial liabilities (Refer Note 19)	33.20	33.20	-	-	33.20
	<b>1,024.05</b>	<b>1,024.05</b>	-	-	<b>1,024.05</b>
<b>Financial Assets</b>					
<b>Non Interest Bearing</b>					
(i) Trade receivables (Refer Note 8)	654.27	654.27	-	-	654.27
(ii) Cash and cash equivalents (Refer Note 9)	4.24	4.24	-	-	4.24
(iii) Bank balances other than above (Refer Note 11)	3.46	3.46	-	-	3.46
(iv) Loans (Refer Note 12)	15.74	15.74	-	-	15.74
	<b>677.71</b>	<b>677.71</b>	-	-	<b>677.71</b>

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The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2018

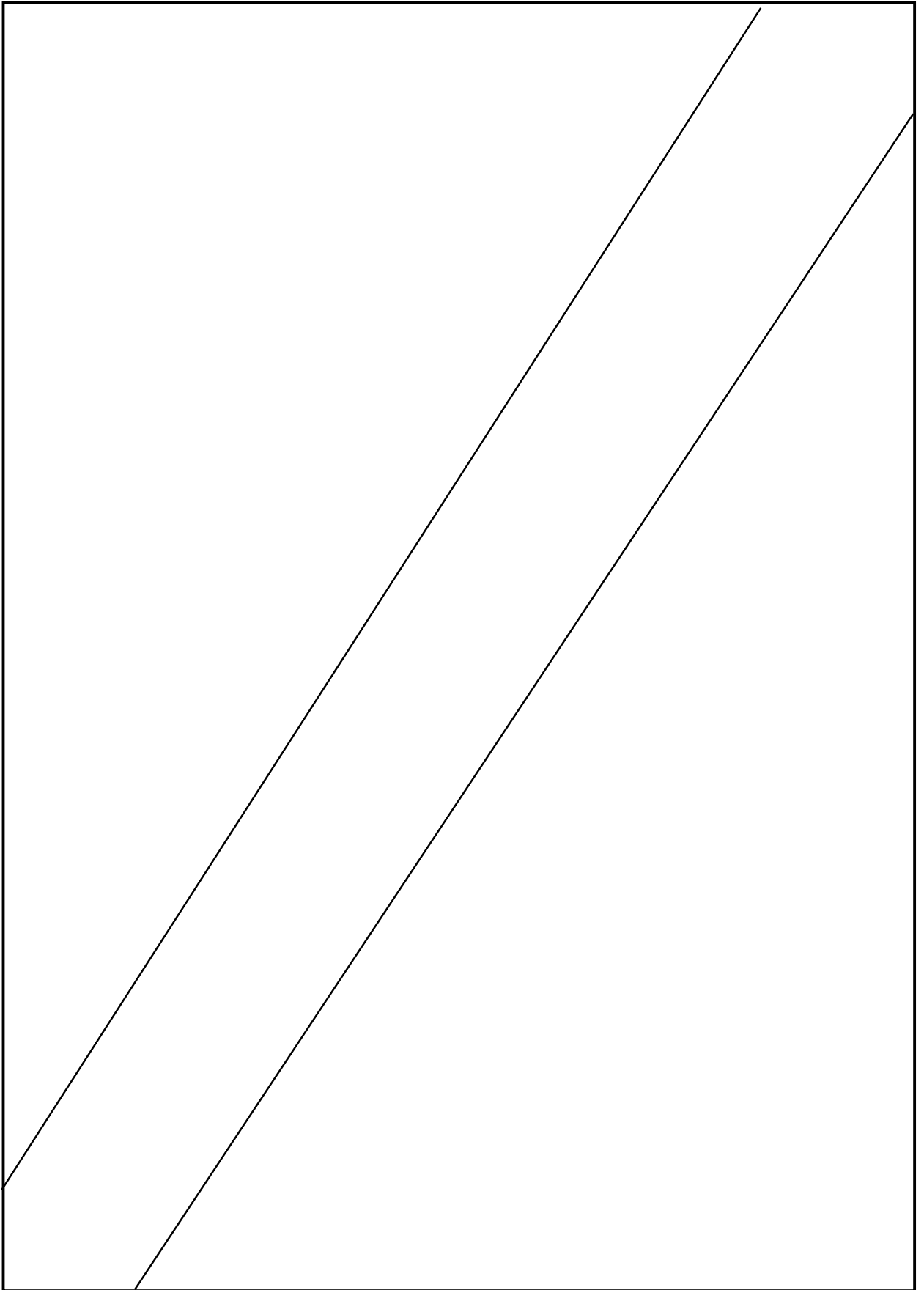
Particulars	Carrying Amount	Upto 1 year	1-3 years	More than 3 years	Total
<b>Financial Liabilities</b>					
<b>Interest Bearing</b>					
(i) Long term borrowings (Refer Note 16)	167.62	1 67.62	-*	-	167.62
(ii) Short term borrowings (Refer Note 17)	647.85	647.85	-	-	6 47.85
<b>Non Interest Bearing</b>					
(iii) Trade payables (Refer Note 18)	279.42	279.42	-	-	279.42
(iv) Other financial liabilities (Refer Note 19)	35.94	35.94	-	-	35.94
	<b>1,130.83</b>	<b>1,130.83</b>	-	-	<b>1,130.83</b>
<b>Financial Assets</b>					
<b>Non Interest Bearing</b>					
(i) Trade receivables (Refer Note 8)	439.37	439.37	-	-	4 39.37
(ii) Cash and cash equivalents (Refer Note 9)	4.00	4.00	-	-	4.00
(iii) Bank balances other than above (Refer Note 11)	3.46	3.46	-	-	3.46
(iv) Loans (Refer Note 12)	4.93	4.93	-	-	4.93
	<b>451.76</b>	<b>451.76</b>	-	-	<b>451.76</b>

**Notes forming part of the financial statements  
Information About Business Segments**

Enclosure to Note 33 to the financial statement

Particulars	Mfg. & Trading For the year ended		Services For the year ended		Unallocable For the year ended		Total For the year ended	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
<b>1. Segment Revenue</b>								
External Sales	2,932.57	4,099.67	4.91	59.95	-	-	2,937.48	4,159.62
Inter segment sales	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>2,932.57</b>	<b>4,099.67</b>	<b>4.91</b>	<b>59.95</b>	<b>-</b>	<b>-</b>	<b>2,937.48</b>	<b>4,159.62</b>
<b>2. Total Revenue of each segment as a percentage of total revenue of all segments</b>	1.00	0.99	0.00	0.01	-	-	-	-
<b>3. Segment Result</b>								
Profit/(loss) Before Extra ordinary items & Tax	(3.68)	(1.16)	3.68	45.44	-	-	0.00	44.28
As a percentage of total Profit/(Loss)	(0.45)	(0.03)	0.45	1.03	-	-	-	-
<b>4. Segment Assets</b>	0.00	1,195.63	0.00	193.02	0.01	974.40	0.02	2,363.05
<b>5. Segment Liabilities</b>	0.01	990.21	-	-	0.01	1,373.35	0.02	2,363.55
<b>6. Capital Expenditure</b>	19.82	11.08	19.82	11.08	-	-	39.64	22.16
<b>7. Depreciation</b>	23.57	20.94	2.62	2.33	-	-	26.19	23.27







**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

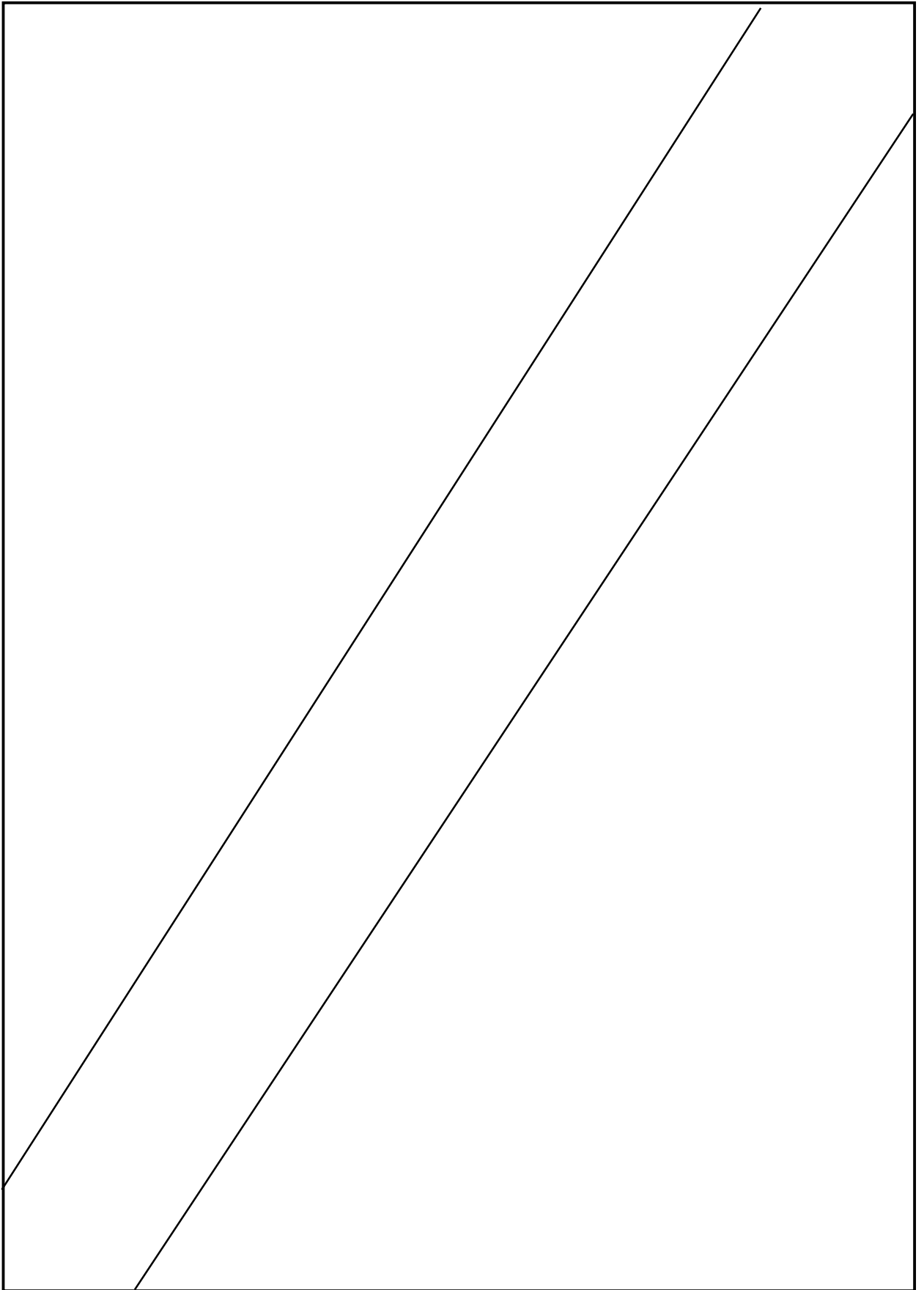
I/WE HEREBY RECORD MY/OUR PRESENCE AT THE 36th ANNUAL GENERAL MEETING OF THE COMPANY BEING HELD ON 28th SEPTEMBER 2017 AT 11.00 A.M. AT REGISTERED OFFICE: 1ST FLOOR, KUSHAL CHAMBERS, M.G. ROAD, RAICHUR – 584 101

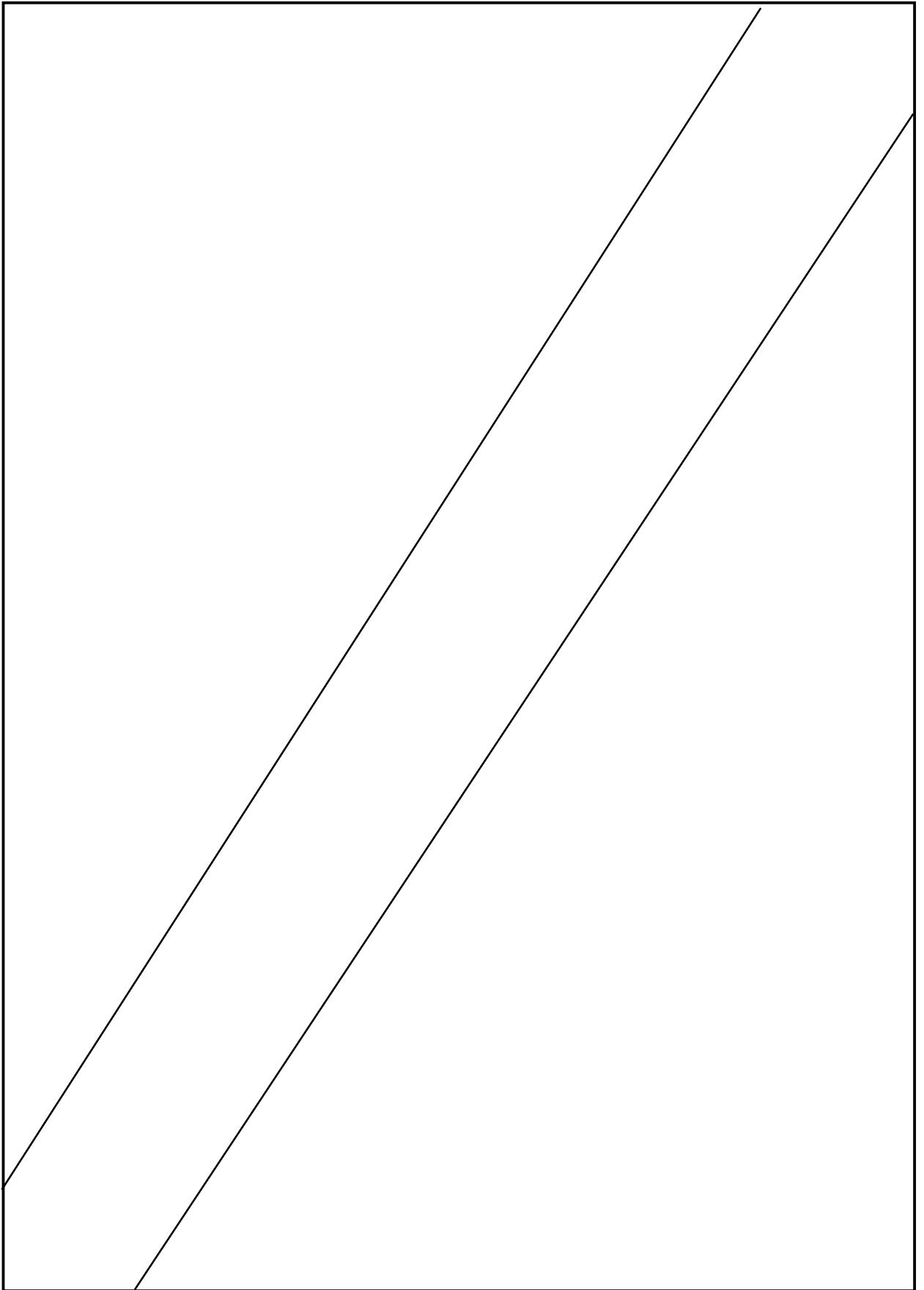
PLEASE TICK IN THE BOX

MEMBER

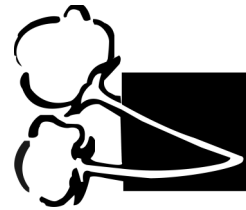
PROXY

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.