GANAPATH RAJ & CO.,

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Jayanagar 8th Block, Bangalore- 560 070. INDIA

INDEPENDENT AUDITOR'S REPORT

To,
The Members of
RKB 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, 2020, 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 2020, 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

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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:

Sl.No.	Key Audit Matter	Auditor's Response
1.	Information Technology Systems and Controls on Accounting Software.	Audit procedures Performed We have performed procedures to ensure the financial data entered in the Accounting software captures all accounting data. Our audit approach consisted testing of design and operating effectiveness of internal controls and substantive testing around the Accounting software system. 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. 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.

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.

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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.

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• 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 financials 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.

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(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.

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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 2020 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 not been paid during the year, hence compliance with the provisions of Section 197 read with Schedule V of the Act is not applicable

(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.

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(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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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 no remuneration is paid by the Company to its directors during the year hence the provisions of section 197 of the Act is not applicable.

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

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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

GANAPATH RAJ & CO. Bangalore CHARTERED ACCOUNTANTS

GANAPATH RAJ C
PARTNER
MEMBERSHIP NO.022955

PLACE:-BANGALORE
DATE: - 31.07.2020
UDIN:-20022955AAAABF2878

ANNEXURE A

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 31,2020 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.

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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 31,2020, 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.

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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

GANAPATH RAJ C
PARTNER
MEMBERSHIP NO.022955

PLACE: - BANGALORE
DATE: - 31.07.2020
UDIN:- 20022955AAAABF2878

RKB Agro Industries Limited
CIN : L17100KA1979PLC003492
Balance Sheet as at March 31, 2020

(Amount in Lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
(1) **Non-current assets**			
(a) Property, plant and equipment	3	1,282.85	1,308.96
(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	7.32
		1,290.31	**1,316.41**
(2) **Current assets**			
(a) Inventories	7	140.49	181.47
(b) Financial Assets			
(i) Trade receivables	8	492.44	654.27
(ii) Cash and cash equivalents	9	0.42	4.24
(iii) Bank balances other than above	10	3.46	3.46
(iv) Loans	11	8.32	15.74
(c) Other current assets	12	330.77	77.15
		975.89	**936.33**
Total assets		**2,266.20**	**2,252.74**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	13	750.00	750.00
(b) Other Equity	14	437.27	428.00
Total equity		**1,187.27**	**1,178.00**
(1) **Non-current liabilities**			
(a) Financial Liabilities			
(i) Long-term borrowings	15	246.36	5.34
(b) Deferred tax Liabilities (Net)	4	34.49	34.83
		280.86	**40.17**
(2) **Current liabilities**			
(a) Financial liabilities			
(i) Short term borrowings	16	516.14	620.99
(ii) Trade payables	17	222.56	364.51
(iii) Other financial liabilities	18	5.08	33.20
(b) Other current liabilities	19	54.29	15.86
(c) Current tax provision	20	-	-
		798.06	**1,034.57**
Total liabilities		**1,078.93**	**1,074.74**
Total equity and liabilities		**2,266.20**	**2,252.74**

Significant Accounting Policies and Notes to Financial Statements form an integral part of the Balance Sheet — **1-38**

As per our report of even date attached
For Ganapath Raj & Co.
Chartered Accountants
Firm Reg No: 008465

GANAPATH RAJ & CO. Bangalore CHARTERED ACCOUNTANTS

Ganapath Raj.C
Partner
Membership No: 022955
UDIN:- 20022955AAAABF2878
Place:
Date: 31.07.2020

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 Officier

RKB Agro Industries Limited
CIN : L17100KA1979PLC003492
Statement of Profit and Loss for the year ended March 31, 2020

(Amount in Lakhs)

	Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I	Revenue from operations	21	2,831.87	2,937.82
II	Other Income	22	17.10	21.29
III	**Total Revenue (I + II)**		**2,848.97**	**2,959.11**
IV	**EXPENSES**			
	(a) Cost of materials consumed	23	845.87	538.51
	(a) Purchase of Stock in Trade	24	1,737.74	2,020.87
	(b) Changes in Inventories of finished goods, work-in-progress & Traded goods	25	56.76	209.07
	(c) Employee benefit expense	26	33.28	21.30
	(d) Financial costs	27	75.17	73.45
	(e) Depreciation and amortization expense	28	27.78	26.19
	(f) Other expenses	29	61.06	61.63
IV	**Total Expenses**		**2,837.65**	**2,951.01**
V	**Profit/(loss) before tax (III-IV)**		**11.32**	**8.10**
VI	**Tax Expense**			
	Current tax		3.28	1.80
	Mat credit set off		(1.46)	(0.80)
	Deferred Tax Charge/(income)	4	(0.33)	1.40
	Tax adjustment of earlier years		(0.25)	
	Total tax expense		**1.24**	**2.40**
VII	**Profit/(loss) after tax (V-VI)**		**10.08**	**5.70**
VIII	**Other comprehensive income**			
	A (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		-	-
IX	**Total comprehensive income for the period** (Comprising Profit(Loss) and Other Comprehensive Income for the year)		10.08	5.70
X	**Earnings per equity share**			
	(1) Basic & Diluted	32	0.01	0.01

Significant Accounting Policies and Notes to Financial Statements form an integral part of the Profit and Loss **1-38**

As per our report of even date attached
For Ganapath Raj & Co.
Chartered Accountants
Firm Reg No: 000846S

GANAPATH RAJ & CO., Bangalore, CHARTERED ACCOUNTANTS

Ganapath Raj.C
Partner
Membership No: 022955
UDIN: 20022955AAAABF2878

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

Place: Bangalore
Date: 31.07.2020

Sripad Hanchate
Chief Financial Officier

RKB Agro Industries Limited
CIN : L17100KA1979PLC003492
Statement of Cash flows for the year ended March 31, 2020

(Amount in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flow from operating activities		
Profit for the year	11.32	8.10
Adjustments for:		
Income tax expense recognised in profit and loss (continuing and discontinuing operations)		
Depreciation	27.78	26.19
Interest Expenses	66.63	65.83
Sundry Balances	0.06	
Rent Received	(15.09)	(20.01)
Interest Received	(1.01)	(0.97)
	89.69	**79.14**
Movement in working capital:		
(Increase)/Decrease in Other financial assets		
Increase/(Decrease) in Trade payables	(141.95)	85.09
Increase/(Decrease) in other current liabilities	38.43	(10.64)
Increase/(Decrease) in other financial liabilities	(28.13)	(2.73)
Increase/(Decrease) in current tax provisions	-	-
Increase/(Decrease) in other financial Assets	-	-
Increase/(Decrease) in other current assets	(254.42)	125.45
Increase/(Decrease) in other non current assets	-	4.37
Increase/(Decrease) in short term loans and advances	7.42	(10.81)
Increase/(Decrease) in trade receivables	161.77	(214.90)
(Increase)/Decrease in loans and advances		
(Increase)/Decrease in inventory	40.98	219.88
Foreign currency translation gain/loss		
Cash generated from operations	**(86.21)**	**274.86**
Income tax paid	(1.56)	(0.99)
Net cash generated by operating activities	**(87.77)**	**273.87**
Cash flow from investing activities		
Purchase of Fixed assets	(1.68)	(39.64)
Rent Received	15.09	20.01
Interest Received	1.01	0.97
Investment in subsidiaries		
Other bank balances (security deposits having maturity for more than 3 months)		
Net cash generated by investing activities	**14.42**	**(18.66)**
Cash flow from financing activities		
Proceeds from/(Repayment of) Long Term Borrowings	241.02	(162.28)
Proceeds from/(Repayment of) short term Borrowings	(104.85)	(26.85)
Capital Subsidy received	-	-
Interest expenses paid	(66.63)	(65.83)
Net cash used in financing activities	**69.54**	**(254.96)**
Net increase in cash and cash equivalents	**(3.81)**	**0.25**
Cash and cash equivalents at the beginning of the year	**4.24**	**4.00**
Cash and cash equivalents at the end of the year	**0.42**	**4.24**

Reconciliation of cash and cash equivalents as per the cash flow statements

Cash and cash equivalent as per above comprise of the following:	**31-Mar-20**	**31-Mar-19**
Cash and cash equivalent		
Balance with banks	-	0.53
Cash on Hand	0.42	3.71
Deposits having original maturity less than 3 months	-	-
Balance as per statement of cash flows	**0.42**	**4.24**

The accompanying notes are an integral part of these financial statements 1-38

As per our report of even date attached
For Ganapath Raj & Co.
Chartered Accountants
Firm Reg No: 000846S

GANAPATH RAJ & CO. Bangalore CHARTERED ACCOUNTANTS

Ganapath Raj.C
Partner
Membership No: 022955
UDIN: 20022955AAAA BF2878
Place: Bangalore
Date: 31.07.2020

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
CIN : L17100KA1979PLC003492
Notes forming part of the financial statements
Statement of changes in equity

a. Equity share capital

(Amount in lakhs)

	Number of shares	Amount
Balance as at 31 March 2019	750.00	750.00
Add: Issued during the year	-	-
Balance as at 31 March 2020	**750.00**	**750.00**

b. Other equity

Particulars	Reserves and surplus		Total
	Retained earnings	General Reserve	
Balance at March 31, 2019	**117.85**	**309.34**	**427.19**
Profit for the year	10.08	-	10.08
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	**10.08**	**-**	**10.08**
Balance at March 31, 2020	**127.93**	**309.34**	**437.27**

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

GANAPATH RAJ & CO. Bangalore CHARTERED ACCOUNTANTS

C Ganapath Raj
Partner
Membership No: 022955
UDIN :- 20022955AAAABF2878

Place: Bangalore
Date: 31.07.2020

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

S.K. Bhandari
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Sripad Hanchate
Chief Financial Officier

RKB Agro Industries Limited
CIN : L17100KA1979PLC003492
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 April1, 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.

GANAPATH RAJ & CO. Bangalore CHARTERED ACCOUNTANTS

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 indentical 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.

GANAPATH RAJ & CO. CHARTERED ACCOUNTANTS Bangalore

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 substatially 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.

GANAPATH RAJ & CO. Bangalore CHARTERED ACCOUNTANTS

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 consequnces 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 certainity that they will be realized only if there is a reasonable certainity that they will be realized in future and are reviewed every year. The tax effect is calculated on the accumalated timimg 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 pe 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.

GANAPATH RAJ & CO. Bangalore CHARTERED ACCOUNTANTS

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 de-recognition 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.

GANAPATH RAJ & CO
Bangalore
CHARTERED ACCOUNTANTS

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 intendedto 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.

GANAPATH RAJ & CO. Bangalore CHARTERED ACCOUNTANTS

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.

GANAPATH RAJ & CO. Bangalore CHARTERED ACCOUNTANTS

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.

GANAPATH RAJ & CO. Bangalore CHARTERED ACCOUNTANTS

Financial liabilities

a. **Classification as debt or equity**

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

GANAPATH RAJ & CO. Bangalore CHARTERED ACCOUNTANTS

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. <u>Other financial liabilities</u>

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

f. <u>Derecognition of financial liabilities</u>

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 <u>Operating cycle</u>

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.

GANAPATH RAJ & CO. Bangalore CHARTERED ACCOUNTANTS

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.

8 Estimation uncertainty relating to COVID-I9 outbreak
The Company has considered internal and certain external sources of information including credit reports, economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. The Company has used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of trade receivables including unbilled receivables, intangible assets. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

9 The Board of Directors have approved the Financial Statements in their Board Meeting dt 31.07.2020

GANAPATH RAJ & CO. Bangalore CHARTERED ACCOUNTANTS

RKB Agro Industries Limited
CIN : L17100KA1979PLC003492
Notes to Account: 3

(Amount in lakhs)

Fixed assets	Gross block					Accumulated depreciation and amortisation					Net block	
	As at 01-Apr-19	Additions during the year	Deletions during the year	Adjustments during the year	As at 31 March 2020	As at 01-Apr-19	Depreciation charge for the year	Deletions during the year	Adjustments during the year	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Tangible assets, owned												
Land	966.80	-	-	-	966.80			-	-	-	966.80	966.80
Building	223.62		-	-	223.62	75.03	7.34	-	-	82.37	141.24	148.59
Computers	3.60	-			3.60	3.49	0.04			3.53	0.07	0.12
Furniture & Fixtures	7.00	-			7.00	6.83	-			6.83	0.17	0.17
Electrical Installations	31.69				31.69	14.13	2.91			17.04	14.65	17.56
Plant & Machinery	264.26	1.68	-	-	265.94	92.65	16.67	-	-	109.32	156.61	171.61
Vehicles	5.35	-	-	-	5.35	2.91	0.32	-	-	3.22	2.12	2.44
Office Equipments	2.69		-	-	2.69	1.00	0.50	-	-	1.50	1.18	1.68
Total	**1,505.00**	**1.68**	**-**	**-**	**1,506.68**	**196.04**	**27.78**	**-**	**-**	**223.82**	**1,282.85**	**1,308.96**

Note :-

On the date of transition, the Company has adopts 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.

GANAPATH RAJ & CO. ★ CHARTERED ACCOUNTANTS ★ Bangalore

RKB Agro Industries Limited
CIN : L17100KA1979PLC003492
Notes forming part of the financial statements

Note- 4 : Deferred tax asset liability/(asset)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Deferred tax calculation		
WDV as per books	316.06	342.16
WDV as per Income act,1961	183.38	208.19
Timing Difference	**132.67**	**133.97**
Deferred tax Liability/(Asset) @26%	34.49	34.83
Opening balance of Deferred tax asset		
Net deferred tax liability/(asset)	**34.49**	**34.83**

GANAPATH RAJ & CO. Bangalore CHARTERED ACCOUNTANTS

RKB Agro Industries Limited
Notes forming part of the financial statements
CIN : L17100KA1979PLC003492

(Amount in Lakhs)

Note 5 : Non-current investments

Particulars	As at March 31, 2020	As at March 31, 2019
"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."	-	-
Total	**0.14**	**0.14**

Note: Above unquoted investments are carried at amortised cost

Note 6 : Other non current assets

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Capital Advances		
Total(i)	**-**	**-**
(ii) Advances other than capital advances		
(a) Security Deposits		
Gescom Deposits	7.32	7.32
Security Deposit		
Total(ii)	**7.32**	**7.32**
Total(i+ii)	**7.32**	**7.32**

Note 7 : Inventory

Particulars	As at March 31, 2020	As at March 31, 2019
Cotton Seeds	28.50	113.45
Cotton bales (Finished goods/Traded goods)	94.42	
Loose Cotton (Intermediary Product)		*66.23*
Kappas (Raw Materials)	15.34	
Stores & Spares	1.51	1.61
Packing Material	0.72	0.18
Total	**140.49**	**181.47**

Note 8: Trade Receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured,considered good	492.44	654.27
Unsecured, considered doubtful	-	-
Less: Provision for doubtful	-	-
Total	**492.44**	**654.27**

GANAPATH RAJ & CO. Bangalore CHARTERED ACCOUNTANTS

RKB Agro Industries Limited
Notes forming part of the financial statements

Note 9: Cash and cash eqivalents

(Amount in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on Hand	0.42	3.71
Balance with banks - In Current Accounts		0.53
Deposits having original maturity less than 3 months	-	-
Total	**0.42**	**4.24**

Note 10: Bank balances other than above

Particulars	As at March 31, 2020	As at March 31, 2019
In Term Deposits (Initial Maturity of more than 3 months) (Includes Rs.3,41,000/- as margin money against Bank guarantees)	3.46	3.46
Total	**3.46**	**3.46**

Note 12: Loans

Particulars	As at March 31, 2020	As at March 31, 2019
Employees Advances	8.32	15.74
Total	**8.32**	**15.74**

Note 12: Other current assets

Particulars	As at March 31, 2020	As at March 31, 2019
Advance given to suppliers / others	314.40	57.86
Statutory receivables	5.85	15.86
Subsidy receivables	4.53	-
Other receivables	3.97	2.74
Prepaid Expenses	2.02	0.70
Total	**330.77**	**77.15**

GANAPATH RAJ & CO. CHARTERED ACCOUNTANTS Bangalore

RKB Agro Industries Limited
CIN : L17100KA1979PLC003492
Notes forming part of the financial statements

Note 13: Share Capital

(Amount in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised : 90,00,000 Equity Shares of Rs. 10 each (31 March 2018 : 90,00,000 Equity Shares of Rs. 10 each)	900.00	900.00
	900.00	**900.00**
Issued and Subscribed: 75,00,000 fully paid Equity Shares of Rs. 10 each (31 March 2018: 75,00,000 Equity Shares of Rs. 10 each)	750.00	750.00
	750.00	**750.00**
Paid up : 75,00,000 fully paid Equity Shares of Rs. 10 each (31 March 2018: 75,00,000 Equity Shares of Rs. 10 each)	750.00	750.00
Total	**750.00**	**750.00**

Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	As at March 31, 2020	As at March 31, 2019
Number of shares		
At the beginning of the period	750.00	750.00
Issued during the period	-	-
Outstanding at the end of the period	**750.00**	**750.00**
Amount in Rs		
At the beginning of the period	750.00	750.00
Issued during the period	-	-
Outstanding at the end of the period	**750.00**	**750.00**

Note:- Listing approval for allotment of 42,50,700 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 31-Mar-20		As At 31-Mar-19	
	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, 2020	As at March 31, 2019
General Reserve	309.34	309.34
Retained earnings	127.93	118.65
	437.27	**428.00**

GANAPATH RAJ & CO. Bangalore CHARTERED ACCOUNTANTS

RKB Agro Industries Limited
CIN : L17100KA1979PLC003492
Notes forming part of the financial statements

Amount in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
General Reserve		
Opening Balance	309.34	309.34
Add: addition for the year		-
Total	**309.34**	**309.34**
Retained earnings		
Opening Balance	117.85	112.96
Add: Profit for the year	10.08	5.70
Total	**127.93**	**117.85**

Note 16: Long term borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
Loans repayable on demand from Banks		
3. Term Loan II (Building)	-	4.64
4. Term loan IV (Building)	-	0.70
Unsecured		
Loans and advances : Directors	246.36	-
Total	**246.36**	**5.34**

Security against above Term 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:-

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

Note 16: Short term borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
Loans repayable on demand from Banks		
- Laxmi Vilas Bank : OCC	515.79	506.74
- Current Accounts	0.35	44.71
Unsecured		
Loans and advances from		
- Directors		50.10
- Related Parties		19.44
Total	***516.14***	***620.99***

(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.

GANAPATH RAJ & CO. ★ Bangalore CHARTERED ACCOUNTANTS

RKB Agro Industries Limited
CIN : L17100KA1979PLC003492
Notes forming part of the financial statements

Note 17: Trade payables

(Amount in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
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	222.56	364.51
Total	222.56	364.51

Note 18: Other current financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Current Maturities of Long Term Debt* (Refer Note 3	5.08	33.20
Interest Accured but not due		
Total	5.08	33.20

* 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, 2020	As at March 31, 2019
Statutory Dues Payable	0.83	9.95
Advance Received / other liabilities	42.61	-
Rent Deposit	2.39	0.71
Provision for Tax	-	-
Outstanding Liabilites	8.46	5.20
Total	54.29	15.86

Note 20: Current tax provision

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Income tax		
Provision for Income Tax	3.28	1.80
Less: Advance Tax and TDS receivable	(2.19)	(4.50)
Less: MAT credit utilised	(1.46)	(0.80)
	(0.37)	(3.51)
Income Tax Refund receivable	0.37	3.51
Total	-	-

GANAPATH RAJ & CO. Bangalore CHARTERED ACCOUNTANTS

RKB Agro Industries Limited
CIN : L17100KA1979PLC003492
Notes forming part of the financial statements

Note 21 : Revenue from operations

(Amount in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of products	2,802	2,933
Sale of services	30	5
Total	**2,832**	**2,938**

Note 22 : Other Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Income	0.31	0.97
Sundry Balances W/o	0.00	0.32
Provision Withdrawn	1.00	
Rent Received	15.09	20.01
Interest on TDS / Income Tax	0.70	
Total	**17.10**	**21.29**

Note 23 : Cost of Material Consumed

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening Stock		10.95
Add : Purchases	861.20	527.56
Less : Closing Stock	15.34	-
Total	**845.87**	**538.51**

Note 25: Purchase of Stock-in-Trade

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Traded Goods Purchased	1,737.74	2,020.87
Total	**1,737.74**	**2,020.87**

GANAPATH RAJ & CO. Bangalore CHARTERED ACCOUNTANTS

RKB Agro Industries Limited

CIN : L17100KA1979PLC003492

Notes forming part of the financial statements

Note 25 : Changes in Inventories of Finished Goods, Work in Progress (Amount in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Closing Stock:		
Finished goods	122.93	179.68
	122.93	**179.68**
Opening Stock:		
Finished goods	179.68	388.75
	179.68	**388.75**
Changes in Inventories of finished goods, work-in-progress	**56.76**	**209.07**

Note 26 : Employee Benefits Expense

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, Wages, allowance, and other benefits	32.23	16.73
Director's Remuneration		1.44
Contribution to provident and other funds	0.78	2.42
Staff welfare Expenes	0.27	0.71
Total	**33.28**	**21.30**

Note 27 : Financial Cost

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense on:		
Bank Loan	66.63	65.83
Loan from Directors	6.02	3.38
Loan Processing Charges	2.45	3.35
Documentation Charges	0.01	0.03
Bank Charges	0.06	0.86
Total	**75.17**	**73.45**

Note 28 : Depreciation and Amortisation expense

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of property, plant and equipment	27.78	26.19
Total	**27.78**	**26.19**

GANAPATH RAI & CO. Bangalore CHARTERED ACCOUNTANTS

RKB Agro Industries Limited
CIN : L17100KA1979PLC003492
Notes forming part of the financial statements

Note 29 : Other Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Office Rent	0.72	0.48
Repairs & Maintenance		
- Plant & Machinery	6.29	3.25
- Factory/ Building	1.78	3.46
- Office		
- Computer		
Commission/Brokerage	1.28	4.08
Power and fuel	23.85	13.85
Consumption of Stores & Spares	0.10	0.30
Consumption of Packing Materials	3.74	7.26
Tractor Expenses	1.61	0.30
Insurance Charges	1.46	3.63
Quality Allowances	0.55	1.27
Rates and Taxes	0.44	0.50
GST for Earlier years	0.81	
Listing Fees	5.61	0.14
Printing & Stationery	0.52	1.28
Communication Expenses	0.32	0.42
Transportation Charges	1.18	3.26
Travelling Expenses	1.55	1.34
Vehicle/Conveyance Charges	0.72	1.92
Legal & Professional Fee	3.68	5.88
Ginning Charges paid		4.64
Auditor's Remeuneration	1.47	1.51
Other Expenses	3.42	2.87
Total	**61.06**	**61.63**

Note 29.1 : Auditor's remuneration

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) For audit	1.00	1.00
b) For other services	-	-
c) Out of pocket expenses	0.47	0.51
Total	**1.47**	**1.51**

GANAPATH RAJ & CO. Bangalore CHARTERED ACCOUNTANTS

RKB Agro Industries Limited
CIN : L17100KA1979PLC003492
Notes forming part of the financial statements

Note 30 : Commitments and contingent liabilities

Particulars	As at March 31, 2020	As at March 31, 2019	-
Contingent liabilities	Nil	Nil	Nil
Commitments	Nil	Nil	Nil
Total	-	-	-

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 32 : Earning per share

Particulars	As at March 31, 2020	As at March 31, 2019
Profit for the year (Amount in Rupees Lakhs)	10	6
Weighted average number of equity shares (Nos.)	75,00,000	75,00,000
Par value per share (Rs.)	10.00	10.00
Basic Earning Per Equity Share (Rs.)	0.00	0.00

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 36 : 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 0.78 lakhs (Year ended 31 March, 2019 INR 2.42 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 26 Employee Benefits Expenses.

GANAPATH RAJ & CO. Bangalore CHARTERED ACCOUNTANTS

Note 35 : Related Party Transactions

Description of relationship	Names of related parties
Key management Personnel	S K Bhandari (Managing Director) Rajendra Kumar Dhoka (Independent Director) Smt. Rupal Bhandari (Women Director) V M Bhandari (Whole-time Director) Vinod Kumar Moota(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	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
RENT PAID						
Pavan Bhandari HUF	-	-	0.72	0.48	-	-
TOTAL	**-**	**-**	**0.72**	**0.48**	**-**	**-**
REMUNERATION						
S K Bhandari		0.72	-	-	-	-
V M Bhandari		0.72	-	-	-	-
TOTAL	**-**	**1.44**	**-**	**-**	**-**	**-**
ELECTRICITY CHARGES						
S K Bhandari	0.75	0.73	-	-	-	-
V M Bhandari	0.46	0.27	-	-	-	-
TOTAL	**1.21**	**1.00**	**-**	**-**	**-**	**-**
MEDICAL EXPENSES						
Mukan Marketing P Ltd.	-	-	-	-	0.06	
MKB Hospital	-	-	-	-	0.13	
TOTAL	**-**	**-**		**-**	**0.19**	**-**
LOANS ACCEPTED						
S K Bhandari	31.02	31.64	-	-	-	-
V M Bhandari	0.69	7.67				
Bhandari Distrubutors (P) Ltd					17.95	
TOTAL	**31.72**	**39.31**		**-**	**17.95**	**-**
LOANS REPAID						
S K Bhandari	4.15	6.40	-	-	-	-
Bhandari Distrubutors (P) Ltd					0.95	
TOTAL	**4.15**	**6.40**	**-**	**-**	**0.95**	**-**
Commission / Brokerage						
Kushal Enterprises		-	-	-	0.96	
TOTAL	**-**	**-**	**-**	**-**	**0.96**	**-**
PURCHASE OF COTTON						
Mukan Marketing P Ltd.		-	-	-	37.97	272.40
Kushal Enterprises		-	-	-	580.14	480.93
TOTAL	**-**	**-**	**-**	**-**	**618.11**	**753.34**
SALE OF COTTON						
Kushal Enterprises					-	271.18
Mukan Marketing (P) Ltd		-	-	-	139.17	611.42
TOTAL		-	-	-	139.17	882.60
GINNING / PRESSING CHARGES RECEIVED						
Kushal Enterprises					2.99	
TOTAL		-	-	-	2.99	-
PAYABLES						
S K Bhandari	68.77	42.43	-	-	-	-
V M Bhandari	8.30	7.67				
Kushal Enterprises		-	-	-	130.34	26.67
Mukan Marketing (P) Ltd					21.95	19.44
Bhandari Distributors (P) Ltd					17.00	
TOTAL	**77.07**	**50.10**	**-**	**-**	**169.30**	**46.11**

GANAPATH RAJ & CO.
Bangalore
CHARTERED ACCOUNTANTS

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, 2020	As at March 31, 2019
Long term borrowings (Refer Note 16)	246.36	5.34
Short term borrowings (Refer Note 16)	516.14	620.99
Cash & Cash equivalents (Refer Note 9)	(0.42)	(4.24)
Net Debt (A)	**762.08**	**622.09**
Total Equity (B) (Refer Note 14 and Note 15)	**1,187.27**	**1,178.00**
Net debt to equity ratio (times) (A/B)	**64.19%**	**52.81%**

Note 38 : Financial Instruments - Fair Value & Financial Risk Management

Note 38.1 Categorisation of financial instruments

Particulars	Heirarchy	As at March 31, 2020	Carrying amounts As at March 31, 2019
Financial assets measured at amortised cost			
(i) Trade receivables (Refer Note 8)	Level 2	492.44	654.27
(ii) Cash and cash equivalents (Refer Note 9)	Level 2	0.42	4.24
(iii) Bank balances other than above (Refer Note	Level 2	3.46	3.46
(iv) Loans (Refer Note 11)	Level 2	8.32	15.74
Total financial assets		**504.63**	**677.71**
Financial liabilities measured at amortised cost			
(i) Long term borrowings (Refer Note 15)	Level 2	246.36	5.34
(ii) Short term borrowings (Refer Note 16)	Level 2	516.14	620.99
(iii) Trade payables (Refer Note 17)	Level 2	222.56	364.51
(iv) Other financial liabilities (Refer Note 18)	Level 2	5.08	33.20
Total financial liabilities		**990.14**	**1,024.05**

Carrying amounts of cash and cash equivalents, trade receivables, trade payables, other financial assets and liabilities as at March 31, 2020 & March 31, 2019 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.

GANAPATH RAJ & CO. Bangalore CHARTERED ACCOUNTANTS

Note 38.2 Valuation techniques and significant unobservable inputs in measuring level 2 fair values

Financial instruments measured at amortised

Valuation technique	Significant unobservable inputs
Discounted cash flows: The valuation model considers the present value of expected payments, discounted using the relevant risk-adjusted discount 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 signifi cant 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, 2020	As at March 31, 2019
Variable rate instruments		
Financial liabilities		
Long term borrowings	246.36	5.34
Short term borrowings	516.14	620.99

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, 2020	For the year ended March 31, 2019
On Profit or Loss for the year		
Impact of 50 bps increase	0.03	0.04
Impact of 50 bps decrease	(0.03)	(0.04)

GANAPATH RAJ & CO.
Bangalore
CHARTERED ACCOUNTANTS

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 risk exposure 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.

GANAPATH RAJ & CO
Bangalore
CHARTERED ACCOUNTANTS

Notes forming part of the financial statements

Note 38.5 Liquidity Risk Management

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, 2020

Particulars	Carrying amount	Upto 1 year	1-3 years	More than 3 years	Total
Financial Liabilities					
Interest Bearing					
(i)Long term borrowings (Refer Note 15)	246.36	246.36	-	-	246.36
(ii) Short term borrowings (Refer Note 16)	516.14	516.14	-	-	516.14
Non Interest Bearing					
(iii) Trade payables (Refer Note 17)	222.56	222.56	-	-	222.56
(iv) Other financial liabilities (Refer Note 18)	5.08	5.08	-	-	5.08
	990.14	**990.14**	-	-	**990.14**
Financial Assets					
Non Interest Bearing					
(i) Trade receivables (Refer Note 8)	492.44	492.44	-	-	492.44
(ii) Cash and cash equivalents (Refer Note 9)	0.42	0.42	-	-	0.42
(iii) Bank balances other than above (Refer Note 10)	3.46	3.46	-	-	3.46
(iv) Loans (Refer Note 11)	8.32	8.32	-	-	8.32
	504.63	**504.63**	-	-	**504.63**

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
Financial Liabilities					
Interest Bearing					
(i)Long term borrowings (Refer Note 15)	5.34	5.34			5.34
(ii) Short term borrowings (Refer Note 16)	620.99	620.99	-	-	620.99
Non Interest Bearing					
(iii) Trade payables (Refer Note 17)	364.51	364.51	-	-	364.51
(iv) Other financial liabilities (Refer Note 18)	33.20	33.20	-	-	33.20
	1,024.05	**1,024.05**	-	-	**1,024.05**
Financial Assets					
Non Interest Bearing					
(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 10)	3.46	3.46	-	-	3.46
(iv) Loans (Refer Note 11)	15.74	15.74	-	-	15.74
	677.71	**677.71**	-	-	**677.71**

GANAPATH RAJ & CO. Bangalore CHARTERED ACCOUNTANTS

RKB Agro Industries Limited

Notes forming part of the financial statements
Information About Business Segments

Enclosure To Note 33 To The Financial Statements

(Amount in Lakhs)

Particulars	Mfg. & Trading		Services		Unallocable		Total	
	For the year ended		For the year ended		For the year ended		For the year ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
1. Segment Revenue								
External Sales	2,802.14	2,932.57	29.73	5.25			2,831.87	2,937.82
Inter segment sales	-	-	-	-			-	-
Total Revenue	2,802.14	2,932.57	29.73	5.25	-	-	2,831.87	2,937.82
2. Total Revenue of each segment as a percentage of total revenue of all segments	0.99	1.00	0.01	0.00				
3. Segment Result								
Profit/(loss) Before Extra ordinary items and Tax	11.21	4.42	0.11	3.68	-	-	11.32	8.10
As a percentage of total Profit/(Loss)	0.99	0.55	0.01	0.45				
4. Segment Assets	1,146.70	1,139.89	185.15	184.05	934.35	928.80	2,266.20	2,252.74
5.Segment Liabilities	949.54	943.90	-	-	1,316.66	1,308.84	2,266.20	2,252.74
6. Capital Expenditure	0.84	19.82	0.84	19.82			1.68	39.64
7. Depreciation	25.00	23.57	2.78	2.62			27.78	26.19

GANAPATH RAJ & CO. Bangalore CHARTERED ACCOUNTANTS