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**FIFTY SECOND
ANNUAL REPORT AND AUDITED ACCOUNTS
2019 - 20**



**THE KERALA AGRO INDUSTRIES CORPORATION LIMITED
KISSAN JYOTHI, FORT.P.O., THIRUVANANTHAPURAM - 695 023.**

(CIN : U29211KL1968SGC002172)

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Web : www.keralaagro.com

THE KERALA AGRO INDUSTRIES CORPORATION LIMITED
KISSAN JYOTHI, FORT.P.O., THIRUVANANTHAPURAM - 695 023.

52 ND ANNUAL REPORT AND AUDITED ACCOUNTS FOR THE YEAR 2019-20

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THE KERALA AGRO INDUSTRIES CORPORATION LTD.

**REGD. OFFICE:
"KISSAN JYOTHI", FORT P.O.,
THIRUVANANTHAPURAM-695 023.**

No. Secl.26/ 950

22.02.2024

NOTICE

Notice is hereby given that the 52nd Adjourned Annual General Meeting of the Kerala Agro Industries Corporation Ltd. will be held at 11.00 A.M. on 22nd March, 2024 at the Registered Office of the Corporation at "Kissan Jyothi", Fort P.O., Thiruvananthapuram-695 023 to transact the following business.

Ordinary Business:

"To receive, consider and adopt the Directors' Report, Addendum to Directors Report, Balance Sheet and Profit and Loss Account, Auditors' Report and comments of the Comptroller and Auditor General of India for the year ended 31st March, 2020."



MANAGING DIRECTOR

Note:

A member entitled to attend and vote at the time of meeting is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a Member.

THE KERALA AGRO INDUSTRIES CORPORATION LIMITED
KISSAN JYOTHI, FORT.P.O., THIRUVANANTHAPURAM - 695 023.

I. BOARD OF DIRECTORS

| | |
|----------------------------|-------------------|
| SHRI. V. KUNHALI | CHAIRMAN |
| SHRI. K. G. PRATHAP RAJ | MANAGING DIRECTOR |
| SHRI. C. R. LOHI | DIRECTOR |
| SHRI. SABIR HUSSAIN. S | DIRECTOR |
| SHRI. R. ABHILASH CHANDRAN | DIRECTOR |
| SHRI. K. K. SIVARAMAN | DIRECTOR |
| SHRI. JOSE MATHEW | DIRECTOR |
| SHRI. R. SASI | DIRECTOR |
| SHRI. K. K. JAYAPRAKASH | DIRECTOR |

II. BANKERS

**STATE BANK OF INDIA,
INDIAN BANK, UNION BANK OF INDIA,
BANK OF BARODA.**

III. AUDITORS

K. S. MADHU & Co.
Chartered Accountants,
MRRA-26, 'GANESHA',
Malloor Road, Vanchiyoor,
Thiruvananthapuram - 695 035.

IV. REGISTERED OFFICE

(CIN : U29211KL1968SGC002172)

Kissan Jyothi,
Fort.P.O., Thiruvananthapuram - 695 023.
Ph : 0471-2471343, 0471-2471344
0471-2471345, 0471-2471346.
E-mail : mdofficekaic@gmail.com
Web : www.keralaagro.com

THE KERALA AGRO INDUSTRIES CORPORATION LIMITED
KISSAN JYOTHI, FORT.P.O, THIRUVANANTHAPURAM-695023.

DIRECTORS' REPORT

The Shareholders,
The Kerala Agro Industries Corporation Limited,
Kissan Jyothi, Fort.Po,
Thiruvananthapuram-695023.

Dear Members,

Your Directors have great pleasure in presenting the 52nd Annual Report of the Kerala Agro Industries Corporation Limited together with the audited Balance Sheet, Profit and Loss Statement and Cash Flow Statement for the year ended 31st March, 2020.

1) FINANCIAL RESULTS - Sec.134(3)(i).

Financial highlights of the consolidated statement of operations of your company for the year 2019-20 are as under:

(Rupees in lakhs)

| Particulars | 2019-20 | 2018-19 |
|--|-----------|-----------|
| Revenue from operations | 6181.55 | 7876.37 |
| Other Income | 174.62 | 427.42 |
| Total Income | 6356.17 | 8303.79 |
| Operating Expenses | 6634.20 | 8314.01 |
| Operating Profit / (Loss) | (278.03) | (10.22) |
| Interest | 165.81 | 165.31 |
| Depreciation | 231.75 | 384.63 |
| Exceptional items | 280.51 | 397.30 |
| Net Profit/ (Loss) | (956.10) | (957.46) |
| Provision for Income Tax / IT Expense | NIL | (5.79) |
| Net profit/(Loss) after tax | (956.10) | (963.25) |
| Balance brought forward from previous year | (4065.17) | (3101.92) |
| Depreciation written back | NIL | NIL |
| Cumulative losses | (5021.27) | (4065.17) |

During the year ended 31st March, 2020, your company could achieve a total turnover of Rs. 6181.55 lakhs against Rs.7876.37 lakhs for 2018-19. The total sale for the year 2019-20 is in short by Rs.1694.82 lakhs from that of the previous year.

The net loss for the year after making provisions for interest and depreciation and after making adjustments for prior periods and Tax stood at Rs.956.10 lakhs against a net loss of Rs.963.25 lakhs during the previous year.



2)ACTIVITIES

Some of the important activities pursued by the Corporation during the period under report are as detailed below:

i)Sale of Tractors, Power Tillers, Sprinklers, Irrigation Equipments, Drip Irrigation Equipments etc.

During the year under report, the Corporation had dealership for the sale of HMT tractors, Mahindra Tractors and KAMCO Power Tillers. The Corporation also had dealership arrangements with various reputed manufacturers of pump sets of different capacities, sprinkler irrigation equipments and drip irrigation equipments.

The Corporation sold tractors, power tillers, power reapers, trailers, pump sets, sprayers, sprinkler and drip irrigation equipments worth Rs. 3999.74 lakhs during the year as against Rs.4608.64 lakhs during the previous year.

ii)Sale of spare parts of Tractors and Tillers and Implements.

Sale of spare parts and implements during the year was Rs.258.20 lakhs as against the previous year's sale of Rs. 405.20 lakhs.

iii)Sale of Fabricated goods.

During the year under report, fabricated goods worth Rs.122.83 lakhs were sold as against Rs.277.61 lakhs during the previous year.

iv)Sale of agricultural inputs like organic manure, Bio fertilizers, pesticides

During the year under report, agricultural inputs worth Rs.1456.09 lakhs were sold as against Rs.1524.79 lakhs during the previous year.

v)Running of Workshops and Service Stations for repairs and maintenance of agricultural machinery

The pre-sale and after sale service of tractors, power tillers, etc. as well as repairs and maintenance of various agricultural machineries are being attended to at the Workshops and Service Stations of the Corporation.

vi)Implementation of Government Schemes

The Corporation participated in implementing Farm mechanization under Rashtriya Krishi Vikas Yojana (RKVY) during the year under report.

vii)Fruit Processing Unit at Punalur

During the year under report the unit has made a turnover of Rs.74.80 lakhs as against a turnover of Rs.63.23 lakhs during the previous year.

3)NEW PROJECTS AND INITIATIVES

As part of diversifying the activities, your company has recently ventured into new areas like skill development training, value addition for agricultural produces, setting up of retailing outlets, etc.

4)SHARE CAPITAL

The present authorized share capital of the company is Rs.500 lakh, divided into 500000 equity shares of Rs.100/- each. The issued, subscribed and paid up capital is Rs.474.11 lakh. The State Government's share is Rs.304.55 lakh and that of the Central Government is Rs.169.56 lakh. Out of the total paid up capital, 23547 shares of Rs.100/- each have been issued for consideration other than cash. The percentage of investment made by Government of Kerala on the total paid up capital is 64.24 %. There is no advance share capital as on the date of report and thereafter. Your



Directors propose to increase the authorized share capital to Rs.2500 lakh, divided into 2500000 equity shares of Rs. 100 each.

5)DIVIDEND – Sec.134(3)(k). Since there is an accumulated loss of Rs.5021.27 lakhs as on 31.03.2020, your Directors do not recommend payment of dividend for the year under review.

6)BOARD OF DIRECTORS – Sec.134(3)(g) read with Rule 8(5)(iii) of Companies (Accounts) Rule,2014.

The following are the Directors of the Company during the year under review.

| Sl.no | Name | Post | Date of appointment | Date of cessation |
|-------|-----------------------|-------------------|---------------------|-------------------|
| 1. | Shri.Sulfikar Mayoori | Chairman | 21-12-2016 | |
| 2. | Shri.K.C.Jayakumar | Managing Director | 16-11-2019 | |
| 3. | Shri.Sasikumar.K.P. | Managing Director | 06-02-2019 | 16-11-2019 |
| 4. | Shri. C.R.Lohi | Director | 20-12-2016 | |
| 5. | Shri.Anil kumar.C | Director | 30-05-2019 | |
| 6. | Smt.Shaber Banu | Director | 11-01-2018 | 30-05-2019 |
| 7. | Shri.P.V.Sathyanesan | Director | 12-04-2017 | |
| 8. | Shri.H.Rajeevan | Director | 12-04-2017 | |
| 9. | Shri.E.N.Suresh Babu | Director | 12-04-2017 | |
| 10. | Shri.E.K.Sivan | Director | 12-04-2017 | |
| 11. | Shri.K.Ajith | Director | 12-04-2017 | |
| 12. | Shri.Sunil Das | Director | 13-02-2019 | |

7)BOARD MEETINGS – Sec.134(3)(b).

The Board of Directors met 5 times during this financial year as stated below.

| SL.NO: | Number of Board Meeting. | Date of Board Meeting. |
|--------|--------------------------|------------------------|
| 1. | 272 | 11-06-2019 |
| 2. | 273 | 26-09-2019 |
| 3. | 274 | 18-12-2019 |
| 4. | 275 | 10-01-2020 |
| 5. | 276 | 05-03-2020 |



8)COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES.

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee is not applicable to the company and hence the company has not devised any policy relating to appointment of Directors, Payment of Managerial Remuneration, Directors qualifications, Positive attributes, Independence of Directors and other related matters as provided under section 178(3) of the Companies Act, 2013.

9)COMMITTEES OF BOARD.

i) Audit Committee.

There was no audit committee during the year 2019-20 since it was not mandatory as per Sec. 177 of Companies Act, 2013 and Rule 6 & 7 of Companies (Meetings of Board and its Powers) Rules, 2014.

ii) Corporate Social Responsibility Committee.

As per Section 135 of the Companies Act 2013 the company does not come under the purview of Corporate Social Responsibility activities for the current year. Hence CSR Committee is not constituted.

10)EXTRACT OF ANNUAL RETURN – Sec.134(3)(a).

The extract of Annual Return as provided under sub Section (3) of Section 92 of the Companies Act 2013 in the prescribed form MGT 9 is annexed to this Report.

11)STATUTORY AUDITORS.

M/s. K.S.MADHU & Co, Chartered Accountants, MRRA-26, Ganeshra, Malloor Road, Vanchiyoor.Po, Trivandrum - 695035, was appointed as the Statutory Auditors of company for the year 2019-20. The Report given by the Auditors on the financial statements of the company is part of the Annual Report.

12)AUDITORS COMMENTS AND QUALIFICATIONS – Sec.134(3)(f).

The Board noted that there are some qualifications in the main report of Auditors. Actions will be initiated to rectify the deviations to the possible extent.

13)REVIEW OF ACCOUNTS BY C&AG OF INDIA.

The Annual Accounts with Auditors Report submitted to C&AG. The Comptroller & Auditor General of India has not reviewed the accounts for the year 2019-20 under Section 143(6) of the Companies Act 2013 and issued non review certificate.

14)PARTICULARS OF EMPLOYEES AS PER THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

There are no employees drawing remuneration in excess of the prescribed limit in terms of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.



15)FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public and shareholders coming under the purview of Section 73 of the Companies Act, 2013.

16)PARTICULARS REQUIRED UNDER SECTION 134 (3) (m) OF THE COMPANIES ACT, 2013

As per the Provisions of Companies Act, 2013 we hereby report that:

- a) The company has not adopted any energy saving measures during the year, nor did it make any additional investment for reduction in consumption of energy.
- b) The Company has not undertaken any technology absorption measures during and after the period of report.
- c) The Company has not generated any foreign exchange earnings or incurred any foreign exchange outgo during the year of report.

17)DIRECTORS' RESPONSIBILITY STATEMENT – Sec.134(3)(c).

Your Directors wish to state that:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b) The Board of Directors had selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year ended 31.03.2020.
- c) The Board of Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) The Board of Directors has prepared the annual accounts on a going concern basis.
- e) The Company being unlisted, sub clause (c) of section 134(3) of the Companies Act 2013 pertaining to laying down internal financial controls is not applicable to the company.
- f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

18)PREVENTION OF SEXUAL HARASSMENT AT WORK PLACE

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy.



19)LABOUR RELATIONS

There was very good employer – employee relation during and after the period of the report.

20)ACKNOWLEDGEMENT

Your Directors express their appreciation to Government of India, Government of Kerala, Department of Agriculture, other Government Departments and other Public Sector Undertakings for their valuable support. The Directors are also thankful to the Bankers, Consultants, Auditors, Contractors, Shareholders and valued customers for their continued co-operation and unstinted support.

Your Directors also record their gratitude for the loyalty, dedication and commitment of employees of the Kerala Agro Industries Corporation Limited at all levels.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



CHAIRMAN

THIRUVANANTHAPURAM

Dated: 21/02/2024



THE KERALA AGRO INDUSTRIES CORPORATION LIMITED

ANNEXURE TO DIRECTORS' REPORT 2019-20

Form No: MGT - 9

EXTRACT OF ANNUAL RETURN

(As on the financial year ended on 31st March 2020)

[Pursuant to Section 92(3) of the Companies Act 2013 and rule 12(1) of the Companies (Mangement and Administration) Rules 2014]

I. REGISTRATION AND OTHER DETAILS

| | | |
|------|---|---|
| i) | CIN | U29211KL1968SGC002172 |
| ii) | Registration Date | 22-03-1968 |
| iii) | Name of the Company | THE KERALA AGRO INDUSTRIES CORPORATION LIMITED. |
| iv) | Category/Sub-category of the Company | Company limited by shares/ State Government Company. |
| v) | Address of the Registered Office and contact details | KISSAN JYOTHI, FORT.PO, THIRUVANANTHAPURAM, KERALA-695023. |
| vi) | Whether listed company | No |
| vii) | Name, address and contact details of Registrar and transfer sgent, if any | Not Applicable |

II. PRINCIPAL BUSINESS ACTIVITES OF THE COMPANY

| Sl.No. | Name and description of main products/services | NIC Code of the product/service | % of total turnover of the company |
|--------|--|---------------------------------|------------------------------------|
| 1 | Agriculture, Forestry, Fishing. | A4 | 100 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl.No | Name and Address of the Company | CIN/GLN | Holding/su bsidiary/As sociate | % of shares held |
|-------|---------------------------------|---------|--------------------------------------|---------------------|
| 1 | NIL | NA | NA | NIL |



THE KERALA AGRO INDUSTRIES CORPORATION LIMITED

IV. SHARE HOLDING PATTERN (Equity share capital breakup as percentage of total equity)

A. Category-wise shareholding

| category of shareholders | No. of shares held at the beginning of the year (As on 31-March 2019) | | | | No. of shares held at the end of the year (As on 31-March 2020) | | | | % change during the year |
|--|---|----------|--------|-------------------|---|----------|--------|-------------------|--------------------------|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| A. Promotores | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | NA | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| b) Central Govt. | NIL | 169562 | 169562 | 35.76 | NIL | 169562 | 169562 | 35.76 | 0 |
| c) State Govt./s) | NIL | 304547 | 304547 | 64.24 | NIL | 304547 | 304547 | 64.24 | 0 |
| d) Bodies Corp. | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| e) Banks/ FI | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| f) Any other | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| Sub Total (A) (1) | | 474109 | 474109 | 100 | | 474109 | 474109 | 100 | 0 |
| (2) Foreign | | | | | | | | | |
| a) NRIs- Individual | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| b) Other-Individual | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| c) Bodies Corp. | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| d) bank /FI | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| e) Any other | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Sub Total (A) (2) | | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| Total shareholding of promoter (A) = (A)(1) + (A) (2) | NA | 474109 | 474109 | 100 | NA | 474109 | 474109 | 100 | 0 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| a) Mutual Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Bank/ FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Central Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) State Govt./s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Venture capital funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| g) FIs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| h) foreign venture capital funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) Others (Specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total (B) (1) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | | |
|--|-----|--------|--------|-----|-----|--------|--------|-----|-----|
| 2. Non-institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| ii) Overseas | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs.1 Lakh | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| ii) Individual shareholders holding nominal share capital in excess of Rs.1 Lakh | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| c) Others (Specify) | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| Non-resident Indians | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Overseas Corporate bodies | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Foreign Nationals | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Clearing members | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Trusts | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Foreign Bodies DR | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Sub-Total (B) (2) | | | | | | | | | |
| Total Public Share holding (B) = (B)(1)+(B)(2) | NA | 0 | 0 | 0 | NA | 0 | 0 | 0 | NA |
| C. Shares held by custodian for GDRs & ADRs | NA | 0 | 0 | 0 | NA | 0 | 0 | 0 | NA |
| Grand Total (A+B+C) | NA | 474109 | 474109 | 100 | NA | 474109 | 474109 | 100 | 0 |



THE KERALA AGRO INDUSTRIES CORPORATION LIMITED

B) Shareholding of Promoter

| Sl. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change during the year |
|--------------|---|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--------------------------|
| | | No. of Shares | % of total shares of the company | % of shares pledged/encumbered to total shares | No. of Shares | % of total shares of the company | % of shares pledged/encumbered to total shares | |
| 1 | Government of India representd by President of India | 169562 | 35.76 | Nil | 169562 | 35.76 | Nil | 0 |
| 2 | Government of Kerala representd by Governor of Kerala | 304547 | 64.24 | Nil | 304547 | 64.24 | Nil | 0 |
| Total | | 474109 | 100 | Nil | 474109 | 100 | Nil | 0 |

C) Change in promoter's shareholding (please specify, if there is no change)

| Sl. No | | Share holding at the beginning of the year | | Cumulative shareholding during the year | |
|--------|---|--|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total shares of the company | No. of Shares | % of total shares of the company |
| | At the beginning of the year | No change | | | |
| | Date wise increase/decrease in Promoter's share holding during the year specifying the reason for increase/decrease(eg. Allotment/transfer/bonus/sweat equit etc. | No change | | | |
| | At the end of the year | No change | | | |

* There is no change in the total shareholding of the promoter between 01.04.2019 and 31.03.2020

D) Shareholding pattern of top ten shareholders

(other than Directors, Promoters and holders of GDRs and ADRs)

| Sl. No | For each of the top ten shareholders | Share holding at the beginning of the year | | Cumulative shareholding during the year | |
|--------|---|--|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total shares of the company | No. of Shares | % of total shares of the company |
| | At the beginning of the year | Nil | Nil | Nil | Nil |
| | Date wise increase/decrease in Promoter's share holding during the year specifying the reason for increase/decrease(eg. Allotment/transfer/ bonus /sweat equit etc. | Nil | Nil | Nil | Nil |
| | At the end of the year | Nil | Nil | Nil | Nil |

E) Shareholding of Directors and Key managerial personnel

| Sl. No | Name | Share holding | | | Increase/dec rease in share holding | Reason | Cumulative shareholding during the year | |
|-----------------------------------|------|--------------------------------|--------------------------------------|----------------------------------|-------------------------------------|--------|---|----------------------------------|
| | | No. of Shares at the beginning | No. of shares at the end of the eyar | % of total shares of the company | | | No. of Shares | % of total shares of the company |
| A DIRECTORS | | | | | | | | |
| | | Nil | Nil | Nil | Nil | NA | Nil | NA |
| B KEY MANAGERIAL PERSONNEL | | | | | | | | |
| | NIL | Nil | Nil | Nil | Nil | NA | Nil | NA |



THE KERALA AGRO INDUSTRIES CORPORATION LIMITED

V) INDEBTNESS

Indebtness of the company including interest outstanding/accrued but not due for payment

| | Secured loans excluding deposits | Unsecured loans (Rs) in lakhs | Deposits (Rs) in lakhs | Total indebtedness (Rs) in lakhs |
|--|----------------------------------|-------------------------------|------------------------|----------------------------------|
| Indebtness at the beginning of the financial year 2019-20 | | | | |
| i) Principal Amount | 11.23 | 924.78 | NIL | 936.01 |
| ii) Interest due but not paid | 0 | 2168.90 | NIL | 2168.90 |
| iii) Interest accrued but not due | 0 | 0 | NIL | 0 |
| Total (i+ii+iii) | 11.23 | 3093.68 | NIL | 3104.91 |
| Change in Indebtness during the financial year | | | | |
| * Addition | 0 | 165.79 | NIL | 165.79 |
| * Reduction | 1.99 | 0 | NIL | 1.99 |
| Net Change | -1.99 | 165.79 | NIL | 163.80 |
| Indebtness at the end of the financial year 2019-20 | | | | |
| i) Principal Amount | 9.24 | 924.78 | NIL | 934.02 |
| ii) Interest due but not paid | 0 | 2334.69 | NIL | 2334.69 |
| iii) Interest accrued but not due | 0 | 0 | NIL | 0 |
| Total (i+ii+iii) | 9.24 | 3259.47 | NIL | 3268.71 |

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director , Whole-Time Directors and /or Manager

| Sl.No. | Particulars of remuneration | Name of Managing Director/WTD/Manager | Total Amount (Rs) |
|--------|---|--|-------------------|
| | | K.P.Sasikumar, Managing Director. K.C.Jayakumar, Managing Director. | |
| 1 | Gross salary | | |
| | (a) salary as per provisions contained in section 17(1) of the Income tax Act 1961 (RS) | 765407.00 | 765407.00 |
| | (b) value of perquisites u/s 17(2) of Income tax Act 1961 | NIL | 0.00 |
| | (c) Profits in lieu of salary under section 17(3) of Income tax Act 1961 | NIL | 0.00 |
| 2 | Stock Option | NIL | 0.00 |
| 3 | Sweat Equity | NIL | 0.00 |
| 4 | Commission: | NIL | 0.00 |
| | as % of profit | NIL | 0.00 |
| | others, specify | NIL | 0.00 |
| 5 | Others, Please Specify (Rs) | | |
| | i) Leave salary | 0.00 | 0.00 |
| | ii) Travelling Expenses | 69036.00 | 69036.00 |
| | iii) Telephone Charges | 14643.00 | 14643.00 |
| | iv) Medical Expenses | 0.00 | 0.00 |
| | Total (A) | 849086.00 | 849086.00 |
| | Ceiling as per the Act | | |



THE KERALA AGRO INDUSTRIES CORPORATION LIMITED

B. Remuneration to other Directors

| Sl.No. | Particulars of remuneration | Name of Directors | Total Amount (RS.) |
|--------|---|---|--------------------|
| | | Sri. Sulfikar Mayoore (Chairman), Sri.K.P.Sasikumar (MD), Sri.K.C.Jayakumar(MD), Sri. C.R.Lohi, Sri.Anilkumar.C, Sri.Sunil Das, Smt.Shaber Banu, Sri. P.V.Sathyanesan, Sri.H.Rajeevan, Sri.E.N.Suresh Babu, Sri.E.K.Sivan and Sri.K.Ajith (Directors) | |
| 1 | Independent Directors | | |
| | Fee for attending board/committee meetings | | 0 |
| | Commission | | 0 |
| | Others, please specify | | 0 |
| | Total (1) | | 0 |
| 2 | Other non-executive Directors | | |
| | Fee for attending board/committee meetings | | 8,900.00 |
| | Commission | | 0 |
| | Others, please specify (Travelling Expense) | | 66401.00 |
| | Total (2) | | 75,301.00 |
| | Total (B) = (1+2) | | 75,301.00 |
| | Total Managerial Remuneration | | |
| | Overall ceiling as per the Act | | |

C. Remuneration to Key managerial Personnel other than Managing Director/Manager/WTD

| Sl.No. | Particulars of remuneration | Key Managerial Personnel | | | Total Amount (₹) |
|--------|--|--------------------------|--|------------------|------------------|
| | | CEO | CS | CFO | |
| 1 | Gross salary | NA | There was no CS during the year 2019-20. | | |
| | (a) salary as per provisions contained in section 17(1) of the Income tax Act 1961 | NA | NA | 5,45,000.00 | 5,45,000.00 |
| | (b) value of perquisites u/s 17(2) of Income tax Act 1961 | NA | NA | NA | NA |
| | (c) Profits in lieu of salary under section 17(3) of Income tax Act 1961 | NA | NA | NA | NA |
| 2 | Stock Option | NA | NA | NA | NA |
| 3 | Sweat Equity | NA | NA | NA | NA |
| 4 | Commission: | NA | NA | NA | NA |
| | as % of profit | NA | NA | NA | NA |
| | others, specify | NA | NA | NA | NA |
| 5 | Others, please specify | NA | NA | NA | NA |
| | Total | NA | NA | 545000.00 | 545000.00 |
| | Overall ceiling as per the Act | | | | |

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENSES

| Type | Section of the Companies Act | Brief Description | Details of penalty/punishment/compounding fee imposed | Authority[RD/NCLT/COURT] | Appeal made, if any (give details) |
|-------------------------------------|------------------------------|-------------------|---|--------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | 87 | NA | NA | NA | NA |
| Punishment | Nil | NA | NA | NA | NA |
| Compounding | Nil | NA | NA | NA | NA |
| B. DIRECTORS | | | | | |
| Penalty | Nil | NA | NA | NA | NA |
| Punishment | Nil | NA | NA | NA | NA |
| Compounding | Nil | NA | NA | NA | NA |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | Nil | NA | NA | NA | NA |
| Punishment | Nil | NA | NA | NA | NA |
| Compounding | Nil | NA | NA | NA | NA |

By Order of the Board of Directors

Thiruvananthapuram

21-02-2024



Jay
CHAIRMAN

ADDENDUM TO DIRECTORS' REPORT

REPLY TO COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT 2013 ON THE ACCOUNTS OF THE KERALA AGRO INDUSTRIES CORPORATION LTD. FOR THE YEAR ENDED 31 MARCH 2020

Principal Accountant General (Audit -I), Kerala has issued Non-Review Certificate under Sec. 143(6)(a) of the Companies Act, 2013 and thus there is NIL comments for the year 2019-20.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



CHAIRMAN

THIRUVANANTHAPURAM

Dated: 21/02/2024





K.S. Madhu & Co.
Chartered Accountants

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
THE KERALA AGRO-INDUSTRIES CORPORATION LIMITED, TRIVANDRUM**

Report on Financial Statements

We have audited the accompanying financial statements of **The Kerala Agro-Industries Corporation Limited**, ("the company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss and Statement of Cash flows for the period from 01.04.2019 to 31.03.2020, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Principles generally accepted in India, including the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgment and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedure selected depends on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk



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Phone : 0471 - 2452942 (O), 2470808 (R), E-mail : ksmadhu_co@hotmail.com

assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

- (a) The company is showing a closing balance of Rs 760.42 lakhs in Note 3(d) "Other Reserve: Grant in Aid" under Reserves and Surplus of the financials statement for which the details of grant/category wise split up is not available for verification. Hence we are unable to comment on the utilization of grants received in earlier years. The company has not ear-marked the above amount in cash and bank balances and hence we are unable to comment on the accuracy of the amount reported under "interest on money parked with bank"- Rs. 4 lakhs in Note 3(d) capitalized under Reserves and Surplus of financial statement.
- (b) The company is showing a closing balance of Rs 0.53 lakhs in Note 3(a) "Capital Reserve" under Reserves and Surplus of the financials statement for which the details of category wise split up is not available for verification. Hence we are unable to comment on the impact of the adjustments, if any, arising from reconciliation in the financial statements.
- (c) The company has not identified old, non-moving, damaged or obsolete inventory items and has also not made any provision on account of change in value of stock in such cases. The company has not carried out physical verification of the inventory. The adjustments, if any, in the financial statements is not ascertainable. The company has not complied with 'Accounting Standards 2-Valuation of Inventories' and AS 28-impairment of assets to this extent
- (d) The total income as per the Goods and Service Tax returns is Rs. 6578 lakhs while as per the Profit and Loss Statement of the financials is Rs. 6356.17 lakhs. Due to the non-availability of information and details regarding the variances, we are unable to quantify the impact of additional tax liability, if any, arising from reconciliation of turnover in the financial statements.
- (e) The company is showing a closing balance of Rs. 25.63 lakhs as "Other Long Term Liabilities" in Note 5 the financial statements for which details are not available for verification. Due to the non-availability of information and details, we are unable to quantify the impact of the adjustments, if any, arising from reconciliation and settlements of account balances in the financial statements.
- (f) The company is showing a closing balance of Rs. 47.28 lakhs as "Other Advance Recoverable" in Note 15 of the financial statements for which details are not available for verification. Due to the non-availability of information and details, we are unable to quantify the impact of the adjustments, if any, arising from reconciliation and settlements of account balances on the financial statements.



- (g) The company is not maintaining a system to identify and classify Earnest Money Deposits & Security Deposits related to completed projects and non-completed projects. As stated in Note No.8 & 15 to the financial statements, an amount of Rs.88.04 lakhs is outstanding as EMD and security deposit payable and an amount of 19.22 lakhs outstanding as EMD and security deposit receivable as on 31-03-2020. This amount includes amounts outstanding against completed projects also. Due to the non-availability of confirmation and reconciliation of afore mentioned account balance, we are unable to quantify the impact of adjustments on the financial statements, if any, arising from reconciliation and settlement of EMD and security deposits account balances of completed projects.
- (h) The company is showing a closing balance of Rs. 308.64 lakhs as "Sundry Creditors for expenses", Rs.158.63 lakhs as "Sundry Creditors for Others" and Rs. 6028.72 lakhs as "Trade Advances Received" in Note no 8 of the financial statements. The company does not follow a system of obtaining confirmation and performing reconciliation of balances in respect of trade payables. Due to non-availability of confirmations and reconciliations of the aforesaid account balances, we are unable to quantify the impact of adjustments, if any, arising from reconciliation and settlement of account balances on the financial statements.
- (i) The company is showing a closing balance of Rs. 7036.15 lakhs as "Trade Payables" in Note No 7 of the financial statements. The company does not follow a system of obtaining confirmation and performing reconciliation of balances in respect of trade payable. Due to non-availability of confirmations and reconciliations of the aforesaid account balances, we are unable to quantify the impact of adjustments, if any, arising from reconciliation and settlement of account balances on the financial statements.
- (j) The company is showing a closing balance of Rs. 9093.31 lakhs as "Trade Receivables" in Note No.13 of the financial statements, Rs.2585.70 lakhs as "Trade Advances" in Note no 15 of the financial statements. The Trade Receivables includes outstanding aged for more than three years amounting to Rs. 3,663.91 lakhs. The company does not follow a system of obtaining confirmation and performing reconciliation of balances in respect of trade receivables. Due to non-availability of confirmations and reconciliations of the aforesaid account balances, we are unable to quantify the impact of adjustments, if any, arising from reconciliation and settlement of account balances on the financial statements.
- (k) The company is showing a closing balance of Rs. 12.39 lakhs as "Deposits for Utility Services" in Note No. 11 of the financial statements for which the details are not available for verification. Due to the non-availability of information and details, we are unable to quantify the impact of the adjustments, if any, arising from reconciliation and settlements of account balances on the financial statements.
- (l) The Bank reconciliation statement available for our verification for the following bank accounts of the company contains stale cheques and hence we are unable to comment upon the impact, if any, of reconciliation entries.



| Sl No | Name of Bank | Account Number | Total Value of Stale Cheques | Amount as per Passbook | Amount as per Books of Accounts |
|-------|-------------------------------------|----------------|------------------------------|------------------------|---------------------------------|
| 1 | State Bank of India, Sulthanbathery | 0834201005562 | 1,722.00 | 569,832.00 | 571,554.96 |
| 2 | State Bank of India, Thrissur | 37198330744 | 53,146.00 | 852,351.45 | 537,007.45 |

- (m) The company has not identified units covered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act, 2006') and hence disclosures as required under the MSMED Act 2006 is presently not ascertainable.
- (n) The company is accounting interest income on cash/receipt basis only and not on accrual basis as per the requirements of Companies Act 2013.

Other Matters:

- (a) The company has joined Group Gratuity Scheme with Life Insurance Corporation of India for payment of gratuity of its employees. The company has defaulted in the payments liable to LIC and hence have not complied with the directions of Accounting Standard 15 - Employee Benefits.

Qualified Opinion

In our audit opinion and to the best of our information and according to the explanation given to us, except for the matters described in the Basis for Qualified Opinion paragraph, the 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 policies generally accepted in India:

- In case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2020; and
- In case of Statement of Profit and Loss, of the loss for the period from 01.04.2019 to 31.03.2020 and
- In the case of Statement of Cash Flow, cash flow for the period from 01.04.2019 to 31.03.2020.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2016 (the "Order") issued by the Central Government in terms of sub-section 11 of section 143 of the Act, we give in the **Annexure-A** a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.
- We are enclosing our report in terms of Section 143(5) of the Act, on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanation given to us, in the **Annexure-B**, on the directions and sub-directions issued by Comptroller and Auditor General of India.
- As required by section 143(3) of the Act, we report that:
 - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit subject to the matters specified in Basis for Qualification paragraph.



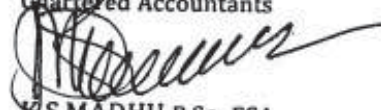
- b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books.
- c) The Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
- d) In our opinion the Balance Sheet and Statement of Profit and Loss dealt with by this report, comply with the accounting standards referred to in section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 subject to the matters specified in Basis for Qualification paragraph.
- e) As the company under audit is a Government Company, the provisions regarding disqualification of directors as per section 164(2) of the Companies Act, 2013 is not applicable.
- f) 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-C** and
- g) With respect to the other matters included in the auditor's report and to best of our information and according to the explanations given to us.
- i. The company has disclosed the impact of pending litigation on its financial position in its financial statement.
- ii. The company has made provision, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the investor's education and protection fund by the company.

Place: Trivandrum

Date: 30.01.2024



For K.S.MADHU & Co.
FRN008731S
Chartered Accountants



K.S.MADHU B.Sc., FCA
Mg. Partner (M.No.019380)

UDIN: 24019380BKFEHM5336

Annexure A to the Auditors' Report

The Annexure referred to in our report to the members of **The Kerala Agro-Industries Corporation Limited** ("the company") on the accounts of the company for the year ended 31st March,2020.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- 1) a) The company is not maintaining proper records showing full particulars including quantitative details and situation of its fixed assets. The company has not properly maintained the Fixed Asset Register containing the details of date of acquisition, cost of acquisition, accumulated depreciation as on date.
b) The management has not conducted physical verification of its fixed assets at reasonable intervals
c) The title deeds of immovable properties are held in the name of the Company.
- 2) As per the information and explanation given to us, the management has not conducted the physical verification of inventory to identify old, non-moving, damaged or obsolete inventory items and hence no adjustments, if any, have been dealt with in the books of accounts.
- 3) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has granted an unsecured temporary loan to M/s Vazhakkulam Agro Fruit Processing Company amounting to Rs. 20 lakhs.
 - a) The terms and conditions of the loan does not stipulate interest on loan and hence is prejudicial to the interest of the company.
 - b) The schedule of repayment of principal is mentioned in loan document. It is noted that the company has not received any repayments during the year under audit and hence repayment is not regular.
 - c) The total loan amount is overdue for the period of more than ninety days. The management has communicated that the company is following up the matters with VAFPC for recovery of loan with interest.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted deposits from the public during the year. Consequently, the provisions of paragraph 3(v) of the order are not applicable to the Company.
- 6) The Central Government of India has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the services rendered by the Company.



7) (a) According to the records of the company and subject to the Basis of Qualified opinion, undisputed statutory dues including, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, GST, Value added Tax, Cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. It is noted that there is delay in payment of monthly contribution to Provident Fund, and Employees' State Insurance. According to the information and explanations given to us there is outstanding Provident Fund dues as on 31st of March, 2020 for a period of more than six months from the date they became payable. As the detailed working of outstanding liability is not available, we are unable to quantify the liability outstanding for more than six months.

(b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, Provident Fund, Employee's State Insurance, customs duty, GST and excise duty which have not been deposited on account of any disputes. However according to the information and explanation given to us, the following dues of KGST and VAT have not been deposited by the company on account of dispute

| Nature of Statute | Nature of dues | Amount (in Rs) | Period to which the amount relates | Forum where dispute is pending |
|-------------------|---------------------------|----------------|--|--|
| KGST & VAT | Tax, Interest and Damages | 9,90,20,324.00 | AY 1998-99 , 2011-12 to 2015-16, & 2017-18 | The company has made an application to the Government of Kerala for waiving of the liability. No details of appeal filed against these demands are available for verification. |

8) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders. The company has defaulted in the repayments of loan from Government of Kerala and the details of the same are provided below

| Sl No | Name of Institution | Period of Disbursement | Amount of Loan Default |
|-------|-----------------------------|------------------------|------------------------|
| 1 | <u>Working Capital Loan</u> | | |
| 1 | Government of Kerala | 11.12.1990 | 50,00,000.00 |
| 2 | Government of Kerala | 23.10.1997 | 25,00,000.00 |
| 3 | Government of Kerala | 27.10.1998 | 50,00,000.00 |
| 4 | Government of Kerala | 09.01.2003 | 51,00,000.00 |
| 5 | Government of Kerala | 07.10.2008 | 1,50,00,000.00 |
| 6 | Government of Kerala | 2006-07 | 89,99,000.00 |
| 7 | Government of Kerala | 2007-08 | 80,00,000.00 |



| | | | |
|----|------------------------|------------|----------------|
| 8 | Government of Kerala | 2010-11 | 90,00,000.00 |
| 9 | Government of Kerala | 22.04.2010 | 2,15,00,000.00 |
| 10 | Government of Kerala | 26.08.2017 | 20,00,000.00 |
| ii | <u>Short Term Loan</u> | | |
| 1 | Government of Kerala | 29.03.1979 | 2,69,048.00 |
| 2 | Government of Kerala | 21.08.1980 | 1,80,000.00 |
| 3 | Government of Kerala | 21.08.1980 | 1,80,000.00 |
| 4 | Government of Kerala | 07.08.1981 | 1,22,500.00 |
| 5 | Government of Kerala | 09.09.1981 | 1,75,000.00 |
| 6 | Government of Kerala | 13.10.1981 | 70,000.00 |
| 7 | Government of Kerala | 19.08.1982 | 2,40,000.00 |
| 8 | Government of Kerala | 15.12.1982 | 2,12,800.00 |
| 9 | Government of Kerala | 19.08.1983 | 67,500.00 |
| 10 | Government of Kerala | 18.11.1983 | 2,02,500.00 |
| 11 | Government of Kerala | | 60,000.00 |

- 9) Based on our audit procedures and on the information given by the management, we report that the moneys raised by way of term loans during the year by the company were utilized for the purpose for which it has been availed. During the year, there were no moneys raised by way of initial public offer or further public offer.
- 10) Based on the audit procedures performed and the information and explanations given to us, during the year under audit, a fraud on the company has been noticed and reported. The nature of fraud and amount involved are as below

| Sl No | Nature of Fraud | Amount | Remark |
|-------|-----------------------|--------------|--|
| 1 | Cash Misappropriation | 2,25,000.00 | FIR No.0994/2022 registered with Fort Police Station. |
| 2 | Cash Misappropriation | 12,62,684.00 | Amount recouped from identified staff to the tune of Rs.12,55,221.00 |
| 3 | Cash Misappropriation | 8,04,232.00 | Full amount recouped from concerned staff |

- 11) According to the information and explanations give to us, the provisions for managerial remuneration under section 197 read with Schedule V to the Act is not applicable on the company. Accordingly, paragraph 3(xi) of the Order is not applicable.
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.



- 13) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- 14) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not commented upon.
- 16) According to the information and explanations give to us and based on our examination of the records of the company, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place: Trivandrum

Date: 30.01.2024



For K.S.MADHU & Co.

FRN008731S

Chartered Accountants

A handwritten signature in black ink, appearing to read "K.S. Madhu".

K.S.MADHU B.Sc., FCA

Mg. Partner (M.No.019380)

UDIN: 24019380BKFEHM5336

Annexure B to the Auditors Report

Directions under sub-section (5) of section 143 of the Companies Act, 2013 applicable for the year 2019-20

| | | |
|---|--|--|
| 1 | If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined, including the mode and present stage of disinvestment process. | NA |
| 2 | To report whether there are any cases of waiver/write off of debts/ loans/interest etc.; if yes, the reasons thereof, and the amount involved. | No instances of waiving off observed during our audit. |
| 3 | Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government or other authorities. | No instances of inventory lying with third parties or assets received as gift noticed during our audit. |
| 4 | A report on age-wise analysis of pending legal/ arbitration cases, including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given. | On the basis of information and explanation provided to us, there are no pending litigation or arbitration involving third parties as on the balance sheet date other than employee related. |

Sector Specific Sub-directions under Section 143(5) of the Companies Act, 2013

Agriculture and Allied Sector

General

| | | |
|---|---|--|
| 1 | Whether the land owned by the Company is encroached, under litigation, not put to use/or declared surplus. Details may be provided. | As per the information and explanation provided to us, there are no encroachments or any litigation in respect of land owned and possessed by the company. |
| 2 | Whether physical verification and valuation of standing crops/ trees was done at the end of the Financial Year in accordance with the standard industry practices? | NA |
| 3 | Whether the stock of seeds packing/ certification materials and other items has been taken on the basis of stock records after adjustment of shortage/ excess found on physical verification and whether due consideration has been given for deterioration in the quality of old stocks which may result into over valuation of stock? | We are unable to comment on the same as complete details are not available for verification |
| 4 | Whether all the agriculture produce procured are properly stored and adequately insured. If any insurance claims are rejected, the details may be reported. | We are unable to comment on the same as complete details are not available for verification |
| 5 | Whether the Company has an effective mechanism for disbursement of loans/ subsidies/agro inputs and agriculture machineries to beneficiaries and recovery there of (loans) along with interest, if any, from beneficiaries? | NA |
| 6 | That grants/ subsidies received for implementing various schemes are accounted for as per the accounting standards and utilized for intended purpose. | Yes |
| | Whether the cost incurred on abandoned projects has been written off? | No such cases observed during our audit |



Agro Based Industries

| | | |
|---|---|--|
| 1 | Report the cases of diversion of grants/subsidies received from Central/State Government or their agencies for performing certain activities. | No such cases of diversion of grants/subsidies observed during our audit |
| 2 | Cases of wrong accounting of interest earned on account of non-utilization of amounts received for certain projects/schemes may be reported. | The unutilized amount of grants received is not ear marked separately and hence the interest from such unutilized grant is not accounted properly. |
| 3 | Examine pricing policy framed by the Company to ensure that all cost components are covered. | As per the information and explanation provided to us, the company maintains a pricing policy that covers all cost components. |
| 4 | Report on the extent of utilization of plant & machinery and its obsolescence, if applicable. | The company is not maintaining proper records showing full particulars including quantitative details and situation of its fixed assets and hence we are not commenting upon the same. |

Miscellaneous Sector**Other**

| | | |
|---|---|---|
| 1 | Examine the system of effective utilization of Loans/Grant-in-Aid/ Subsidy. List the cases of diversion of funds. | No cases of diversion of funds is observed during our audit. |
| 2 | Examine the cost benefit analysis of major capital expenditure/ expansion including IRR and payback period. | NA |
| 3 | If the audited entity has computerized its operations or part of it, assess and report, how much of the data in the Company is in electronic format, which of the area such as accounting, sales personnel information, pay roll, inventory etc. have been computerized and the company has evolved proper security policy for data/ software/hardware? | The Company is yet to implement an IT system for its operations. The financial books of accounts are prepared using a readymade Accounting Package. |

Place: Trivandrum

Date: 30.01.2024



For K.S.MADHU & Co.
FRN008731S
Chartered Accountants
[Signature]
K.S.MADHU B.Sc., PCA
Mg. Partner (M.No.019380)

UDIN: 24019380BKFEHM5336

Annexure - C to the Auditors' Report

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 **The Kerala Agro-Industries Corporation Limited** ('the company') as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (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 Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- a. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- c. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Qualified Opinion

According to the information and explanation given to us and based on our audit, the Company has not established its internal financial controls system over financial reporting on criteria based on the internal financial controls over financial reporting established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the Institute of Chartered Accountants of India. As a result, we are unable to obtain sufficient and appropriate audit evidence to provide a basis for our opinion whether the company had adequate internal control over financial reporting and whether such internal control was operating effectively as on 31st March 2020

Place: Trivandrum

Date: 30.01.2024



For K.S.MADHU & Co.
FRN008731S
Chartered Accountants

A handwritten signature in black ink, appearing to read 'K.S. Madhu'.

K.S.MADHU B.Sc., FCA
Mg. Partner (M.No.019380)

UDIN: 24019380BKFEHM5336

THE KERALA AGRO INDUSTRIES CORPORATION LIMITED

BALANCE SHEET AS AT 31 MARCH 2020

Amount in Rupees

| | | Note No. | As at 31.03.2020 | As at 31.03.2019 |
|-----------|---|----------|-----------------------|-----------------------|
| I | EQUITY AND LIABILITIES | | | |
| 1 | Shareholders' Funds | | | |
| a) | Share capital | 2 | 4,74,10,900 | 4,74,10,900 |
| b) | Reserves and Surplus | 3 | 54,93,52,004 | 65,66,61,488 |
| 2 | Share Application Money Pending Allotment | | NIL | NIL |
| 3 | Non-current Liabilities | | | |
| a) | Long Term Borrowings | 4 | 75,23,937 | 97,23,539 |
| b) | Deferred Tax Liabilities (Net) | | NIL | NIL |
| c) | Other Long Term Liabilities | 5 | 25,63,408 | 25,63,408 |
| d) | Long Term Provisions | 6 | 92,14,068 | 1,06,79,327 |
| 4 | Current Liabilities | | | |
| a) | Short-term Borrowings | | NIL | NIL |
| b) | Trade Payables | 7 | 70,36,15,101 | 63,97,39,322 |
| c) | Other Current Liabilities | 8 | 1,01,52,88,345 | 95,05,09,932 |
| d) | Short Term Provisions | | NIL | NIL |
| | Total: | | 2,33,49,67,763 | 2,31,72,87,916 |
| II | ASSETS | | | |
| 1 | Non-current Assets | | | |
| a) | Fixed Assets | | | |
| (i) | Tangible Assets | 9 | 86,43,52,641 | 88,63,09,067 |
| (ii) | Intangible Assets | | NIL | NIL |
| (iii) | Capital Work-in-Progress | | 2,43,25,115 | 2,33,17,598 |
| (iv) | Intangible Assets under development | | NIL | NIL |
| b) | Non-Current Investments | 10 | 10,000 | 10,000 |
| c) | Long-term Loans and Advances | | NIL | NIL |
| d) | Other Non Current Assets | 11 | 3,00,53,407 | 2,99,82,029 |
| 2 | Current Assets | | | |
| a) | Current Investments | | NIL | NIL |
| b) | Inventories | 12 | 15,17,47,632 | 14,76,04,265 |
| c) | Trade Receivables | 13 | 90,93,31,338 | 81,95,37,614 |
| d) | Cash and Cash Equivalents | 14 | 8,19,76,583 | 12,70,95,236 |
| e) | Short-term Loans and Advances | | NIL | NIL |
| f) | Other Current Assets | 15 | 27,31,71,047 | 28,34,32,107 |
| g) | Contingent liabilities and commitments (Not provided for Rs. 10,20,54,025/-) | 16 | | |
| | Total: | | 2,33,49,67,763 | 2,31,72,87,916 |

Significant Accounting Policies

1

Notes to Financial Statements

1 to 27

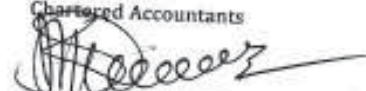
FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF
THE KERALA AGRO-INDUSTRIES CORPORATION LIMITED

As per Report of date


K.G. PRATHAP RAJ
MANAGING DIRECTOR
DIN NO: 09590951


V. KUNHALI
CHAIRMAN
DIN NO: 09536693

For **K.S.MADHU & Co.**
FRN0087315
Chartered Accountants


K.S.MADHU B.Sc., FCA
Mg. Partner (M.No.019380)

Thiruvananthapuram
30th January 2024



UDIN: 24019380BKFEHM5336

THE KERALA AGRO INDUSTRIES CORPORATION LIMITED

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Amount in Rupees

| | Note No. | For the year ending 31.03.2020 | For the year ending 31.03.2019 |
|------|--|-----------------------------------|-----------------------------------|
| I | Revenue from Operations | 61,81,55,097 | 78,76,36,758 |
| II | Other Income | 1,74,62,358 | 4,27,42,317 |
| III | Total Revenue | 63,56,17,455 | 83,03,79,075 |
| IV | Expenses | | |
| | Cost of Raw Material Consumed | 46,25,106 | 40,74,305 |
| | Purchase of Stock-in-Trade | 52,89,98,179 | 64,04,24,929 |
| | Changes in Inventories | (43,19,041) | (73,02,858) |
| | Employee Benefit Expenses | 6,59,33,250 | 8,02,47,466 |
| | Administrative and Other Expenses | 6,81,83,061 | 11,39,57,291 |
| | Finance Cost | 1,65,80,548 | 1,65,30,548 |
| | Depreciation and Amortisation | 2,31,74,898 | 3,84,63,354 |
| | Total: | 70,31,76,001 | 88,63,95,035 |
| V | Profit/(Loss) before exceptional and extraordinary items | (6,75,58,546) | (5,60,15,960) |
| VI | Exceptional Items | NIL | |
| | a) Prior Period Items | (2,80,50,927) | (3,97,30,211) |
| | b) Provision for VAT | - | - |
| VII | Profit/(Loss) before extraordinary expenses and tax | (9,56,09,473) | (9,57,46,171) |
| VIII | Extraordinary Items | | |
| IX | Profit/(Loss) before tax | (9,56,09,473) | (9,57,46,171) |
| X | Tax Expenses | | |
| | a) Current Tax | - | (81,385) |
| | b) Deferred Tax(Previous Years) | - | - |
| | c) Previous years' Tax | - | (4,97,482) |
| XI | Profit/(Loss) for the period | (9,56,09,473) | (9,63,25,038) |
| XII | Earnings per share | | |
| | Basic | -201.66 | -203.17 |
| | Diluted | -201.66 | -203.17 |

Significant Accounting Policies

1

Notes to Financial Statements

1 to 27

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF
THE KERALA AGRO-INDUSTRIES CORPORATION LIMITED

As per Report of date

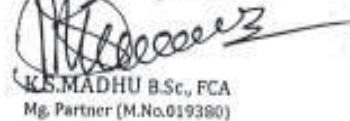


K.G.PRATHAP RAJ
MANAGING DIRECTOR
DIN NO:09590951



V KUNHALI
CHAIRMAN
DIN NO: 09536693

For **K.S.MADHU & Co.**
FRN008731S
Chartered Accountants



K.S.MADHU B.Sc., FCA
Mg. Partner (M.No.019380)

Thiruvananthapuram
20th January 2024



UDIN:24019380BKFEHM5336

THE KERALA AGRO INDUSTRIES CORPORATION LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

| PARTICULARS | 31st March 2020 | 31st March 2019 |
|--|----------------------|----------------------|
| 1 Cash Flow from Operating Activities | | |
| Net Profit/(Loss) before extraordinary items and Tax | (9,56,09,473) | (9,57,46,171) |
| Adjustments: | | |
| Depreciation | 2,31,74,898 | 3,84,63,354 |
| Interest Expense | 1,65,80,548 | 1,65,30,548 |
| Deferred Grant Amortisation | (1,46,00,283) | (2,83,48,861) |
| Profit on sale of assets | - | - |
| Interest Income | (5,52,550) | (6,38,885) |
| Prior period depreciation | - | - |
| Income Tax Payment | - | (5,78,867) |
| Operating Profit before working capital changes | (7,10,06,860) | (7,03,18,882) |
| Decrease/(Increase) in cur assets (excluding cash & bank) | (8,36,76,030) | 1,65,52,882 |
| Increase/(Decrease) in cur liabilities (Except Current Maturities of Long Term Borrowings) | 11,00,73,644 | 1,79,65,921 |
| Net cash from operating activities | (4,46,09,246) | (3,58,00,079) |
| 2 Cash Flow from Investing Activities | | |
| Addition to Fixed Assets | (12,18,473) | (37,14,137) |
| Grant Received | 29,00,272 | 7,62,655 |
| Increase/(Decrease) in non current Provisions | (14,65,259) | (11,50,448) |
| Increase in Capital Work in Progress | (10,07,517) | (6,27,057) |
| profit on sale of assets | - | - |
| Interest | 5,52,550 | 6,38,885 |
| (Increase)/Decrease in other non current assets | (71,378) | - |
| Net cash from Investing Activities | (3,09,805) | (40,90,102) |
| 3 Cash Flow from Financing Activities | | |
| New Term Loan | - | 11,23,539 |
| (Decrease)/Increase in Long Term Borrowings | (21,99,602) | (20,00,000) |
| (Decrease)/Increase Current Maturities of Long Term Loan | 1,85,80,548 | 1,85,30,548 |
| (Decrease)/Increase in Short Term Borrowings | - | - |
| Interest | (1,65,80,548) | (1,65,30,548) |
| Net cash from Financing Activities | (1,99,602) | 11,23,539 |
| Net change in cash & cash equivalent (1+2+3) | (4,51,18,653) | (3,87,66,642) |
| Cash & cash equivalents at the beginning of the period | 12,70,95,236 | 16,58,61,878 |
| Cash & cash equivalents at the end of the period | 8,19,76,583 | 12,70,95,236 |

Note: The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard AS-3 read with General Circular 15/2013 dated 13-9-2013 of the MCA in respect of Section 133 of Companies Act, 2013.

For and on behalf of the Board of Directors of
The Kerala Agro Industries Corporation Ltd


K.G. PRATHAP RAJ
MANAGING DIRECTOR
DIN: 09590951


V. KUNHALI
CHAIRMAN
DIN: 09536693

For **K.S.MADHU & Co.**
FRN008731S
Chartered Accountants

K.S.MADHU B.Sc., FCA
Mg Partner (M.No.019380)
UDIN: 24019380BKFEHM5336

Thiruvananthapuram
30th January 2024



THE KERALA AGRO INDUSTRIES CORPORATION LIMITED
NOTES FORMING PART OF FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

NOTE-1

CORPORATE INFORMATION :

The Kerala Agro Industries Corporation Limited (KAICO) is a joint venture of Government of India and Government of Kerala established in 1968. A premier institution in the state promoting mechanization and modern technology in agriculture, setting up of agro based industries, production of value added products, civil construction, infrastructure development, waste management solutions etc. KAICO acts as an implementing agency for various schemes under State and Central Governments.

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

These financial statements of the company have been prepared in accordance with generally accepted accounting principles in India. The company has prepared these financial statements to comply in all material respect with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956, and other accounting principles generally accepted in India, to the extent applicable. However, taxes, other Government levies, income and expenses that cannot be identified with certainty are accounted for on cash basis.

2. USE OF ESTIMATES:

The preparation of the financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and assumptions and such differences are recognized in the period in which the results are crystallized.

3. CURRENT NON CURRENT CLASSIFICATION:

An asset is classified as current when it is expected to be realized within 12 months after the reporting date; cash and cash equivalent unless it is restricted from being used to settle a liability for at least 12 months after the reporting date; current asset include the current portion of non-current financial assets; and all other assets are classified as non-current. A liability is classified as current when it is due to be settled 12 months after the reporting date; current liabilities include current portion of non-current financial liabilities ; and all other liabilities are classified as non-current.

4. FIXED ASSETS AND DEPRECIATION:

Tangible fixed assets are carried at cost of acquisition less accumulated depreciation and / or accumulated impairment loss, if any. The cost comprises of purchase price, duties and / or levies and any other cost directly applicable for bringing the asset to its intended use; any trade discount and rebate are deducted in arriving at the purchase price. Depreciation is provided on the written down value method, over the estimated useful life of the assets at the rates prescribed in schedule II to the Companies Act, 2013. Assets costing individually INR 5000 or less are depreciated fully in the year of purchase and for addition during a year depreciation is provided on pro-rata basis. Depreciation for the



THE KERALA AGRO INDUSTRIES CORPORATION LIMITED
NOTES FORMING PART OF FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

year is recognized in the statement of profit and loss. A fixed asset is eliminated from the financial statement on disposal or when no further benefit is expected from its use.

5. INTANGIBLE ASSETS:

Are measured initially at cost of acquisition/development. Thereafter it is carried at its cost less any accumulated amortization and any accumulated impairment loss. Subsequent expenditure is capitalized only when it increases the future economic benefits from the special asset to which it relates. Depreciation is provided on the straight-line method, over the estimated useful life of the assets at the rates prescribed Schedule II to the Companies Act, 2013. Intangible assets available for use are tested annually for impairment.

6. IMPAIRMENT OF ASSETS:

Carrying amount of assets is reviewed at each balance sheet date, if there is indication of impairment based on the internal and external factors. The assets are treated as impaired when the carrying amount of the assets exceeds its recoverable amount and such impairment loss is charged to Profit and Loss account in the year in which such impairment is identified. The impairment loss recognized in prior accounting period (s) is reversed to the extent of decrease in the impairment loss.

7. INVENTORIES:

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any. Cost is determined by first-in-first-out basis. Cost of inventories comprises of purchase, other direct costs, but excludes overheads and interest expenses. Obsolete, defective, slow moving and/or unserviceable stock, if any, are duly provided for.

8. REVENUE RECOGNITION:

a) Revenue from operations is recognized on transfer of the significant risk and rewards incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection: Government grant is recognized in the same periods that the related expenses are recognized on a deferred income approach: Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable; and any other income is recognized as and when it is received.

b) Any Government grant is recognized when there is reasonable assurance of its receipt. A capital grant relating to specific assets is credited to Deferred Government Grant account and depreciation of such assets is transferred as deferred income by debiting Deferred Government Grant. The capital grant for project capital subsidy is credited to Capital Reserve. Revenue grant is recognized in the Profit and Loss.

9. EMPLOYEE BENEFITS:

Retirement benefits to employees are provided for by contribution to provident and other funds. Contribution as is applicable to the employees on deputation is paid to the respective parent Departments. The accrued liability for gratuity is covered under the Group Gratuity Plan of Life Insurance Corporation of India and liability for leave encashment is recognized as an expense in the Profit and Loss Statement for the year in which the employee has rendered services.



THE KERALA AGRO INDUSTRIES CORPORATION LIMITED
NOTES FORMING PART OF FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

10. PRIOR PERIOD ITEMS:

Identifiable items of income and expenditure pertaining to previous years are accounted in prior period expenses/income account and the net of debits and credits is disclosed in the profit and loss account.

11. PROVISIONS:

A provision is recognized when the company has a present obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

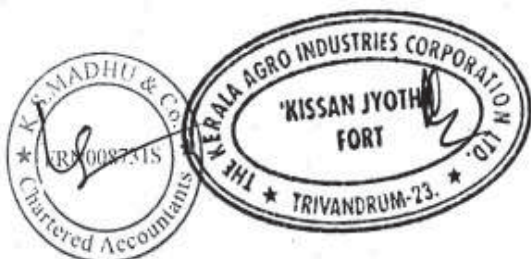
12. TAX EXPENSES:

Income tax expenses are recognized in profit or loss except that tax expenses related to items recognized directly in reserves and surplus. Current tax is measured at the amount expected to be paid to the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods.

However, in view of accumulated loss and inordinate delay in finalization of accounts, as a matter of prudence, the Corporation refrains from measuring deferred tax.

13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSET:

A provision is recognized when the company has a present obligation as result of past event, and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate. Contingent assets are not recognized in the financial statement.



THE KERALA AGRO-INDUSTRIES CORPORATION LIMITED
NOTES FORMING PART OF FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2020

2. Share Capital:

| | Amount in Rupees | |
|--|--------------------|--------------------|
| | As at 31.03.2020 | As at 31.03.2019 |
| a) Authorised Capital 500,000 Equity Shares of Rs.100 each | 5,00,00,000 | 5,00,00,000 |
| b) Issued, subscribed and fully paid up capital 474,109 Equity Shares of Rs.100 each (Previous Year: 474,109 Equity Shares of Rs.100 each) | 4,74,10,900 | 4,74,10,900 |
| | 4,74,10,900 | 4,74,10,900 |

2.1 The paid up capital includes 23,547 Equity Shares issued for consideration other than cash.

2.2 Reconciliation of Number of Equity Shares outstanding:

| | | |
|-------------------------------|--------|--------|
| At the beginning of the year | 474109 | 474109 |
| Shares issued during the year | NIL | NIL |
| At the end of the year | 474109 | 474109 |

2.3 Details of shareholders holding more than 5% shares:

| | | | |
|----------------------|--------|--------|--------|
| Government of India | 35.76% | 169562 | 169562 |
| Government of Kerala | 64.23% | 304537 | 304537 |

3. Reserves and Surplus:

| | | |
|--|---------------------|---------------------|
| a) Capital Reserve: | | |
| Opening balance | 52,924 | 17,62,40,866 |
| Additions during the year: | | |
| For Capital Expenditure | - | - |
| For Revenue Expenses | - | - |
| Less: Deductions during the year: | | |
| For Current Year | - | - |
| For Transferred to Deferred Government Grant | | 17,61,87,942 |
| Closing balance | 52,924 | 52,924 |
| b) Deferred Government Grant | | |
| Opening balance | 14,99,07,180 | - |
| Additions during the year: | | |
| Transfer from Capital reserve | - | 17,61,87,942 |
| For Capital Expenditure | 12,85,473 | 9,48,807 |
| For Revenue Expenses | 5,86,497 | 11,19,292 |
| Less: Deductions during the year: | | |
| For Current Year | 1,46,00,283 | 2,83,48,861 |
| For Previous Year | | |
| Closing balance | 13,71,78,867 | 14,99,07,180 |
| c) Revaluation Reserve | | |
| Relating to revaluation of Freehold Land | 70,28,36,370 | 70,28,36,370 |
| Relating to revaluation of Assets | 13,53,67,920 | 13,53,67,920 |
| d) Other Reserve - Grant-in-Aid: | | |
| Opening balance | 7,50,14,141 | 7,63,19,585 |
| Additions: | | |
| Grant received during the year | 25,00,000 | - |
| Interest on money parked with bank | 4,00,272 | 7,62,655 |
| Prior Period Adjustment | | |
| | 7,79,14,413 | 7,70,82,240 |
| Deductions: | | |
| Utilised for Capital Expenditure | 12,85,473 | 9,48,807 |
| Utilised for Revenue Expenses | 5,86,497 | 11,19,292 |
| Closing balance | 7,60,42,443 | 7,50,14,141 |
| d) Profit and Loss Account | | |
| As per last balance sheet | (40,65,17,047) | (31,01,92,009) |
| Add: Excess depreciation written back | | |
| Add: Profit/ (loss) for the year | (9,56,09,473) | (9,63,25,038) |
| Closing balance | (50,21,26,520) | (40,65,17,047) |
| Total Reserves and Surplus | 54,93,52,004 | 65,66,61,488 |



THE KERALA AGRO-INDUSTRIES CORPORATION LIMITED
NOTES FORMING PART OF FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2020

- 3.1 Deferred Government Grant represents movement in receipt, utilisation, and carry over balance of Grant-in-Aid received from Government of Kerala each year.
- 3.2 Revaluation Reserve represents appreciation in value of freehold land and other Fixed assets owned by the Corporation as on 31 March 2016; the appreciation has been arrived at on the basis of the location and market value of the property.
- 3.3 Grant-in aid of Rs. 25,00,000/- received during the year for the purpose of setting up of Agro Bazaar at Kozhinjampara have been grouped under Reserves and Surplus as Grant in Aid in Balance Sheet. Value of machinery and other assets purchased out of the Grants amounting to Rs.12,65,473/- as at 31-03-2020, has been debited to the respective Fixed Asset accounts and a similar amount from Grants transferred to Deferred Government Grant account being grant utilized.

4. Long-term Borrowings:

| | Amount in Rupees | |
|--|------------------|------------------|
| | As at 31.03.2020 | As at 31.03.2019 |
| a) Secured Loans: | | |
| Term Loan from Bank | 9,23,937 | 11,23,539 |
| b) Unsecured Loans : | | |
| Working Capital Loan from Government of Kerala | 60,00,000 | 80,00,000 |
| Loan from Oil Palm India Ltd | 6,00,000 | 6,00,000 |
| | 75,23,937 | 97,23,539 |

- 4.1 The loans from Oil Palm India Limited are interest free loans. The rate of interest implicit in other loans is in the range of 10.75% to 19.5% per annum.
- 4.2 In respect of loans from Government of Kerala, penal interest has been provided on default in repayment of principal dues. However, no provision has been made for penal interest on defaulted payment of interest since the matter is under negotiation with the Government and as such the same amounting Rs. 2,63,65,507/- is shown as contingent liability not provided for as Note No.16.

5. Other Long-term Liabilities:

| (Dues)/ Receivables Pending Adjustment/ Reconciliation: | | |
|---|------------------|------------------|
| Classified erstwhile as current assets | 21,62,157 | 21,62,157 |
| Classified erstwhile as current liabilities | 47,25,565 | 47,25,565 |
| | 25,63,408 | 25,63,408 |

- 5.1 The above accounts represent balances carried forward and identified by the Corporation as on 01.04.2013 and are traceable to prior years transactions pending reconciliation/ adjustments. During the year 2019-20 amount classified from Current Assets is Rs.Nil and from Current Liabilities is Nil
- 5.2 The Corporation has initiated steps to analyse these accounts in a meticulous manner, and the matter is in progress.

6. Long Term Provisions:

| | | |
|--|------------------|--------------------|
| Guarantee Commission to Government of Kerala | 7,52,108 | 7,52,108 |
| Write off of stolen cash | 15,000 | 15,000 |
| Gratuity for Kerala Agro Fruit Products Division | 10,52,733 | 32,09,460 |
| Earned Leave Salary | 73,94,227 | 67,02,759 |
| | 92,14,068 | 1,06,79,327 |

- 6.1 Guarantee Commission due to Government of Kerala pertains to periods prior up to FY 2006-07 and the balance outstanding as on date is Rs.7,52,108/-



THE KERALA AGRO-INDUSTRIES CORPORATION LIMITED
NOTES FORMING PART OF FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2020

7. Trade Payable:

| | Amount in Rupees | |
|---|---------------------|---------------------|
| | As at 31.03.2020 | As at 31.03.2019 |
| Outstanding for a period exceeding six months from due date | 53,32,11,543 | 51,88,32,009 |
| Others | 17,04,03,558 | 12,09,07,313 |
| | 70,36,15,101 | 63,97,39,322 |

7.1 The Corporation has not classified its suppliers of goods and services as required under Micro, Small and Medium Enterprises Development Act, 2006 and hence the interest remaining unpaid beyond the 'appointed day' has not been quantified.

7.2 None of the Directors are interested in the above transactions.

8. Other Current Liabilities:

| | | |
|---|-----------------------|---------------------|
| Current maturities of long term debt :- | | - |
| a) Working Capital Loan from Government of Kerala | 6,40,99,000 | 8,20,99,000 |
| b) Short-term Loan from Government of Kerala | 17,79,348 | 17,79,348 |
| c) Interest accrued and due to Government of Kerala | 23,34,69,431 | 21,68,88,883 |
| EMD and Security Deposit | 88,04,018 | 89,79,615 |
| Sundry Creditors for Expenses | 3,08,63,598 | 2,72,03,652 |
| Provisions for VAT | 3,24,96,083 | 3,24,96,083 |
| Sundry Creditors for Others | 1,35,51,850 | 51,18,984 |
| Trade Advances Received | 60,28,71,553 | 57,03,55,073 |
| Recouping loss in CPF Account | 61,14,825 | 44,68,149 |
| Duties & Taxes | 12,38,638 | 11,21,144 |
| | 1,01,52,88,345 | 95,05,09,932 |

8.1 Company had made arrangements with LIC of India for payment of gratuity to employees by subscribing the Group Gratuity Cash Accumulation Plan of LIC. Company has to contribute required fund to Group Gratuity Cash Accumulation Plan for disbursement of gratuity by LIC. There is default in payment to LIC and as per Annual statement of LIC, the liability as on 31.03.2020 is Rs.1,55,69,320/- and which has been provided in accounts as per decision vide Resolution No:3435 of Board.

8.2 The sales tax departments has done best judgement assessment for the year 2012-13 to 2017-18 in respect of the KGST and VAT, and interest for the principal amount due. The principle amount due for KGST and VAT is Rs.3,38,77,618/- and for which provision has been made in accounts of 2017-18. The interest demanded by the department is Rs. 6,51,42,706/-. As per the Amnesty Scheme of department only principal amount has to be remitted and the interest will be waived, we have not yet availed the Amnesty scheme and as such the interest portion is shown as Contingent liability not provided for as Note No.16.

8.3 The gratuity liability of the Corporation, other than for employees working in KAFP Division, has been covered under a gratuity insurance policy issued by the Life Insurance Corporation of India w.e.f. 1 April 2012. The gratuity liability of employees retired up to 31 March 2012 amounting to Rs.6,72,196/- has been disclosed as Gratuity Payable.

8.4 The rate of interest implicit in other loans is in the range of 10.75% to 19.5% per annum.

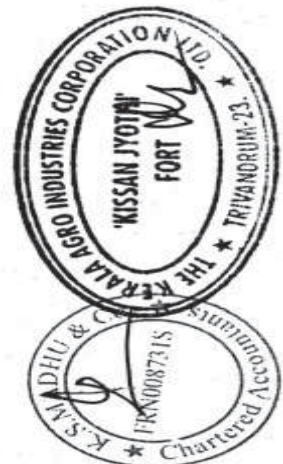


KERALA AGRO INDUSTRIES CORPORATION LIMITED

NOTE FORMING PART OF FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2020

Note No. 9.1 - Tangible Assets (Non-subsidy Grant)

| PARTICULARS | ORIGINAL COST | | | DEPRECIATION | | | | WRITTEN DOWN VALUE | | | |
|--|---------------|-----------|-------------------------|--------------|----------|-------------|--------------|--------------------|--------------|--------------|--------------|
| | 1.04.2019 | ADDITION | Increase in Revaluation | 31.03.2020 | RATE (%) | 01.04.2019 | Depreciation | Write Back Amount | 31.03.2020 | 31.03.2020 | 31.03.2019 |
| 1.FREE HOLD LAND | 70,40,28,800 | | | 70,40,28,800 | - | | - | - | - | 70,40,28,800 | 70,40,28,800 |
| 2.OFFICE BUILDING | 7,84,55,781 | 6,84,665 | | 7,91,40,446 | 4.87% | 1,77,29,885 | 31,55,352.00 | - | 2,08,85,237 | 5,82,55,209 | 6,07,25,896 |
| 3.FACTORY BUILDING | 2,48,52,492 | | | 2,48,52,492 | 9.50% | 1,26,64,068 | 15,71,983.00 | - | 1,42,36,051 | 1,06,16,441 | 1,21,88,424 |
| 4.PLANT & MACHINERY (GENERAL) | 3,26,58,774 | | | 3,26,58,774 | 18.10% | 2,13,61,078 | 23,00,637.00 | - | 2,36,61,715 | 89,97,059 | 1,12,97,696 |
| 5.PLANT & MACHINERY (Tractor ,Tiller, Combined harvester & Ladder) | 3,57,15,670 | | | 3,57,15,670 | 31.23% | 3,31,90,920 | 5,25,706.00 | - | 3,37,16,626 | 19,99,044 | 25,24,750 |
| 6.CAR & JEEP | 22,26,550 | | | 22,26,550 | 25.89% | 8,42,992 | 4,81,549.00 | - | 13,24,540 | 9,02,010 | 13,83,558 |
| 7.JCB | 3,40,000 | | | 3,40,000 | 18.10% | 3,23,000 | - | - | 3,23,000 | 17,000 | 17,000 |
| 8.LORRY & TRUCKS | | | | | 31.23% | - | - | - | - | - | - |
| 9.ELECTRICAL FITTINGS | 3,28,092 | | | 3,28,092 | 25.89% | 2,03,362 | 34,163.00 | - | 2,37,524 | 90,568 | 1,24,730 |
| 10.OFFICE EQUIPMENT | 24,99,830 | | | 24,99,830 | 45.07% | 19,73,093 | 2,40,907.00 | - | 22,14,000 | 2,85,830 | 5,26,737 |
| 11.FURNITURE & FITTINGS | 22,44,338 | | | 22,44,338 | 25.89% | 13,25,914 | 2,52,023.00 | - | 15,77,937 | 6,66,401 | 9,18,424 |
| 12. FURNITURE & FITTINGS (CANTEEN) | 8,212 | | | 8,212 | 25.89% | 7,801 | - | - | 7,801 | 411 | 411 |
| 13.WATER COOLER | 81,159 | 25,234 | | 1,06,393 | 45.07% | 47,491 | 10,549.00 | - | 58,041 | 48,352 | 33,668 |
| 14.REFRIGERATED VENDING MACHINE | 93,117 | | | 93,117 | 18.10% | 88,462 | - | - | 88,462 | 4,655 | 4,655 |
| 15.COMPUTERS | 40,92,803 | 5,08,574 | | 46,01,377 | 72.99% | 36,38,740 | 5,88,243.00 | - | 42,26,983 | 3,74,394 | 4,54,063 |
| 16.LIBRARY | 28,168 | | | 28,168 | - | 26,760 | - | - | 26,760 | 1,408 | 1,408 |
| TOTAL | 88,76,53,787 | 12,18,473 | - | 88,88,72,259 | | 9,34,23,566 | 91,61,112.00 | - | 10,25,84,678 | 78,62,87,581 | 79,42,30,221 |
| PREVIOUS YEAR | 88,42,61,399 | 33,92,388 | - | 88,76,53,787 | | 8,21,89,782 | 1,12,33,784 | - | 9,34,23,566 | 79,42,30,221 | 80,20,71,617 |



THE KERALA AGRO INDUSTRIES CORPORATION LIMITED
NOTES FORMING PART OF FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2020

| PARTICULARS | ORIGINAL COST | | DEPRECIATION | | | | WRITTEN DOWN VALUE | | | | | |
|--|---------------------|-----------|-----------------|-------------------------|-------------------------|---------------------|--------------------|---------------------|--------------------|---------------------|--------------------|--------------------|
| | 1.04.2019 | ADDITION | Sale / Transfer | Increase in Revaluation | Decrease in Revaluation | 31.03.2020 | RATE (%) | 01.04.2019 | Depreciation | 31.03.2020 | 31.03.2020 | 31.03.2019 |
| 1. Combined harvester & Ladder | 45,84,97,589 | - | - | - | - | 45,84,97,589 | | 42,12,40,119 | 74,48,332.82 | 42,86,88,452 | 2,98,04,137 | 3,72,52,470 |
| 2.COMPUTERS | 14,16,813 | - | - | - | - | 14,16,813 | | 13,00,467 | 45,503.84 | 13,45,970 | 70,843 | 1,16,346 |
| 3.Building(show room at thiruvalla)/Avinipur & Bathery | 1,41,96,621 | - | - | - | - | 1,41,96,621 | | 32,15,087 | 5,43,794.60 | 37,58,882 | 1,04,37,739 | 1,09,81,534 |
| 4. Power Tiller | 3,72,04,295 | - | - | - | - | 3,72,04,295 | | 3,28,88,825 | 12,40,252.11 | 3,41,29,078 | 30,75,239 | 43,15,491 |
| 5. Tools Machines & Office equipments | 1,07,18,409 | - | - | - | - | 1,07,18,409 | | 97,94,091 | 2,37,893.72 | 1,00,31,984 | 6,86,425 | 9,24,318 |
| 6.FURNITURE & FITTINGS | 93,36,375 | - | - | - | - | 93,36,375 | | 37,25,079 | 15,98,785.66 | 53,23,865 | 40,12,510 | 56,11,296 |
| 7.Motor Vehicle | 27,56,528 | - | - | - | - | 27,56,528 | | 25,78,563 | 36,553.56 | 26,15,117 | 1,41,411 | 1,77,965 |
| 8.Tractor | 4,54,09,315 | - | - | - | - | 4,54,09,315 | | 4,10,75,701 | 5,84,525.33 | 4,16,60,226 | 37,49,089 | 43,33,615 |
| 9.Truck | 29,20,344 | - | - | - | - | 29,20,344 | | 27,74,326 | - | 27,74,326 | 1,46,018 | 1,46,018 |
| 10.Factory Building | 8,81,945 | - | - | - | - | 8,81,945 | | 2,95,460 | 28,474.73 | 3,23,935 | 5,58,010 | 5,86,485 |
| 11. Transplanter | 12,15,011 | - | - | - | - | 12,15,011 | | 9,85,037 | 82,468.85 | 10,67,506 | 1,47,505 | 2,29,974 |
| 12.Plant & Machinery(KAFPI & unit | 1,17,05,540 | - | - | - | - | 1,17,05,540 | | 81,36,131 | 7,87,077.96 | 89,23,209 | 27,82,331 | 35,69,409 |
| 13. Building (KAFPI) | 2,71,53,207 | - | - | - | - | 2,71,53,207 | | 40,22,707 | 11,45,359.73 | 51,68,066 | 2,19,85,141 | 2,31,90,500 |
| 13..JCB | 20,46,000 | - | - | - | - | 20,46,000 | | 18,28,222 | 69,695.54 | 18,97,918 | 1,48,082 | 2,17,778 |
| Office equipments | 2,68,589 | - | - | - | - | 2,68,589 | | 1,62,060 | 57,124.21 | 2,19,184 | 49,405 | 1,06,529 |
| ELECTRICAL & FITTINGS | 5,91,020 | - | - | - | - | 5,91,020 | | 2,11,902 | 1,07,943.78 | 3,19,846 | 2,71,174 | 3,79,118 |
| TOTAL | 62,63,12,602 | - | - | - | - | 62,63,12,602 | | 53,42,33,779 | 1,40,13,786 | 54,82,47,565 | 7,80,65,058 | 9,20,78,845 |
| PREVIOUS YEAR (2018-19) | 62,59,90,852 | 3,21,750 | - | - | - | 62,63,12,612 | | 50,70,04,210 | 2,72,29,589 | 53,42,33,779 | 9,20,78,845 | 11,89,86,664 |
| Capital WIP | 2,33,17,598 | 10,07,517 | - | - | - | 2,43,25,115 | | - | - | - | 2,43,25,115 | 2,33,17,598 |
| Capital WIP(Previous Year) | 2,26,90,541 | 6,27,057 | - | - | - | 2,33,17,598 | | - | - | - | 2,33,17,598 | 2,26,90,541 |



THE KERALA AGRO-INDUSTRIES CORPORATION LIMITED
NOTES FORMING PART OF FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2020

10. Non-Current Investments:

| | Amount in Rupees | |
|--|------------------|------------------|
| | As at 31.03.2020 | As at 31.03.2019 |
| Investment in Equity Investments (Long term, fully paid up, unquoted equity shares) (One share of Rs.10,000/- of M/s. Kerala Feeds Limited) | 10,000 | 10,000 |
| | 10,000 | 10,000 |

10.1 The above Equity Shares were bought by the Corporation at the instance of Government of Kerala and are stated at cost.

11. Other Non Current Assets:

| | | |
|---|--------------------|--------------------|
| Long term Trade Receivable: Deposits for Utility Services | 12,39,420 | 11,68,042 |
| Other Long-term Receivables: (Unsecured considered doubtful) | | |
| Loan to Meat Products India Limited (MPIL) | 1,33,49,087 | 1,33,49,087 |
| Investment in Meat Products of India (MPIL) | 37,64,900 | 37,64,900 |
| Investment in Kerala Agro Machinery Corporation Limited (KAMCL) | 1,17,00,000 | 1,17,00,000 |
| | 3,00,53,407 | 2,99,82,029 |

11.1 Deposits for Utility Services are non-interest bearing deposits and are refundable on termination of respective services.

11.2 Dues from MPIL (erstwhile subsidiary of the Corporation) represent investment in the Company's equity shares; other financial assets; and interest due thereon. When MPIL become an independent company in 1985, it issued fully paid up equity shares to Govt. of Kerala for Rs.45,56,400 in full settlement of its dues to the Corporation. Later, the Government issued orders to refund the said share value alone, but the Corporation submitted its representation to the Government for refund of the investment together with interest Rs.133,49,087, and the matter is pending for disposal.

11.3 Investments in MPIL and KAMCL (erstwhile subsidiaries of the Corporation) stands reduced to a token value of Re.1 as per orders issued by the Government of Kerala. The Corporation represented to the Government to set off these investments against the working capital loan repayable to the Government and decision of the appropriate authority is awaited. Pending for decision in the said matter, the Corporation did not charge the loss arising thereof to its retained earnings.

12. Inventories:

(Valued at cost or net realisable value which ever is lower)

| | | |
|---|---------------------|---------------------|
| a) Raw materials | 73,380 | 1,83,834 |
| b) Work-in-progress | 1,72,159 | 3,20,042 |
| c) Finished goods | 2,48,398 | 2,67,413 |
| d) Stock-in-trade (goods acquired for trading) | 10,30,97,522 | 10,14,94,723 |
| e) Stores and spares | 80,11,853 | 80,70,265 |
| f) Loose tools | 77,503 | 86,115 |
| g) Others: | | |
| Fabricated goods | 3,91,45,725 | 3,63,71,070 |
| Packing Materials and Containers | 5,46,850 | 3,80,605 |
| Wooden crates, Barrels and RTS bottles (on revaluation) | 3,49,460 | 3,88,289 |
| Consumables at KAFP | 24,783 | 41,909 |
| | 15,17,47,632 | 14,76,04,265 |

12.1 Inventory has been verified and valued by the management as on 31 March 2020 and has been relied upon by the Statutory Auditors.



THE KERALA AGRO-INDUSTRIES CORPORATION LIMITED
NOTES FORMING PART OF FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2020

13. Trade Receivables:

| | Amount in Rupees | |
|---|---------------------|---------------------|
| | As at 31.03.2020 | As at 31.03.2019 |
| Unsecured considered good | | |
| Outstanding for a period exceeding six months | 80,91,91,950 | 66,63,82,172 |
| Others | 10,01,39,388 | 15,31,55,442 |
| | 90,93,31,338 | 81,95,37,614 |

13.1 None of the directors are interested in the companies/ firms from whom debts are due to the Corporation.

14. Cash and Cash Equivalents:

| | | |
|--|--------------------|---------------------|
| Cash on hand | 22,57,810 | 9,30,852 |
| Balance with banks: | | |
| In Current Account | 4,05,60,640 | 7,74,07,875 |
| In Deposit Accounts (Interest accrued but not due NIL) | 71,34,909 | 1,46,25,294 |
| Balance with Government of Kerala Treasury Accounts | 3,20,23,223 | 3,41,31,215 |
| Cheque in transit | - | - |
| Total | 8,19,76,583 | 12,70,95,236 |
| a) Earmarked Balance | - | - |
| b) Margin money or Security against Borrowings, Guartanees etc | - | - |
| c) Repatriation restrictions on Cash and Bank | - | - |

14.1 Balance in deposit accounts with banks bear maturity of 12 months is Nil.

14.2 Deposits with the Treasury are made at the instance of Government of Kerala.

14.3 It has been found out that during the year 2019-20 some embezzlement of cash has been done through editing of sale bills. On verification it was observed that editing of sale bills was done during the period April 2019 to November 2019 and by which sales short accounted was Rs.12,62,684/-. After conducting enquiry the liability on this account has been fixed to different billing staff as follows. Rs.4,46,101/- to Sri. Arun Chandran.R (ie. Initial liability amount of Rs.4,72,019/- minus genuine editing amount of Rs.25,918/-), Rs.5,09,287/- to Sri. Manu V Gopal, Rs.7,463/- to Sri. Nithesh.S.S, and Rs.2,99,833/- to Sri. Sreejith .V.

The above said daily wage employees involved in it has been removed from the service of corporation as per order dated 21-12-2019. Based on the enquiry report dated 10-02-2020 the above employees except Sri. Manu V Gopal have remitted their entire liability and as such total amount collected is Rs.12,55,221/-. Thus the shortage occurred in sale figure amounting to Rs.12,62,684/- is rectified by accounting it as sale of corporation (Agro Super Bazaar, Trivandrum) by debiting each accused employee. The amount remitted by each employee is adjusted against the dues and the amount of Rs.7,463/- pending to be remitted is retained in the account of Sri. Nithesh.S.S.

14.4 During the year 2019-20 there was embezzlement of cash to the extent of Rs.2,25,000/- in Agro Super Bazaar, Thiruvananthapuram. There was a contra entry on 13-03-2020 in cash book amounting to Rs.2,50,000/- as deposit of cash with HDFC Bank. But on verification it is observed that amount deposited in bank is Rs.25,000/- only and not Rs.2,50,000/-. Thus there is embezzlement of cash to the extent of Rs.2,25,000/-.

The person in charge of the cash and bank transactions was Sri.L.N.Abhilash, Dy Manager and he was suspended from service on 14-12-2021 consequent to a series of embezzlement of cash during 2019-20 to 2021-22. Domestic enquiry ordered and which is pending to be finalized. Police complaint has been lodged (FIR No: 0994/2022 with Fort Police Station, Thiruvananthapuram city) and which is also pending. The cash embezzlement of Rs.2,25,000/- debited to the ledger L.N.Abhilash (Disputed cash loss account) so as to bring cash balance as on 31-03-2020 to correct physical cash.

14.5 Sri. M.A.Pushparaj, Office Assistant of Athani Unit office was the incharge of Cash and Bank transaction. During the period 2018-19 and 2019-20, there was embezzlement of cash and as per enquiry report total cash loss was Rs.7,69,292/-. But there was an additional Rs.35,000/- shortage in 2018-19 and thus total loss was Rs. 8,04,232/-. The above employee has remitted the entire amount during the year 2019-20. Disciplinary action was initiated against Sri. M.A.Pushparaj and which was finalised by barring the two increments (ie increments on 01-11-2021 and 01-11-2022) with cumulative effect as punishment.



THE KERALA AGRO-INDUSTRIES CORPORATION LIMITED
NOTES FORMING PART OF FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2020

15. Other Current Assets:

| | Amount in Rupees | |
|--|---------------------|---------------------|
| | As at 31.03.2020 | As at 31.03.2019 |
| Advance Tax and Tax Deducted At Source | 28,04,226 | 36,94,167 |
| Trade Advances | 25,85,70,160 | 26,87,08,025 |
| Temporary loan to VAFPCCL | 20,00,000 | 20,00,000 |
| Advance on Integrated Tribal Development Programme | 17,49,978 | 17,49,978 |
| Advances Recoverable in cash or in kind: | | |
| Advance for Expenses | 3,66,690 | 4,03,933 |
| EMD/ Other Security Deposits | 19,22,642 | 15,61,257 |
| Prepaid Expenses | 1,57,894 | 2,52,057 |
| Staff Advances | 8,71,094 | 5,270 |
| Branch/division | - | - |
| Other Advances Recoverable | 47,28,362 | 50,57,421 |
| | 27,31,71,047 | 28,34,32,107 |

15.1 The embezzlement of cash amounting to Rs. 2,25,000/- mentioned in Note No.14.4 is debited to the ledger L.N.Abhilash (Disputed cash loss account) and which is grouped under Staff Advance.

16. Contingent liabilities and commitments (to the extent not provided for)

| | | |
|--|------------------------|-----------------------|
| 1 Contingent liabilities | | |
| a Claim against the company not acknowledged as debt | | |
| i) Interest demanded by VAT department | 6,51,42,706.00 | 6,51,42,706.00 |
| ii) Interest on Penal Interest on Govt. loan | 2,63,65,507.00 | 2,15,21,373.00 |
| iii) Excess ITC - Demand of GST Department (2018-19) | 1,05,45,812.00 | 1,05,45,812.00 |
| 2 Commitments | | |
| a Estimated amounts of contract remaining to be executed on capital a/c and not provided for | - | - |
| b Uncalled liabilities on shares and other instruments partly paid | - | - |
| c Other commitments (specify nature) | - | - |
| | 10,20,54,025.00 | 9,72,09,891.00 |

17. Revenue from Operations:

| | For the year ending 31.03.2020 | For the year ending 31.03.2019 |
|------------------------------------|--------------------------------|--------------------------------|
| Sale of Products | 58,36,85,528 | 69,56,65,750 |
| Sale of Services | 36,05,845 | 44,39,605 |
| From Project Works | 1,91,27,608 | 7,60,62,952 |
| From Hiring Agricultural Equipment | 1,17,36,117 | 1,14,68,452 |
| | 61,81,55,097 | 78,76,36,758 |

18. Other Income:

| | | |
|---|--------------------|--------------------|
| Deferred Revenue Grant from Govt. of Kerala | 1,46,00,283 | 2,83,48,861 |
| Interest on deposits with bank | 5,52,550 | 6,38,885 |
| Interest on Financial Services | - | 2,92,199 |
| Training Income NSDC | - | 1,03,72,460 |
| Other Miscellaneous Income | 20,09,689 | 27,41,397 |
| Rent from let-out property | 1,14,653 | 1,73,184 |
| Insurance claim Received | - | - |
| Other Income | 1,85,183 | 1,75,331 |
| | 1,74,62,358 | 4,27,42,317 |



THE KERALA AGRO-INDUSTRIES CORPORATION LIMITED
NOTES FORMING PART OF FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2020

19. Cost of Material Consumed:

| | Amount in Rupees | |
|---|-----------------------------------|-----------------------------------|
| | For the year ending 31.03.2020 | For the year ending 31.03.2019 |
| (Kerala Agro Fruit Products Division) | | |
| Opening Stock | 11,93,803 | 10,48,688 |
| Add: Purchases and incidental direct expenses | 44,96,873 | 42,19,420 |
| Less: Closing Stock | 10,65,570 | 11,93,803 |
| Cost of Materials Consumed | 46,25,106 | 40,74,305 |

20. Purchase of Stock-in-Trade:

| | | |
|------------------|---------------------|---------------------|
| Goods for Resale | 51,06,41,530 | 61,49,57,207 |
| Fabricated Goods | 1,83,56,649 | 2,54,67,722 |
| | 52,89,98,179 | 64,04,24,929 |

21. Changes in Inventories:

| | | |
|-------------------------------|--------------------|--------------------|
| Opening Stock: | | |
| Goods for Resale | 10,14,94,723 | 9,46,38,969 |
| Fabricated Goods | 3,63,71,070 | 3,61,40,576 |
| Stores and Spares | 80,70,265 | 78,53,656 |
| Total | 14,59,36,058 | 13,86,33,200 |
| Less: Closing Stock: | | |
| Goods for Resale | 10,30,97,522 | 10,14,94,723 |
| Fabricated Goods | 3,91,45,725 | 3,63,71,070 |
| Stores and Spares | 80,11,853 | 80,70,265 |
| Total | 15,02,55,099 | 14,59,36,058 |
| (Increase)/ Decrease in Stock | (43,19,041) | (73,02,858) |

22. Employee Benefit Expenses:

| | | |
|---|--------------------|--------------------|
| Salaries and Wages | 6,17,56,794 | 7,72,17,472 |
| Contribution to Provident and Other Funds | 25,76,917 | 27,66,853 |
| Staff Welfare and Training Expenses | 15,99,539 | 2,63,141 |
| | 6,59,33,250 | 8,02,47,466 |



THE KERALA AGRO-INDUSTRIES CORPORATION LIMITED
NOTES FORMING PART OF FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2020

23. Administrative and Other Expenses:

| | Amount in Rupees | |
|--|-----------------------------------|-----------------------------------|
| | For the year ending 31.03.2020 | For the year ending 31.03.2019 |
| Manufacturing and Other Expenses: | | |
| Electricity & Water charges | 12,79,564 | 12,87,511 |
| Cost of Fuel | 12,69,073 | 14,80,770 |
| Freight Charges | 10,54,030 | 14,16,220 |
| Repairs to Building | - | - |
| Repairs to Machinery and Equipment | 39,83,034 | 49,17,525 |
| Expenses on Equipment let on Hire | 76,355 | 1,94,762 |
| Loss on revaluation of Loose Tools | 47,440 | 52,712 |
| Project Work Expenses: | 3,25,77,912 | 7,48,99,294 |
| Selling Expenses: | | |
| Advertisements | 1,27,534 | 2,14,373 |
| Sales Promotion Expenses | 10,26,281 | 13,20,963 |
| Trade Discount and Commission | - | 684 |
| Transportation Charges | 7,49,016 | 3,23,696 |
| Administrative Expenses: | | |
| Rent | 11,29,986 | 14,02,078 |
| Rates and Taxes | 1,29,856 | 1,44,281 |
| Insurance | 2,85,507 | 9,65,853 |
| Telephone and Internet Charges | 2,37,338 | 2,94,564 |
| Traveling & Conveyance | 13,11,163 | 14,59,989 |
| Vehicle Expenses | 2,87,599 | 1,050 |
| Printing & Stationery | 6,38,863 | 4,74,643 |
| Statutory Audit Fee | 1,50,000 | 1,50,000 |
| Fee for Professional Services | 1,78,201 | 4,36,747 |
| Meeting Expenses | 1,35,758 | 1,95,705 |
| Security Expenses | 24,94,268 | 17,11,305 |
| General Expenses | 1,90,14,283 | 2,06,12,567 |
| | 6,81,83,061 | 11,39,57,291 |

24. Finance Cost:

| | | |
|--------------------------------|--------------------|--------------------|
| Interest expenses | | |
| Term Loan from Bank | - | - |
| Loan from Government of Kerala | 1,65,80,548 | 1,65,30,548 |
| | 1,65,80,548 | 1,65,30,548 |



THE KERALA AGRO-INDUSTRIES CORPORATION LIMITED
NOTES FORMING PART OF FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2020

25. Prior Period Item

| | Amount in Rupees | |
|--|-----------------------------------|-----------------------------------|
| | For the year ending 31.03.2020 | For the year ending 31.03.2019 |
| Prior Period Income | | |
| a Excess purchase accounted of 2018-19 rectified | 16,00,000 | |
| b Project expense excess accounted in previous years | - | 68,650 |
| c Excess Security charges of previous year | - | 67,869 |
| d Excess Travelling expense in previous year | - | 8,036 |
| e Sales omitted now rectified | 31920 | - |
| f Excess Professional charge | 9950 | - |
| g Service charge collected in 2014-15 wrongly grouped in debtors rectified | 244157 | - |
| Total | 18,86,027 | 1,44,555 |
| Prior Period Expense | | |
| a Mala Unit Expense | - | 5,61,801 |
| b Travelling expense | - | 32,922 |
| c Stipend | - | 19,000 |
| d wage | - | 69,125 |
| e Exhibition expense | - | 10,051 |
| f Previous years' Project Expense | 2,92,51,192 | 3,91,81,867 |
| g Festival allowance and Bonus of previous years | 2,02,275 | - |
| h Previous years sales rectified | 1,50,354 | - |
| Total | 2,99,36,954 | 3,98,74,766 |
| Prior Period Item(A-B) | (2,80,50,927) | (3,97,30,211) |

26. Earnings per Equity Share:

| | | |
|--|---------------|---------------|
| Net Profit after tax as per Profit and Loss Statement | (9,56,09,473) | (9,63,25,038) |
| Weighted Average number of equity shares used as denominator | 4,74,109 | 4,74,109 |
| Basic and Diluted Earnings per Share | -201.66 | -203.17 |
| Face Value per equity share | 100 | 100 |



THE KERALA AGRO-INDUSTRIES CORPORATION LIMITED
NOTES FORMING PART OF FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2020

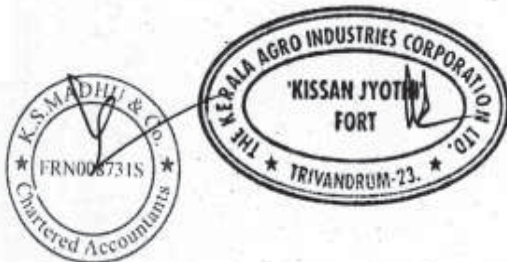
27. ADDITIONAL INFORMATION / DISCLOSURES :

- 27.1 There were no consumption of imported raw materials and hence such disclosure is not applicable to the Corporation (Previous Year NIL)
- 27.2 Contingent Liabilities not provided for - 10,20,54,025/- (Previous Year 9,72,09,891/-)
- 27.3 Details of earnings in foreign exchange - NIL (Previous Year NIL)
- 27.4 Details of expenditure in foreign exchange - NIL (Previous Year NIL)
- 27.5 Payment to Auditors towards Statutory Audit Fee Rs. 1,50,000 (Previous Year Rs.1,50,000) and other matters - NIL (Previous Year NIL)
- 27.6 Segments have been identified in line with the Accounting Standard AS-17 "Segment Reporting", taking into account the organisational structure as well as the differential risks and returns of these segments. The operations of the Corporation consists of Trading products, Sale of Services, Project works and Hiring of agricultural equipments. The activities of the Corporation are restricted to the state of Kerala and therefore no geographical segment disclosure is considered necessary. The details of business segment information is presented below.

(Amount in Rupees)

| Sl. No. | Particulars | Sales | Service | Project Works | Hiring Equipment | Total |
|----------------------------|--|-----------------------|------------------|----------------------|--------------------|-----------------------|
| (A) REVENUE: | | | | | | |
| | Total Segment Revenue | 58,36,85,528 | 36,05,845 | 1,91,27,608 | 1,17,36,117 | 61,81,55,097 |
| | Inter Segment Revenue | - | - | - | - | - |
| | Other Segment Income | - | - | - | - | - |
| | TOTAL REVENUE | 58,36,85,528 | 36,05,845 | 1,91,27,608 | 1,17,36,117 | 61,81,55,097 |
| (B) SEGMENT RESULTS | | | | | | |
| | Purchase/ Consumption | 52,93,04,244 | - | - | - | 52,93,04,244 |
| | Direct expenses | 40,48,124 | 4,06,774 | 3,25,77,912 | - | 3,70,32,810 |
| | Unallocated Expense | - | - | - | - | 12,02,58,399 |
| | Operating profit | 5,03,33,160 | 31,99,071 | (1,34,50,304) | 1,17,36,117 | (6,84,40,356) |
| | Other Income & Exceptional Item | - | - | - | - | 1,74,62,358 |
| | Financial Expenses & Prior Period Item | - | - | - | - | 4,46,31,475 |
| | Profit Before Tax | | | | | (9,56,09,473) |
| | Current Tax | - | - | - | - | - |
| | Deferred Tax-(Previous Years) | - | - | - | - | - |
| | Profit after tax | | | | | (9,56,09,473) |
| C OTHER INFORMATION | | | | | | |
| | Segment Assets | 1,41,27,85,383 | 6,28,603 | 13,82,92,672 | 1,88,58,092 | 1,57,15,07,658 |
| | Unallocated Corporate Assets | - | - | - | - | 76,11,54,870 |
| | Total Assets | 1,41,27,85,383 | 6,28,603 | 13,82,92,672 | 1,88,58,092 | 2,33,26,62,528 |
| | Unallocated Corporate Liabilities | - | - | - | - | 2,33,26,62,528 |
| | Total Liabilities | | | | | 2,33,26,62,528 |
| | Depreciation/ Amortisation | 2,08,31,916 | 9,270 | 20,46,344 | 2,87,369 | 2,31,74,898 |
| | Unallocated Corporate Depreciation | - | - | - | - | - |
| | Total Depreciation/ Amortisation | | | | | 2,31,74,898 |
| | Significant Non- Cash Expenses other than Depreciation/ Amortisation | NIL | NIL | NIL | NIL | NIL |

Note: Segment revenue, Segment results, Segment assets and Segment Liabilities include the respective amounts identifiable to each of the segments and also amounts allocated on a reasonable basis. The net of expenses which are not directly attributable to the Business Segment are shown as Unallocated Corporate Cost. Assets and Liabilities that cannot be allocated between the segments are shown as part of unallocated corporate assets and liabilities respectively.



THE KERALA AGRO-INDUSTRIES CORPORATION LIMITED
NOTES FORMING PART OF FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2020

27.7 defined in the Accounting Standard is given below :

a) Nature of relationship of related parties as identified by the Corporation and relied upon by the Auditors:

| Nature of Relationship | Name of Related Party |
|--------------------------|--|
| Key Managerial Personnel | Sri.K.P.Sasikumar, Managing Director- From 06.02.2019 |
| | Sri.K.C. Jayakumar, Managing Director- From 18.11.2019 |

b) Transactions with related parties during the year;

Payment to Directors of the Company :

| SI No | Particulars | Current Year | Previous Year |
|-------|---|--------------|---------------|
| | | Rs. | Rs. |
| a. | Salaries & Allowances (Managing Director) | 7,65,407.00 | 8,10,089.00 |
| b. | Honarium to Chairperson | 2,40,000.00 | 2,40,000.00 |
| c. | Travelling Expenses (Managing Director) | 69,036.00 | 4,500.00 |
| d. | Travelling Expenses (Directors) | 66,401.00 | 1,02,530.00 |
| e. | Leave Travel Concession | Nil | Nil |
| f. | Sitting Fee | 8,900.00 | 9,300.00 |
| g. | Value of Perquisite in cash or in kind (Phone charge) | 14,643.00 | 15,500.00 |

27.8

The disclosure required by Accounting Standard 19-"Leases": The Company has taken office / other premises under operating lease or rent agreements. These are generally not non-cancelable and range between 11 months to 3 years and are renewable by mutual consent on mutually agreeable terms. The company has given refundable, interest free security deposits under these agreements. Lease rent payments are recognised in the Profit and loss Account under 'Rent and Rates' among Administrative and other expenses.

27.9 As required by the Accounting Standard AS-28 'Impairment of Assets' issued by the Institute of Chartered Accountants of India, The Company has carried out an assessment of impairment of assets. There has been no impairment loss during the year.

27.10 The Corporation is yet to implement the Micro, Small and Medium Enterprises Development Act, 2006 and has not maintained records relating to transactions during the year or in the immediate previous year, or balance outstanding as on the balance sheet date with enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 and therefore no disclosure has been made.

27.11

The company has regrouped and reclassified the previous year figures, wherever necessary, so as to make them comparable to those of current year.

Notes from SI.No:1 to 27

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF
 THE KERALA-AGRO INDUSTRIES CORPORATION LIMITED

As per Report of date


 K.O.PRATHAP RAJ
 MANAGING DIRECTOR (DIN:0890951)


 V.KUNHALI
 CHAIRMAN (DIN:09536693)

For K.S.MADHU & Co.
 FRN008731S
 Chartered Accountants


 K.S.MADHU B.Sc., FCA
 Mg. Partner (M.No.019380)

Thiruvananthapuram
 30th January 2024



UDIN: 24019360BKFEHM5336

THE KERALA AGRO INDUSTRIES CORPORATION LIMITED.

DELAY STATEMENT.

Reasons for delay in finalisation and Audit of Annual Accounts for the year 2019-20.

The Annual Accounts of the Kerala Agro Industries Corporation have been in arrears for the last few years. It was because of the cumulative effect of the previous years' delay that there was accumulation of arrears in audit and accounts. The accumulation of arrears was mainly due to shortage of adequate staff having knowledge in Accounting and finalization of Accounts. The huge volume of transactions and compilation & consolidation of accounts of 26 units were other reasons for accumulation of arrears. The Annual Accounts of previous year (2016-17) could be certified by the Auditors only on 10-11-2022 and adopted in the adjourned annual general meeting held on 28-02-2023. Similarly the accounts for the year 2017-18 could be certified by the auditors on 30-06-2023 and adopted in adjourned AGM held on 24-08-2023. The delay in finalisation and audit of 2014-15 accounts was occurred due to the outbreak of COVID 19 pandemic and declaration of lock down by central government with effect from 24-03-2020 which continued for a long time and which leads to delay in finalisation and audit of Accounts.

The Statutory Audit for the year 2019-20 commenced by last week of November 2023 and the Annual Accounts 2019-20 certified on 30-01-2024. The Annual Accounts along with Auditor's Report were sent to Comptroller and Auditor General of India on 30-01-2024 for Comments of C&AG. The directors Report along with MGT-9 was placed in the Board meeting held on 21-02-2024. Thus there is no delay from the date of adoption of last year accounts because only a time of about 2 months consumed for certification of 2019-20 accounts from the date of certification of 2018-19 accounts. Delay was actually occurred up to the year 2014-15 and the present delay is due to the delay occurred up to 2014-15 and which is unavoidable and beyond our control.

Now actions have been initiated for finalization and audit of arrear accounts from 2020-21 onwards and which will be completed in a time bound manner.

Thiruvananthapuram,

21-02-2024.




CHAIRMAN



**OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT-I) KERALA,
THIRUVANANTHAPURAM**

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER
SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF THE KERALA AGRO INDUSTRIES CORPORATION LIMITED,
THIRUVANANTHAPURAM FOR THE YEAR ENDED 31 MARCH 2020**

The preparation of financial statements of **The Kerala Agro Industries Corporation Limited, Thiruvananthapuram for the year ended 31 March 2020** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated **30 January 2024**.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct supplementary audit of the financial statements of **The Kerala Agro Industries Corporation Limited, Thiruvananthapuram for the year ended 31 March 2020** under section 143 (6) (a) of the Act.

*For and on behalf of
the Comptroller and Auditor General of India*

S. SUNIL RAJ

S. SUNIL RAJ

PRINCIPAL ACCOUNTANT GENERAL (AUDIT-I),

KERALA

**Thiruvananthapuram
Dated : 09.02.2024**