

N.K.
Industries Ltd.
Trading House

Regd. Office :
7th Floor, Popular House, Ashram Road,
Ahmedabad - 380 009. India
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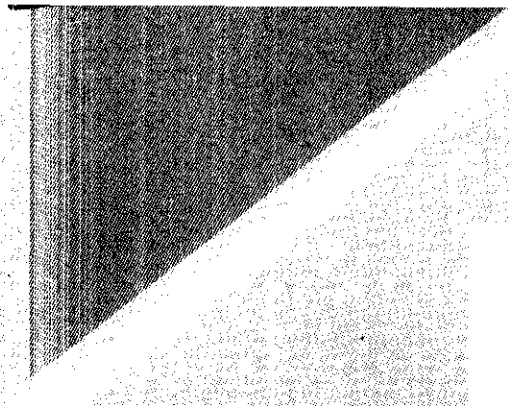


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11th ANNUAL REPORT 1998 - 99

Certified to be True Copy
For N. K. Industries Ltd.


Director.





**N.K.
Industries Ltd.**

Trading House

**N. K. INDUSTRIES LIMITED
11TH ANNUAL REPORT
1998-99**

BOARD OF DIRECTORS : NIMISH K. PATEL Chairman & Managing Director
NILESH K. PATEL Managing Director
BALDEVBHAI R. PATEL Director
KAMLESH L. PATEL Director
DARSHAN B. PATEL Director

AUDITORS : M/s. Chandulal M. Shah & Co.
Chartered Accountants,
Ahmedabad.

REGISTERED OFFICE : 7th Floor, Popular House,
Ashram Road,
Ahmedabad-380 009.

FACTORY : Thor Road,
Kadi Village-382 715
North Gujarat

BANKERS : Bank of Baroda
Andhra Bank
Vysya Bank
State Bank of India
Dena Bank
UTI Bank Ltd.
Corporation Bank
Development Credit Bank Ltd.
Sakura Bank Ltd.
The Visnagar Nagarik Sahakari Bank Ltd.



N.K. Industries Ltd.

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DIRECTORS' REPORT

TO THE MEMBERS

Your Directors present their Eleventh Report together with Audited Statements of Accounts of the company for the year ended on 31st March, 1999.

FINANCIAL RESULTS

| | | (Rs. in Lacs) |
|--------------------------------------------|-----------|---------------|
| | 1998-1999 | 1997-1998 |
| Export Sales | 1528.09 | 8666.73 |
| Domestic Sales | 6969.25 | 9631.98 |
| Total Sales | 8497.34 | 18298.71 |
| Profit/(loss) before Depreciation & Tax | (5267.64) | (3654.58) |
| Depreciation | 348.19 | 793.69 |
| Profit/(Loss) before Tax | (5615.83) | (4448.27) |
| Tax | — | — |
| Profit /(Loss) after Tax | (5615.83) | (4448.27) |
| Balance brought forward from Previous Year | (3538.10) | 910.17 |
| Amount carried to Balance Sheet | (9153.93) | (3538.10) |

DIVIDEND

The Directors regret their inability to declare any dividend for the year under report.

OPERATIONS

The working of the Company's operations are affected due to the potential sickness slipping to sickness. The sales turnover has come down to Rs.84.97 crores from Rs.182.98 crores. The company has therefore incurred the net loss of Rs.56.16 crores as against Rs.44.48 crores during the previous year.

The company has however approached the BIFR and got registered it as a sick industrial unit under Sick Industrial Companies (Special Provisions) Act, 1985 for rehabilitation of the unit. The Board is of the view that once the rehabilitation is approved, the unit can be revived.

DIRECTORS

Shri P.R. Balakrishnan, Nominee Director of Industrial Development Bank of India has resigned with effect from 23th August, 1999. The Board place on record appreciation for contribution made by him during his tenure.

Shri Kamlesh L.Patel is retiring by rotation at the forthcoming Annual General Meeting and being eligible offer himself for reappointment. The Board recommends his reappointment.

AUDITORS REPORT

The observations made by the Auditors contain the explanations which are self-explanatory.

AUDITORS

M/s Chandulal M. Shah & Co., Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for reappointment as Auditors upto the next Annual General Meeting. You are requested to appoint the Auditors and fix their remuneration.

LISTING AGREEMENT COMPLIANCE

Pursuant to the requirements of the Listing Agreement, it is stated that -

- (a) The Company's equity shares are listed on The Stock Exchanges at Ahmedabad, Mumbai, Madras, Delhi and also at the National Stock Exchange of India Ltd.

The Company has paid annual listing fees due to these Stock Exchanges for the year 1999-2000.

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(b) Y2K Compliance: The Company has taken appropriate steps to ensure that all its hardware and software systems are Year 2000 (Y2K) Compliant. The financial impact on the company is not anticipated to be material to its results of operation.

PERSONNEL

The relations between the employees and the management remained cordial during the year under review.

OTHER INFORMATION

As there are no Employees drawing salary falling within the purview of Section 217(2A) of the Companies Act, 1956, information under the Companies (Particulars of the Employees) Rules, 1975 is not applicable.

Information required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to conservation of energy, technology absorption and foreign exchange earning\ outgo is appended in Annexure hereto, which forms part of this report.

ACKNOWLEDGEMENT

Your Directors wish to place on record their gratitude to the Company's Bankers, Financial Institution and various departments of the Central & State Governments for their support.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Date : 01-12-99

NIMISH K.PATEL

Place : Ahmedabad.

CHAIRMAN

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ANNEXURE

ADDITIONAL PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 FORMING PART OF THE DIRECTORS REPORT FOR THE PERIOD ENDED ON 31ST MARCH, 1999.

[A] CONSERVATION OF ENERGY:

- (a) We are using our own D.O.C as Boiler fuel. As the calorific value of D.O.C. is higher then the lignite, fuel to steam ratio could enhance considerably. By using this we are in position to operate boilers more efficiently.
- (b) We have adopted water degumming to improve the Quality of Commercial Oil.
- (c) With vigouroustrials in laboratory we couldimprove the quality of 12 HSA.

The information about energy consumption per unit of production :- "Form No. A is not applicable to this kind of Industry".

[B] TECHNOLOGY ABSORPTION:

Efforts made in technology absorbtion as per Form B of Annexure.

[C] FOREIGN EXCHANGE EARNING AND OUTGO:

Total foreign exchange used & earned :-

Company has earned foreign exchange of Rs. 1413.21 lacs by export of Castor Seed Oil.

Company has used foreign exchange of Rs.5939.00 lacs towards import of chemicals & edible oils, Rs.9.15 lacs towards foreign business tour of Directors, Executives of the company, Rs.75.19 lacs towards international freight, insurance, storage etc. charges.

FORM-B

(See Rule-2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION.

Research & Development(R & D).

- | | |
|----------------------------------------------------------------|-----------------------------------------|
| 1. Specific areas in which R & D carried out by the company | No R & D is carried out by the Company. |
| 2. Benefits derived as a results of the above R & D | N I L |
| 3. Future plan of action. | No future plan at present. |
| 4. Expenditure on R & D | |
| (a) Capital | N I L |
| (b) Recurring | N I L |
| (c) Total | N I L |
| (d) Total R & D Expenditure as a percentage of total turnover. | N I L |

Technology absorption,adaptation and innovation

1. Efforts,in brief,made towards technology, absorbtion, adaptation and innovation:-

As per old technology, crushing was done twice in separate expeller. But by innovation we adopted a single crushing in double chamber expellers.

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

We get benefits of higher crushing capacity with less electrical consumption and better quality product.

3 In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished:- N I L

(a) Technology imported

(b) Year of import

(c) Has technology been fully absorbed

(d) If not fully absorbed areas where this has not taken place, reasons thereof and future plans of action.

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AUDITORS' REPORT

To,
The Shareholders,
N. K. Industries Ltd.,
AHMEDABAD.

Gentlemen,

We have audited the attached Balance Sheet as at 31st March, 1999 of **N. K. INDUSTRIES LTD., AHMEDABAD.** and also the Profit and Loss Account for the year ended on that date annexed thereto and report that ;

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in the said order.
2. i) Search under section 132 of Income Tax Act, 1961 has been carried out on 24th February, 1999 at the Factory Premises, Office Premises and Residential Premises of the Directors. The books of accounts and other records have been seized by the Income Tax Department. We have carried out audit on the basis of zerox copy of such books of accounts and records supplied by the Income Tax Department. No provision is made in respect of liability which is not ascertainable as, return for the block assessments are not yet furnished by the company.
- ii) The company is declared as sick by BIFR by order dated 9-7-99. The State Bank of India, one of the consortium bankers has preferred appeal against such order before AAIFR. The appeal is yet not disposed off. Though company is declared Sick, the accounts are prepared on the assumption of "Going Concern" though it is declared as sick, since the management is hopeful for its revival.
- iii) Attention is invited to Note No.: 21 regarding winding up petition filed against the company by various parties.
- iv) Attention is invited to Note No.: 6 & 7 to Schedule 19 regarding non provision of interest amounting to Rs.179 Lacs payable on unsecured borrowings and Rs. 263 Lacs receivable on various advances.
- v) Balances of Debtors, Creditors, Unsecured Loans and Advances are subject to confirmation.
- vi) The Gratuity and Leave Encashment liability is accounted for on cash basis which is contrary to AS-15 on "Retirement Benefits" issued by ICAI.

Subject to above, we have to report that :

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
- d) In our opinion, Profit and Loss Account and Balance Sheet dealt with by this report comply with the Accounting Standards prescribed under section 211(3C) of the Companies, Act 1956, to the extent applicable subject to our comments in para 2 above.
- e) Subject to above, in our opinion and to the best of our knowledge and according to the explanations given to us, the said account read with the notes thereon give information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - i) in the case of Balance Sheet of the state of the Company's affairs as at 31st March, 1999.
 - ii) in the case of Profit & Loss Account of the Loss for the year ended on that date.

FOR CHANDULAL M. SHAH & CO.
Chartered Accountants

Place : Ahmedabad.
Dated : 1-12-99

(K.H.VASAVADA)
Partner