



**N. K. Industries Ltd.**

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**21<sup>st</sup> ANNUAL REPORT**  
**2008-2009**

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





**N. K.  
Industries Ltd.**

## N. K. INDUSTRIES LIMITED

### 21ST ANNUAL REPORT 2008-2009

<b>BOARD OF DIRECTORS:</b>	NIMISH K.PATEL	Chairman & Managing Director
	NILESH K.PATEL	Managing Director
	ASHVIN P. PATEL	Whole Time Director
	JAYESH D. THAKKAR	Director
	BHARAT J. PATEL	Director
	MAITRAY D. PATEL (w.e.f. 7th May, 2009)	Director
<b>AUDITORS</b>	M/s CHANDULAL M.SHAH & CO. Chartered Accountants, Ahmedabad-380 009.	
<b>REGISTERED OFFICE</b>	7th Floor, Popular House, Ashram Road, Ahmedabad-380 009.	
<b>FACTORY</b>	Thor Road, Kadi Village-382 715 Dist. Mehsana, Gujarat.	
<b>BANKERS</b>	DENA BANK ICICI BANK LTD. KOTAK MAHINDRA BANK LIMITED VISNAGAR NAGARIK SAHAKARI BANK LTD HDFC BANK LIMITED	



## N. K. Industries Ltd.

### DIRECTORS' REPORT

#### TO THE MEMBERS

Your Directors present their 21st Report together with Audited Statements of Accounts of the Company for the year ended on 31st March, 2009.

#### FINANCIAL RESULTS

Particulars	2008-09	2007-08
Export Sales	Nil	Nil
Domestic Sales	1447.24	198.57
Total Sales	1447.24	198.57
Job work Income	1789.54	2093.70
Profit/(Loss) before Tax & Depreciation	2.88	1373.92
Deduct: Depreciation	211.10	252.27
Profit/(Loss) before Tax	(208.22)	1121.65
Add: Waiver of interest	-	282.25
Profit before prior period items and tax	(208.22)	1403.90
Deduct: Current Income Tax	21.00	190.00
Deduct: Tax(Fringe Benefit Tax)	1.27	1.48
Deduct : Previous year expenses (income)	13.91	85.06
Deduct : Deferred Tax - Previous year	254.18	-
Add: Deferred Tax Income - Current year	111.23	-
Profit/(Loss) after Tax	(387.35)	1127.36
Balance brought forward from previous year	(4393.95)	(5510.47)
Deduct: Gratuity/Leave encashment liability	-	10.83
Amount carried to Balance Sheet	(4781.30)	(4393.94)

#### OPERATIONS

During the year, the company continued to sell manufactured goods on its own in addition to the job work as the main activity. The Company's sales turnover was increased to Rs. 1447.24 Lacs and it earned job work charges of Rs. 1789.54 Lacs as against Rs. 2093.70 Lacs in the previous year. After providing for depreciation of Rs.211.10 lacs, there was loss in the current year amounting to Rs. 208.22 Lacs as against profit of Rs.1121.65 Lacs in the year 2007-08. As there was no interest waiver by the Banks taken in to account, there is loss of Rs. 387.35 lacs as against net profit of Rs. 1127.36 Lacs in the previous year.

As per the compromise settlements arrived at, the Company has paid off all the outstanding balances with all the banks and IDBI save and except the Kotak Mahindra Bank Ltd. No Due Certificates are received/ in the process of receiving from the said Banks/IDBI. Thereafter the Recovery Certificates issued by DRT, Ahmedabad will be treated as withdrawn. The consent terms executed with the Kotak Mahindra Bank Ltd. are filed in DRT, Mumbai and the Company is making repayments of their dues accordingly. Having generally paid off with almost all banks, there is no doubt of distinct possibility of the Company achieving its net worth positive in a short period and thereby the unit will be out of sickness in terms of the Sick Industrial Companies (Special Provisions) Act, 1985.

#### DIVIDEND

Your Directors express their inability to recommend any dividend for the year 2008-09 owing to accumulated losses incurred by the Company.

#### DIRECTORS:

The Board of Directors in their meeting held on 1st April, 2009 have appointed Mr. Ashvin P. Patel as Whole Time Director of the Company for a period of 5 years w.e.f. 1st April, 2009 on the terms and conditions described in the explanatory statement annexed to the notice of ensuing Annual General Meeting. The Board recommends the same for the approval of the members.

Mr. Maitray Dashrathbhai Patel was appointed as an Additional Director of the Company w.e.f. 7th May, 2009 in the meeting of the Board of Directors of the Company held on 7th May, 2009. Mr. Maitray D. Patel is proposed to be appointed as Director of the Company liable to retire by rotation at the ensuing Annual General Meeting.

Mr. Ashvin P. Patel shall retire by rotation in terms of the Articles of Association of the Company at the ensuing Annual General Meeting of the Company. He, however, being eligible, has offered himself for reappointment.

#### DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors state that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the Company for that period;

## Annual Report

- iii the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv the Directors had prepared the annual accounts on a going concern basis.

### CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with Stock Exchanges, the Report on Corporate Governance is attached as Annexure to the Directors' Report

### AUDITORS' REPORT

The observations made by the Auditors contain the explanations which are self-explanatory and therefore do not call for any further explanation under Section 217(3) of the Companies Act, 1956.

### PARTICULARS OF EMPLOYEES :

No employee was employed during the year drawing Rs.24 lacs per annum or Rs. 2,00,000 per month Hence information under Section 217(2A) of the Companies Act, 1956 is not applicable.

### 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.

### PERSONNEL

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

### OTHER INFORMATION

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.

Date : 30th June, 2009  
Place : Ahmedabad.

FOR OR ON BEHALF OF THE BOARD  
NIMISH K.PATEL  
CHAIRMAN & MANAGING DIRECTOR

### 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 2009.**

#### [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 than the lignite, fuel to steam ratio could enhance considerably. By using this, we are in a position to operate boilers more efficiently.
- (b) We have adopted water degumming to improve the Quality of Commercial Oil.
- (c) With vigorous trials in laboratory, we could improve 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 absorption as per Form B of Annexure.

#### [C] FOREIGN EXCHANGE EARNING AND OUTGO:

Total foreign exchange used & earned: The Company has not earned any foreign exchange and no import has been made using foreign exchange.

### FORM-B (See Rule-2)

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

##### Research & Development(R & D)

Specific areas in which R&D carried out by the Co.  
Benefits arrived as a result of the above R&D  
Future plan of Action  
Expenditure on R&D

N.A  
N.A  
No Future Plan at present  
Nil

##### Technology absorption, adaptation and innovation

#### 1. a. Efforts in brief made towards technology, absorption, 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.

#### 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.

#### a. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) the following information may be furnished:-

- (a) Technology Imported Nil
- (b) Year of Import Nil
- (c) Has Technology been fully absorbed Nil
- (d) If not, Future plans of Action Nil



## N. K. Industries Ltd.

### ANNEXURE

#### Report on Corporate Governance

**1. Company's philosophy on Code of Corporate Governance:**

To achieve the company's objective to be one of the known companies in the field of castor oil and to assist in fulfilling our endeavour in creating wealth for its shareholders, the Board decided to normalize and strengthen the process that the company efficiently manages its business and greater success through the establishment of corporate governance.

**2. Board of Directors**

The present strength of the Board consists of six Directors. The Board meets at least once in every quarter to assess the Company's performance, operations, to ensure compliance with laws and regulations. The gap between two Board meetings is not be more than four months. Since the Company is registered as a Sick Industrial Company by BIFR, the Board tries to see that there is improvement of its working with an intention to meet all its obligations to the secured and unsecured creditors as well as other stakeholders.

The Company has been endeavouring to constitute the Board of Directors and the Audit Committee having optimum combination of Executive, Non executive and independent Directors in due Compliance with Clause 49 of the listing agreement.

**a. Composition and Category of Directors:**

The detailed composition of the Board given below contains the constitution of the Board of the Company as on 31st March 2009 along with the category and the no. of directorship in companies:

The details of membership in the committees of the Directors given below are as on the date of the Report:

Name (Designation)	Category of Directorship	Directorship** (including our company)	Committee Membership + (incl.our Company)
Mr.Nimish K. Patel (Chairman & Managing Director)	Executive	5	1
Mr. Nilesh K. Patel (Managing Director)	Executive	5	2
Mr. Jayesh D. Thakkar (Independent Director)	Non Executive	1	3
Mr. Ashvin P. Patel (Whole Time Director)	Executive	1	1
Dr. Bharat J. Patel (Independent Director)	Non Executive	2	2
Mr. Maitray D. Patel (Independent Director) (w.e.f. 7th May, 2009)	Non-Executive	1	1

+ Membership includes Chairmanship

\*\* Indicates Membership/Chairmanship in the Audit Committee, Remuneration Committee and Shareholders/Investors Grievance committee (excluding Private Limited Companies, Foreign Companies and Section 25 Companies).

**b. Details of the Directors seeking Appointment/Reappointment in forthcoming Annual General Meeting:**

Name of Director	Mr. Maitray D. Patel	Mr. Ashvin P. Patel
Date of Birth	16-06-1964	31-12-1949
Date of Appointment	07-05-2009	30-03-2007
Expertise in specific functional areas	Administration and Corporate Strategy	Administration
List of Public Limited Companies in which Directorships held	Nil	Nil
Chairman/Member of the Committees of the Board of Directors of the Company	Remuneration Committee	Nil
Chairman/Member of the Committees of Directors of other Companies	Nil	Nil

## NOTICE

NOTICE is hereby given that the 21<sup>st</sup> Annual General Meeting of the members of **N. K. Industries Limited** will be held on Wednesday, the 30<sup>th</sup> day of September, 2009, at 10.00 a.m. at the Registered office of the Company at 7<sup>th</sup> Floor, Popular House, Ashram Road, Ahmedabad-380 009 to transact the following business:-

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2009 and Profit & Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint Mr. Ashvin P. Patel as a Director, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration. The retiring Auditors M/s Chandulal M. Shah & Co., Chartered Accountants, Ahmedabad are eligible for reappointment.

### SPECIAL BUSINESS:

4. *To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:*

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, the approval of the Company be and is hereby granted for the appointment of Mr. Ashvin P. Patel as a Whole Time Director of the Company for a period of 5 years w.e.f. 1<sup>st</sup> April, 2009 on the terms and conditions as set out in the draft appointment terms as placed before the meeting."

"RESOLVED FURTHER THAT the remuneration and perquisites payable to Mr. Ashvin Patel as per the abstract of terms and conditions stated as herein below.

### TERMS AND CONDITIONS

- I. Subject to the superintendence, direction and control of the Board of Directors of the Company, Mr. Ashvin Patel, Whole Time Director of the Company shall be entrusted with day to day affairs of the Company and also such other duties and responsibilities as may be entrusted to him by the Board of Directors from time to time.
- II. The Whole-time Director shall be liable to retire by rotation.
- III. The Whole-time Director shall be entitled to receive the remuneration and perquisites as stated below even in the event of inadequacy or absence or profit by the Company in any year.
- IV. The Whole-time Director shall be paid remuneration and perquisites as under:
  - (A) **Salary:** A Salary of Rs. 25,000/- per month with liberty to the Board to increase or decrease the salary within the limits laid down under Para A of Section II of Part II of the Schedule XIII of the Companies Act, 1956.
  - (B) **Perquisites:** The Whole Time Director may be paid perquisites including but not limited to the Medical reimbursement, Children education allowance, Leave travel concession, Contribution to P.F., Gratuity, Super Annuation fund, Use of Company's car, Telephone facility etc., as may be decided by the Company from time to time as per Rules applicable to other employees of the Company. Provided however that the overall perquisites shall not exceed the limits laid down under Para A of Section II of Part II of the Schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER THAT The Board of Directors are at liberty to alter and vary the terms and conditions of the Remuneration and Perquisites so as not to exceed the limit specified in Schedule XIII of the Companies Act, 1956 including any modification or re enhancement thereof, for the time being in force or any amendments of modification that may hereafter be made thereto by the Central Government as may be agreed between the Board of Directors and Mr. Ashvin Patel."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

5. *To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:*

"RESOLVED THAT Mr. Maitray Dashrathbhai Patel, be and is hereby appointed, as Director of the Company liable to retire by rotation."

6. *To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:*

"RESOLVED THAT in view of Company's accumulated loss of Rs.4760.30 Lacs, having exceeded its networth of Rs. 2718.23 Lacs as per duly audited annual accounts for the year 2008-09, the Company continues as a sick industrial undertaking within the meaning of Section 3 (1) of The Sick Industrial Companies (Special Provisions) Act, 1985.

RESOLVED FURTHER THAT another reference be made to the Board for Industrial and Financial Reconstruction under Section 15 of The Sick Industrial Companies (Special Provisions) Act 1985, for determination of measures which shall be adopted with respect to the Company and that Mr. Nimish K. Patel, Chairman & Managing Director and/or Mr. Nilesh K. Patel, Managing Director and/or any one of the Directors of the Company be and is/are hereby jointly or severally authorised to do all such acts, deeds and things as may be deemed expedient and necessary to give effect to this resolution."

**By Order of the Board of Directors**

**Date: 30-06-2009**

**Place: Ahmedabad**

**Nimish K. Patel**

**Chairman & Managing Director**





**NOTES :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT IN THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Share Transfer Books and Register of Members of the Company will remain closed from Wednesday, 9<sup>th</sup> September 2009 to Wednesday, 30<sup>th</sup> September 2009, both days inclusive.
3. Members are advised to avail nomination facility as well as Dematerialization facility with the Company.
4. **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**ITEM NO. 4:**

The Shareholders may recall that they have regularized the appointment of Mr. Ashvin P. Patel as Director of the Company in their 19<sup>th</sup> Annual General Meeting held on 29-09-2007. Looking to the contributions made by Mr. Ashvin P. Patel as Director of the Company, the Board of Directors has elevated him as Whole Time Director of the Company for five years w.e.f 1<sup>st</sup> April, 2009.

It would be advisable to approve the appoint Mr. Ashvin P. Patel as a Whole Time Director of the Company for a period of 5 years w.e.f. 1<sup>st</sup> April, 2009. The terms of appointment and remuneration of Mr. Ashvin P. Patel as a Whole Time Director of the Company was also approved by the remuneration committee.

The terms and conditions of his appointment are as under:

**TERMS AND CONDITIONS**

- I. Subject to the superintendence, direction and control of the Board of Directors of the Company, Mr. Ashvin Patel, Whole Time Director of the Company shall be entrusted with day to day affairs of the Company and also such other duties and responsibilities as may be entrusted to him by the Board of Directors from time to time.
- II. The Whole-time Director shall be liable to retire by rotation.
- III. The Whole-time Director shall be entitled to receive the remuneration and perquisites as stated below even in the event of inadequacy or absence or profit by the Company in any year.
- IV. The Whole-time Director shall be paid remuneration and perquisites as under:
  - (A) **Salary:** A Salary of Rs. 25,000/- per month with liberty to the Board to increase or decrease the salary within the limits laid down under Para A of Section II of Part II of the Schedule XIII of the Companies Act, 1956.
  - (B) **Perquisites:** The Whole Time Director may be paid perquisites including but not limited to the Medical reimbursement, Children education allowance, Leave travel concession, Contribution to P.F., Gratuity, Super Annuation fund, Use of Company's car, Telephone facility etc., as may be decided by the Company from time to time as per Rules applicable to other employees of the Company. Provided however that the overall perquisites shall not exceed the limits laid down under Para A of Section II of Part II of the Schedule XIII of the Companies Act, 1956.

The Board of Directors are at liberty to alter and vary the terms and conditions of the Remuneration and Perquisites so as not to exceed the limit specified in Schedule XIII of the Companies Act, 1956 including any modification or re enhancement thereof.

As per the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 consent of the Company by an Ordinary Resolution is necessary for holding office as Whole Time Director of the Company on remuneration.

The terms and conditions mentioned in the above explanatory statement may be treated as abstract of the terms of proposed contract under Section 302 of the Companies Act, 1956.

None of the Directors except Mr. Ashvin P. Patel is interested in this Resolution since it relates to his appointment as Whole Time Director of the Company.

**ITEM NO. 5:**

Mr. Maitray Dashrathbhai Patel was appointed as an Additional Director of the Company at the Board meeting held on 7<sup>th</sup> May, 2009 to broad base the Board of Directors of the Company by way of induction of independent director as per Corporate Governance norms specified by the SEBI under Clause 49 of the listing agreement.

As per section 257 of the Companies Act, 1956, a special notice has been received from one of the shareholders of the Company proposing name of Mr. Maitray D. Patel as Director of the Company liable to retire by rotation.

Date of birth of Mr. Maitray D. Patel is 16<sup>th</sup> June, 1964. Mr. Maitray D. Patel has very long experience of various types of commercial activities. He possesses very wide experience in the various fields. He is not member of any committee in any other company.

It would be in the interest of the Company to appoint Mr. Maitray D. Patel as Director of the Company.

The Board therefore recommends this resolution to be passed by way of an Ordinary resolution.

None of the Directors except Mr. Maitray D. Patel is interested in this resolution as per applicable provisions of the Companies Act, 1956.

**ITEM NO. 6:**

The Company's net worth continues to be negative in view of losses accumulated at Rs.4760.30 Lacs as at the end of the year ended 31<sup>st</sup> March 2009, and it is therefore necessary to make another reference to BIFR under provisions of Sick Industrial Companies (Special Provisions) Act, 1985.

It is therefore proposed to make another reference to BIFR and authorise Board of Directors for the purpose and it is expedient that members pass as an Ordinary Resolution.

None of the Directors are interested in the Resolution.

**By Order of the Board of Directors**

**Date: 30<sup>th</sup> June, 2009**

**Place: Ahmedabad**

**Nimish K. Patel**

**Chairman & Managing Director**

