



N.K. Industries Ltd.

**22nd Annual Report
2009-2010**

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



**N.K.
Industries Ltd.**

N. K. INDUSTRIES LIMITED

22ND ANNUAL REPORT

2009-2010

BOARD OF DIRECTORS :	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. 7 th May, 2009)	Director
AUDITORS :	M/s CHANDULAL M.SHAH & CO. Chartered Accountants, Ahmedabad - 380 009	
REGISTERED OFFICE :	7th Floor, Popular House, Ashram Road, Ahmedabad - 380 009	
FACTORY :	Thor Road, Kadi Village-382 715 District: Mehsana, Gujarat	
BANKERS :	BANK OF BARODA STATE BANK OF INDIA AXIS BANK ICICI BANK LTD. KOTAK MAHINDRA BANK LIMITED VISNAGAR NAGARIK SAHAKARI BANK LTD HDFC BANK LIMITED	



N.K. Industries Ltd.

NOTICE :- NOTICE is hereby given that the 22nd Annual General Meeting of the members of N. K. Industries Limited will be held on Thursday, the 30th day of September, 2010, at 5.00 p.m. at the Registered office of the Company at 7th 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 31st March 2010 and Profit & Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint Mr. Jayesh D. Thakkar 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 in view of Company's accumulated loss of Rs.5480.06 Lacs, having exceeded its networth of Rs. 3254.59 Lacs as per duly audited annual accounts for the year 2009-10, 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: May 29, 2010
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 Thursday, 23rd September 2010 to Thursday, 30th September 2010, 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 Company's net worth continues to be negative in view of losses accumulated at Rs.5480.06 Lacs as at the end of the year ended 31st March 2010, 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: May 29, 2010
Place: Ahmedabad

Nimish K. Patel
Chairman & Managing Director

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DIRECTORS' REPORT

TO THE MEMBERS

Your Directors present their 22nd Report together with Audited Statements of Accounts of the Company for the year ended on 31st March, 2010.

(Rs. in Lacs)

FINANCIAL RESULTS

Particulars	2009-10	2008-09
Export Sales	Nil	Nil
Domestic Sales	70551.49	1447.24
Total Sales	70551.49	1447.24
Job work Income	115.55	1789.54
Profit/(Loss) before Tax & Depreciation	(513.00)	2.88
Deduct: Depreciation	186.92	211.10
Profit/(Loss) before Tax	(699.92)	(208.22)
Profit before prior period items and tax	(699.92)	(208.22)
Deduct: Current Income Tax	-	21.00
Deduct: Tax (Fringe Benefit Tax)	0.47	1.27
Deduct : Previous year expenses	(12.74)	13.91
Deduct : Deferred Tax - Previous year	-	254.18
(Add)/ Less: Deferred Tax Income - Current year	11.11	(111.23)
Profit/(Loss) after Tax	(698.76)	(387.35)
Balance brought forward from previous year	(4781.30)	(4393.95)
Amount carried to Balance Sheet	(5480.06)	(4781.30)

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. 70551.49Lacs and it earned job work charges of Rs. 115.55 Lacs as against Rs. 1789.54 Lacs in the previous year. After providing for depreciation of Rs. 186.91 lacs, there was loss in the current year amounting to Rs. 698.76 Lacs as against Loss of Rs. 387.35 Lacs in the year 2008-09. The above loss of Rs.698.76Lacs is inclusive of write off of principal ICD of Rs.536.37 Lacs (P.Y. Nil) as against net loss of Rs. 387.35 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 2009-10 owing to accumulated losses incurred by the Company.

DIRECTORS:

Mr. Jayesh D. Thakkar 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;
- 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;
- 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



N.K. Industries Ltd.

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: May 29, 2010

Place: Ahmedabad

For or on behalf of the Board

Nimish K. Patel
Chairman & Managing Director

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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 2010.

[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.	N.A
Benefits arrived as a result of the above R&D	N.A
Future plan of Action	No Future Plan at present
Expenditure on R&D	Nil

Technology absorption, adaptation and innovation

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:-

Technology Imported	Nil
Year of Import	Nil
Has Technology been fully absorbed	Nil
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 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 2010 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+ (Including Our Company)
Mr.Nimish K. Patel (Chairman & Managing Director)	Executive	5	Nil
Mr. Nilesh K. Patel (Managing Director)	Executive	5	1
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. Maistry D. Patel (Independent Director) (w.e.f. 7th May, 2009)	Non-Executive	1	2

+ 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. Jayesh D. Thakkar
Date of Birth	18-06-1965
Date of Appointment	19-12-2005
Expertise in specific functional areas	Administration
List of Public Limited Companies in which Directorships held	Nil
Chairman/Member of the Committees of the Board of Directors of other Company	Nil
Chairman/Member of the Committees of Directors of other Companies	Nil

c) Attendance:

During the last financial year ended 31st March 2010, 13 Board Meetings were held on the following dates:

1.	1st April, 2009	8.	30th September, 2009
2.	17th April, 2009	9.	30th October, 2009
3.	7th May, 2009	10.	4th November, 2009
4.	10th June, 2009	11.	23rd December, 2009
5.	30th June, 2009	12.	29th January, 2010
6.	21st July, 2009	13.	30th March, 2010
7.	31st July, 2009		

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Attendance of each Director at the Board Meetings and last Annual General Meeting is as under:

Name of Director	Number of Board Meetings attended	Attendance at last AGM held on 30th September, 2009
Mr. Nimish K. Patel	13	Present
Mr. Nilesh K. Patel	13	Present
Mr. Jayesh D. Thakkar	13	Present
Mr. Ashvin P. Patel	13	Present
Mr. Bharat J. Patel	13	Present
Mr. Maitray D. Patel (w.e.f. 7th May, 2009)	11	Present

3. Audit Committee:

Terms of Reference

The Terms of Reference of this Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

The Audit Committee was lastly reconstituted on 1st April, 2009.

Composition and Attendance of Audit Committee is as under:

Name of the Directors	Expertise	Functions of the Committee	Attendance
Mr. Jayesh D. Thakkar (Chairman)	All members are Non executive and independent. Chairman is Independent Director and at least two third are independent. At least one member has thorough financial and accounting knowledge.	The functions of the Audit Committee are as per Company Law and Listing Agreement with Stock Exchange(s), which include approving and implementing the audit procedures, review of financial reporting system, internal control procedures and risk management policies.	All the members were present at the meetings held on 30-04-2009, 30-06-2009, 31-07-2009, 30-10-2009 & 29-01-2010
Mr. Maitray D. Patel			
Dr. Bharat J. Patel			

Name of Member	Category	Attendance
Mr. Jayesh D. Thakkar (Chairman)	Independent Director	5
Mr. Maitray D. Patel	Independent Director	5
Dr. Bharat J. Patel	Independent Director	5

4. Remuneration Committee:

Terms of Reference

The Board of Directors of the Company have constituted Remuneration Committee in their Board Meeting held on 7th May, 2009 pursuant to the compliances under the Schedule XIII of the Companies Act, 1956 as well as non mandatory requirement of the Clause 49 of the Listing Agreement.

Composition of the Remuneration Committee (w.e.f. 07-05-2009)

Sr. No.	Name of Member
1.	Mr. Jayesh D. Thakkar (Chairman)
2.	Dr. Bharat J. Patel
3.	Mr. Maitray D. Patel

Details of Remuneration to the Executive Directors

(In Rupees)

Particulars	Nimish K. Patel (Chairman & Managing Director)	Nilesh K. Patel (Managing Director)	Ashvin C. Patel (Whole Time Director)
Salary	60,000	60,000	3,00,000
Commission	N.A.	N.A.	N.A.
Perquisites and other allowances	N.A.	N.A.	36,000
Total	60,000	60,000	3,36,000

(b) Sitting fees are not paid to the directors.



N.K. Industries Ltd.

5. Shareholders / Investors' Grievance Committee:

The Shareholders/Investors Grievance Committee meets once or twice every month to review and approve transfer/ transmission/ transposition/dematerialisation of equity shares and also to examine any grievance raised by shareholders/investors. The Company ensures that the transfer of shares and dematerialisation requests are confirmed within stipulated time under the listing agreement.

The members of the committee as on 31st March, 2010 are:

i)	Mr. Jayesh D. Thakkar	(Independent Director)
ii)	Mr. Nilesh K. Patel	(Executive Director)
iii)	Mr. Ashwin P. Patel	(Executive Director)

The Company had received certain complaints from shareholders/investors and all of them have been responded / resolved by furnishing requisite information / documents. No investor complaints were pending as on 31st March 2010.

6. General Body Meetings:

The details of the last three Annual General Meetings held are as under:

Date	Venue	Time
26.09.2007	7th Floor, Popular House, Ashram Road, Ahmedabad	10.00 A.M.
30.09.2008	7th Floor, Popular House, Ashram Road, Ahmedabad	10.00 A.M.
30.09.2009	7th Floor, Popular House, Ashram Road, Ahmedabad	10.00 A.M.

No special resolution was put through postal ballot last year nor is it proposed this year.

Disclosures:

- The Company is having job work arrangements with its associate companies. The job work is done at market related price, comparable with one available in the Industry.
- The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last years.

No penalties or strictures have been imposed on the Company by the stock exchanges/SEBI.

7. Means of Communication

The Company in compliance with the listing agreement intimates unaudited as well as audited financial results as also shareholding pattern etc. to the Stock Exchanges after the Board approves them. As the company is a Sick Industrial unit registered with BIFR in terms of Sick Industrial Companies (Special Provisions) Act, 1985, it sometimes finds difficult to communicate its quarterly /half yearly results to the shareholders by circulations in national and local dailies. Management Discussion and Analysis forms part of this Annual Report. The results, Annual report, shareholding pattern etc. is also filed through EDIFAR system from time to time.

8. Shareholder information

a. Annual General Meeting :

Date : 30th September, 2010, Thursday
Time : 5.00 p.m.
Venue : 7th floor, Popular House, Ashram Road, Ahmedabad - 380009.

b. Financial Calendar :

Financial year of the company is from 1st April to 31st March.

Adoption of Quarterly Results for the quarter ending:	June 30, 2010	Second week of August, 2010
	September 30, 2010	Second week of Nov., 2010
	December 31, 2010	Second week of Feb., 2011
	March 31, 2011	Last week of May, 2011

c. Book Closure Date: 23rd September, 2010 to 30th September, 2010 (both days inclusive)

d. Dividend Payment Date: Not applicable as no dividend is proposed.

e. Listing on Stock Exchanges

The equity shares of Company are listed on Stock Exchanges at Ahmedabad, Mumbai, Delhi, Chennai and National Stock Exchange. The company has paid the listing fees for the year 2010-11 to The Stock Exchange, Mumbai and upto the year 2006-07 to NSE and upto 2002-03 to other Stock Exchanges.

f. Stock Code.

NSDL & CDSL: ISIN No. is INE542C01019

BSE: 519494

NSE: NKIND

ASE: 40617

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g. Share Price Data

The details of Stock Price Data during the period from 1st April, 2009 to 31st March, 2010 are submitted hereunder.

Month	BSE		Shares Traded (No.)
	High (Rs.)	Low (Rs.)	
April, 2009	28.00	22.00	46,522
May, 2009	31.70	23.65	35,254
June, 2009	30.80	23.00	52,852
July, 2009	29.30	22.50	42,378
August, 2009	44.90	28.30	1,30,188
September, 2009	41.50	31.00	1,14,460
October, 2009	38.50	28.10	57,738
November, 2009	33.30	25.50	42,102
December, 2009	36.25	27.80	2,81,374
January, 2010	36.90	24.65	39,233
February, 2010	36.50	23.55	71,488
March, 2010	34.35	26.55	58,615

h. Share Transfer System:

Share transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are otherwise found in order in all respects.

Company's Registrar and Transfer Agent:-

M/s. Link Intime India Pvt Ltd.,
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup,
Mumbai-400078.

i. Distribution of Shares:

Distribution of shareholding as on 31st March 2010:

Number of Shares	Shareholder		Number of Shares	
	Number	%	Number	%
0 - 500	5777	91.38	796765	13.26
501 - 1000	264	4.18	217993	3.63
1001 - 2000	126	1.99	196856	3.28
2001 - 3000	41	0.65	105294	1.75
3001 - 4000	11	0.17	39957	0.66
4001 - 5000	22	0.35	106681	1.78
5001 - 10000	30	0.47	222782	3.71
10001 and above	51	0.81	4323572	71.95
Total	6322	100.00	6009900	100.00

j. Shareholding Pattern:

Shareholding Pattern as on 31st March, 2010 is as under:

	Category	No. of Shares Held	Percentage of Shareholding
A.	PROMOTER'S HOLDING		
1.	Promoters		
	- Indian Promoters	32,32,136	53.78
	- Foreign Promoters	--	--
2.	Persons acting in Concert	--	--
	Sub-Total	32,32,136	53.78
B.	NON-PROMOTERS HOLDING		
3.	Institutional Investors		
a.	Mutual Funds and UTI	--	--
b.	Banks, Financial Institution, Insurance Companies (Central/State Govt. Institutions/Non-Government Institutions)	2,200	0.04
c.	Foreign Institutional Investors	--	--
	Sub-Total	2,200	0.04