



N.K. Industries Ltd.

23rd Annual Report 2010-2011

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



N.K. Industries Ltd.

N. K. INDUSTRIES LIMITED
23rd ANNUAL REPORT
2010-2011

BOARD OF DIRECTORS	:	NIMISH K.PATEL	Chairman & Managing Director
		NILESH K.PATEL	Managing Director
		ASHVIN P. PATEL	Whole Time Director
		JAYESH D. THAKKAR	Director
		Dr. BHARAT J. PATEL	Director
		MAITRAY D. PATEL	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 HDFC BANK LIMITED	

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NOTICE : NOTICE is hereby given that the 23rd Annual General Meeting of the members of N. K. Industries Limited will be held on Friday, the 30th day of September, 2011, at 4.00 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 2011 and Profit & Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint Dr. Bharat J. 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 in view of Company's accumulated loss of Rs.6691.67 Lacs, having exceeded its networth of Rs. 3254.59 Lacs as per duly audited annual accounts for the year 2010-11, 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 Mr. Ashvin P. Patel, Whole Time 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."

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage or charge by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situated, present and future, and/or conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of any Bank, Financial Institution or any other lender to secure Financial Assistance that may be granted/lent/advanced/provided to the Company by such Bank, Financial Institution or such other lender together with interest thereon at the rate, compound interest, additional interest, liquidated damages, costs, charges, expenses and other monies payable by the Company to Bank, Financial Institution or any such lender under Financial Assistance Agreement entered into or to be entered into by the Company in respect of the such Financial Assistance present or future."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with the Bank, Financial Institution or any such lender the documents for creating aforesaid mortgage and/or the charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company to lease the whole or substantial the whole of the undertaking/s of the Company comprising of any of its factory, division, department, branch etc. or any substantial part of the properties of the Company wheresoever situated to any other Company, firm or other entities, and/or conferring the power to finalise the terms of such lease viz. period of lease, lease rental, other terms and conditions for lease and that Mr. Nimish K. Patel, Chairman & Managing Director and/or Mr. Nilesh K. Patel, Managing Directors and/or Mr. Ashvin P. Patel, Whole Time Director and/or any one of the Directors of the Company be and is/are hereby jointly or severally authorised to



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enter into leasehold agreement with the concerned party and to secure the lease rentals for the benefit of the Company."

"RESOLVED FURTHER THAT the approval of the members of the company be and is hereby specifically given to the lease agreement executed by the Company with AWN Agro Private Limited and that all the actions taken by the Board of Directors and any one of the Directors of the Company in this regard be and is hereby specifically ratified."

"RESOLVED FURTHER THAT Mr. Nimish K. Patel, Chairman & Managing Director and/or Mr. Nilesh K. Patel, Managing Director and/or Mr. Ashvin P. Patel, Whole Time 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, matters and things as may be necessary for giving effect to the above resolution."

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

"RESOLVED THAT in supersession of all the earlier resolutions passed at the General Meeting pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow any sums of money, from time to time from any one or more of the Company's bankers and/or from any other persons, firms, bodies corporate or financial institutions whether by way of cash credit, advance or deposits, loans, debentures or bill discounting or otherwise whether unsecured or secured so that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from Company's Bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, however that the total amount upto which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs.200 Crores(Rupees two hundred crores only)."

8. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 292, 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendment, modification or re-enactment thereof, for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors of the Company, to invest in securities/make loan/ give guarantee or provide security for a sum not exceeding Rs. 85 Crores (Rupees Eighty five crores only) to 'AWN Agro Private Limited' (a Joint Venture Company between M/s. Adani Wilmar Limited and M/s. N.K. Industries Limited), and that the said investment in securities, loan, guarantee or security may be made or given in such manner and on such terms and conditions as may be deemed appropriate by the Board of Directors of the Company in the best interest of the Company"

"RESOLVED FURTHER THAT Mr. Nimish K. Patel, Chairman & Managing Director and/or Mr. Nilesh K. Patel, Managing Director and/or Mr. Ashwin Patel, Whole Time Director and/or any one of the Directors of the Company, be and is/are hereby jointly or severally authorised to sign, execute, deliver all such deeds, documents papers, writings, forms, authorizations etc. as may be necessary and required for investing in securities or for granting of loan or for providing guarantee or security to the said AWN Agro Private Limited and do all such acts, deeds, things or matters as they may in their absolute discretion deem expedient, necessary fit or proper in connection therewith or incidental thereto."

By Order of the Board of Directors

Date: 30th May, 2011

sd/-

Place: Ahmedabad

Nimish K. Patel
Chairman & Managing Director

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NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE 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, 21st September 2011 to Friday, 30th September 2011, 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:

In respect of Item No. 4:

The Company's net worth continues to be negative in view of losses accumulated at Rs. 6691.67 Lacs as at the end of the year ended 31st March 2011, 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 the resolution proposed as an Ordinary Resolution.

None of the Directors are concerned or interested in the Resolution.

In respect of Item No. 5:

The Company continues to borrow funds from any Bank, Financial Institution or any other lender to meet its short term and long term financial requirements. Normally, such Financial Assistance are to be secured by hypothecation / pledge of the Company's entire goods, movables and other assets, present and future, including documents titles to goods and other assets such as book-debts, outstanding moneys, receivables, claims, bills, invoices, documents, contracts, engagements, securities, investments and rights and all machinery, present and future, and are to be further secured by mortgage or deposit of all title deeds of the existing immovable properties of the Company with intent to create a security in favour of such Bank, Financial Institution or such other lender on such terms and conditions.

Section 293(1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a Public Company shall not, without the consent of such public in General Meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole, of any such undertaking.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the Bank may be regarded as, disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

None of the Directors is in any way concerned or interested in the aforesaid resolution.

Your Directors recommend the Resolutions.

In respect of Item No. 6:

The Company has promoted a special purpose vehicle (SPV) in the name & style as "AWN Agro Private Limited" in collaboration with M/s. Adani Willmar Limited during the year 2010-11. In view of this, the Company is required to transfer its castor plants to such new company so that the castor business can be jointly conducted by both the JV partners. It had also been decided that till the castor plant of the Company is transferred by the Company to SPV, the Company was required to enter into lease agreement (dry) with AWN Agro Private Limited on payment of lease rent of Rs. 50 Lacs per month and on other terms and conditions as contained in the lease agreement.



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Section 293(1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a Public Company shall not, without the consent of such public in General Meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole, of any such undertaking.

The lease agreement between the Company and AWN Agro Private Limited is available for inspection on any working day during business hours at the registered office of the Company.

None of the Directors is in any way concerned or interested in the aforesaid resolution except to the extent of his shareholding in the Company.

Your Directors recommend the Resolutions.

In respect of Item No. 7:

The proposed increase in the borrowing power of the Board is required in view of certain borrowing which may be made by the Company from Financial Institution/Banks/other lender. The Board of Directors feels that the borrowing limits be raised to Rs.200 crores. The Resolution at item No.7 is of an enabling nature and would authorise the Board of Directors to borrow from time to time sums not exceeding Rs.200 crores. The Resolution would be in the supersession of the earlier resolution passed at the earlier General meeting of the Members of the Company.

None of the Directors is in any way concerned or interested in the resolution.

In respect of Item No. 8:

The Company proposes to make loan, give guarantee or provide security or invest in the securities of AWN Agro Private Limited, a joint venture company with Adani Willmar Limited. The proposed amount may be to the extent of Rs. 85 Crores (Rupees Eighty five crores only). This investment would enable the Company to provide its capital contribution and other commitment to the said AWN Agro Private Limited.

As per Section 372A of the Companies Act, 1956 approval of Shareholders is required by way of special resolution if the aggregate of the loans, investments, guarantees and securities exceed the limits as prescribed in the aforesaid provisions. The proposed investment not exceeding Rs. 85 Crores would be beyond such limit of Section 372A of the Companies Act, 1956 triggering approval of the members of the Company by way of special resolution.

Copy of the agreement/understanding with Adani Willmar Limited in connection with AWN Agro Private Limited and other relevant documents etc. are available for inspection at the registered office of the Company during working hours on any working day.

None of the Directors is in any way concerned or interested in the resolution.

By Order of the Board of Directors

Date: 30th May, 2011

Place: Ahmedabad

sd/-
Nimish K. Patel
Chairman & Managing Director

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DIRECTORS' REPORT

TO THE MEMBERS

Your Directors present their 23rd Report together with Audited Statements of Accounts of the Company for the year ended on 31st March, 2011.

FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	2010-11	2009-10
Export Sales	Nil	Nil
Domestic Sales	213260.69	70551.49
Total Sales	213260.69	70551.49
Job work Income	-	115.55
Profit/(Loss) before Tax & Depreciation	(1055.20)	(513.00)
Deduct: Depreciation	183.80	186.92
Profit/(Loss) before Tax	(1239.00)	(699.92)
Profit/(Loss) before prior period items and tax	(1239.00)	(699.92)
Deduct: Current Income Tax	4.00	-
Deduct: Tax (Fringe Benefit Tax)	-	0.47
Deduct : Previous year expenses	5.53	(12.74)
(Add)/ Less: Deferred Tax Income – Current year	29.05	11.11
Profit/(Loss) after Tax	(1211.56)	(698.76)
Balance brought forward from previous year	(5480.06)	(4781.30)
Amount carried to Balance Sheet	(6691.66)	(5480.06)

OPERATIONS

During the year, the company continued to sell manufactured goods on its own as against also the job work previously, as the main activity. The Company's sales turnover was increased to Rs. 213260.69Lacs. After providing for depreciation of Rs. 183.80 lacs, there was loss in the current year amounting to Rs. 1239 Lacs as against Loss of Rs. 699.92 Lacs in the year 2009-10.

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.

The Company jointly with M/s. Adani Wilmar Limited has floated a new company called M/s. AWN Agro Private Limited on 50:50 basis for manufacture and export of the refined castor oil (FSG) and its derivatives and by products. The castor plants of both the companies shall be transferred to M/s. AWN Agro Private Limited at the price which shall be finalized on receipt of valuation reports and subject to the approved of the concerned authorities.

Till transfer of the castor plants are finalised, both the companies have entered in to the dry lease agreement for eleven months effective from 1st of July, 2011 as per the supplementary Lease Agreement.

DIVIDEND

Your Directors express their inability to recommend any dividend for the year 2010-11 owing to accumulated losses incurred by the Company.

DIRECTORS:

There were no changes in the Board of Directors of the Company during the year under review. Dr. Bharat J. 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.



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DIRECTORS' RESPONSIBILITY STATEMENT

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

- i in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii 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;
- 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 remuneration exceeding the limits as prescribed under Section 217(2A) of the Companies Act, 1956. Hence the 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.

For or on behalf of the Board

Date: 30th May, 2011
Place: Ahmedabad

sd/-
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 2011.

[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

1. 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



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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 2011 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. Maitray D. Patel (Independent Director)	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	07-08-1955
Date of Appointment	01-04-2008
Expertise in specific functional areas	Administration and Corporate Strategy
List of Public Limited Companies in which Directorships held	Ganesh Housing Ltd.
Chairman/Member of the Committees of the Board of Directors of other Company	Audit Committee & Remuneration Committee
Chairman/Member of the Committees of Directors of other Companies	

c) Attendance:

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

Sr. No.	Date of Board Meeting
1.	29th May, 2010
2.	7th August, 2010
3.	13th November, 2010
4.	12th February, 2011
7.	31st July, 2009