



N. K. Industries Limited

25th Annual Report
F. Y. 2012 - 13

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



N. K. Industries Limited

N. K. INDUSTRIES LIMITED

25TH ANNUAL REPORT 2012-2013

BOARD OF DIRECTORS:	Nimishbhai K. Patel	Chairman & Managing Director
	Nilesh K. Patel	Managing Director
	Ashwinbhai P. Patel	Whole-Time Director
	Jayeshkumar D. Thakkar	Director
	Ashok B. Patel	Additional Director (w.e.f. 13 th March, 2013)
	Hasmukh K. Patel	Additional Director (w.e.f. 1 st June, 2013)

AUDITORS: M/s Rajiv Shah & Associates
Chartered Accountants,
Ahmedabad

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

NOTICE

NOTICE is hereby given that the **25th Annual General Meeting** of the members of **N. K. Industries Limited** will be held on Wednesday, the 30th day of October, 2013, 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 and adopt Audited Balance Sheet as at 31st March, 2013 and the Profit and Loss Statement for the year ended on that date together with all annexure and attachment thereto including the Auditor's report and the Directors' Report thereon.
2. To appoint Mr. Ashwin 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 Rajiv Shah & Associates, 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. 42836.03Lacs, having exceeded its net worth of Rs.3254.59Lacs as per duly audited annual accounts for the year 2012-13, 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 in accordance with provisions of Sections 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 re-appointment of Shri Nimish K. Patel as a Managing Director of the Company without any remuneration for a further period of 5 years w.e.f. 1st April, 2013.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter and vary the terms and conditions of the re-appointment in such a manner as may be agreed to between the Board of Directors and Shri Nimish K Patel and in conformity with the requirements of Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modification that may hereafter be made thereto.

RESOLVED FURTHER THAT the terms and conditions of re-appointment as specified in the Explanatory Statement be altered, enhanced, widened or varied by the Board of Directors in accordance with the relevant provisions of the Companies Act, 1956 for the payment of managerial remuneration if any paid during the tenure of the Managing Director without the matter being referred to the Company in General Meeting again.



N. K. Industries Limited

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this Resolution."

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

"RESOLVED THAT in accordance with provisions of Sections 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 re-appointment of Shri Nilesh K. Patel as a Managing Director of the Company without any remuneration for a further period of 5 years w.e.f. 1st April, 2013.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter and vary the terms and conditions of the re-appointment in such a manner as may be agreed to between the Board of Directors and Shri Nilesh K Patel and in conformity with the requirements of Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modification that may be hereafter be made thereto.

RESOLVED FURTHER THAT the terms and conditions of re-appointment as specified in the Explanatory Statement be altered, enhanced, widened or varied by the Board of Directors in accordance with the relevant provisions of the Companies Act, 1956 for the payment of managerial remuneration if any paid during the tenure of the Managing Director without the matter being referred to the Company in General Meeting again.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this Resolution."

7. *To consider and if thought fit to pass with or without modifications the following resolution as a Special Resolution:*

"RESOLVED THAT Mr. Ashokbhai B. Patel, be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT Mr. Hasmukhbhai K. Patel, be and is hereby appointed as a Director of the Company."

By Order of the Board of Directors

sd/-

Date: 30th September, 2013

Nimish K. Patel

Place: Ahmedabad

Chairman & Managing Director

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 Monday, 28th October 2013 to Wednesday, 30th October, 2013, 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. 42836.03 Lacs as at the end of the year ended 31st March 2013, 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 & 6:

The Shareholders may recall that they have reappointed Shri Nimish K. Patel and Shri Nilesh K. Patel as Managing Directors in their 20th Annual General Meeting held on 30-09-2008 for a further period of 5 years w.e.f. 01-04-2008.

The term of Shri Nimish K. Patel and Shri Nilesh K. Patel as Managing Directors had come to an end on 31st March, 2013. The Board of Directors at its meetings held on 30th March, 2013 reappointed them as Managing Directors for a further period of 5 years w.e.f. 01-04-2013.

In view of negative effective capital, no remuneration is proposed to be paid to Shri Nimish K. Patel and Shri Nilesh K. Patel for their services pursuant to such re-appointment as Managing Director/s of the Company.

The Board of Directors are at liberty to alter and vary the terms and conditions of the re-appointment in such a manner as may be agreed to between the Board of Directors and Shri Nimish K Patel & Shri Nilesh K Patel and in conformity with the requirements of Companies Act, 1956 including any statutory modification or re-enactment 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 Managing Directors of the Company without 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 Shri Nimish K. Patel and Shri Nilesh K. Patel are interested in this Resolution since it relates to their reappointment as Managing Directors of the Company.

All documents connected with these matters are open for inspection by the members of the Company during normal business hours on all working days



N. K. Industries Limited

In respect of Item No. 7:

Shri Ashok B. Patel was appointed as an Additional Director of the Company at the Board meeting held on 13th March, 2013 to broad base the Board of Directors of the Company.

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 Shri Ashok B. Patel as Director of the Company liable to retire by rotation.

Shri Ashok B. Patel was born on 20th October, 1956. Shri Ashok B. Patel is well educated person and possesses very wide experience in the various fields. He is not director or member of any committee in any other company.

It would be in the interest of the Company to appoint Shri Ashok B. Patel as Director of the Company.

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

Except, Shri Ashok B. Patel, no other director is interested in this resolution as per applicable provisions of the Companies Act, 1956.

In respect of Item No. 8:

Shri Hasmukhbhai K. Patel was appointed as an Additional Director of the Company w.e.f. 1st June, 2013 at the Board meeting held on 29th May, 2013 to broad base the Board of Directors of the Company.

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 Shri Hasmukhbhai K. Patel as Director of the Company liable to retire by rotation.

Shri Hasmukhbhai K. Patel was born on 14th December, 1954. Shri Hasmukhbhai K. Patel is well educated person and possesses very wide experience in the various fields. He is not director or member of any committee in any other company.

It would be in the interest of the Company to appoint Shri Hasmukhbhai K. Patel as Director of the Company.

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

Except, Shri Hasmukhbhai K. Patel, no other director is interested in this resolution as per applicable provisions of the Companies Act, 1956.

By Order of the Board of Directors

sd/-

Date: 30th September, 2013

Nimish K. Patel

Place: Ahmedabad

Chairman & Managing Director

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors present their 25th Report together with Audited Statements of Accounts of the Company for the year ended on 31st March, 2013.

FINANCIAL RESULTS

Particulars	(Rs. in Lacs)	
	2012-13	2011-12
Export Sales	Nil	Nil
Domestic Sales of Product & Other Income	44098.25	106830.60
Total Income	44098.25	106830.60
Profit/(Loss) before Tax & Depreciation	(17748.45)	(7758.42)
Deduct: Depreciation	2424.66	203.39
Less: Transfer from Revaluation Reserves	(2052.30)	-
Profit/(Loss) before Tax	(18121.20)	(7961.81)
(Add)/ Less: Exceptional Items	268.03	
Profit/(Loss) before prior period items and tax	(17853.17)	(7961.81)
Deduct : Prior Period Adjustment	(10454.39)	-
Profit before tax for the year	(28307.56)	(7961.81)
(Add)/ Less: Deferred Tax	-	(125.01)
Profit/(Loss) after Tax	(28307.56)	(7836.80)
Balance brought forward from previous year	(14528.47)	(6691.66)
Amount carried to Balance Sheet	(42836.03)	(14528.47)

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 decreased to Rs. 43188.76 Lacs. After providing for depreciation of Rs. 2424.66 lacs, there was loss in the current year amounting to Rs. 28307.56 Lacs as against Loss of Rs. 7836.80 Lacs in the last year.

As per the compromise settlements arrived at, the Company has paid off all the outstanding balances with all the banks. On having paid off all the dues of secured creditors the BIFR has disposed off our first reference case no. 35/1999. It has however agreed to register our subsequent references and declared our unit as a sick one. The BIFR has therefore, appointed the Canara Bank as an Operating agent vide its order dated 1st March, 2012 to prepare a draft rehabilitation scheme which is in progress.

DIVIDEND

Your Directors express their inability to recommend any dividend for the year 2012-13 owing to accumulated losses incurred by the Company.

DIRECTORS:

Mr. Ashwin 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.



N. K. Industries Limited

Mr. Ashok B. Patel and Mr. Hasmukhbhai K. Patel were appointed as additional director of the Company w.e.f. 13th March, 2013 and 1st June, 2013 respectively.

Mr. Maitray D. Patel and Dr. Bharat J. Patel, Directors of the Company ceased to be director of the Company on account of resignation w.e.f. 5th October, 2012 and 14th March, 2013 respectively.

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 AND AUDITORS' REPORT

M/s Rajiv Shah & Associates., 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.

There are certain qualifications made by the Auditors in their report for which the Board of Directors hereby given its comments/explanation as under:

1. As Company has incurred huge losses in past years and the net worth of the Company is negative, the Board of Directors has already made reference to BIFR and BIFR has appointed the Canara Bank as an Operating agency vide its order dated 1st March, 2012 to prepare a draft rehabilitation scheme which is in progress. Once the Draft Rehabilitation Scheme being finalized by the operating agency i.e. Canara Bank, is approved by the BIFR, the Company's management is hopeful to revive the Sick Industrial Unit.
2. The Company has incurred trading loss of Rs. 176.34 crores on account of purchase and sales of commodities through National Spot Exchange Limited. As this trading is without any physical delivery of goods, the said amount of trading loss has been debited to profit & loss statement as trading loss to properly reflect the nature of transaction.
3. The company has not obtained confirmation from all the trade creditors, trade debtors and parties having advances and loans. Hence, the notes to accounts mention that the balance is subject to confirmation. However, due to this, no significant changes are expected.
4. As regards, the non provision of sales tax liabilities of Rs. 5423.55 Lacs, it is to be explained that the said liabilities is disputed by the Company and the Company is hopeful of getting the said demand dismissed in appeal and hence decided not to make any provision for the same.
5. The company has provided for interest on advances of Rs. 1171.60 Lacs due to the fact that the said amount of advance is considered as doubtful.

Annual Report

6. Once the Draft Rehabilitation Scheme being finalized by the operating agent Canara Bank is approved by the BIFR, the Company's management is hopeful to revive a Sick Industrial Unit.
7. There has been prior period adjustment to the extent of Rs. 104.54 Crores. These adjustments had become necessary due to wrong accounting during the last year and are in the nature of rectification during the year and the net difference has been debited to the profit & loss account.

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.

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.

ACKNOWLEDGEMENT

Your Directors express their sincere thanks and appreciation to the promoters, shareholders and customers for their constant support and co-operation.

Your Directors also place on record their gratitude to the Banks, Institutions and Government Departments for their confidence reposed in the Company.

For and on behalf of the Board

sd/-

Date: 30th September, 2013

Nimish K. Patel

Place: Ahmedabad

Chairman & Managing Director



N. K. Industries Limited

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 2013.

[A] CONSERVATION OF ENERGY:

- 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.
- We have adopted water degumming to improve the Quality of Commercial Oil.
- 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