



N. K. Industries Ltd.

**21st ANNUAL REPORT
2008-2009**

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



**N. K.
Industries Ltd.**

N. K. INDUSTRIES LIMITED

21ST ANNUAL REPORT 2008-2009

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. 7th 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 Dist. Mehsana, Gujarat.	
BANKERS	: 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;

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- 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.

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

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 21st Annual General Meeting of the members of **N. K. Industries Limited** will be held on Wednesday, the 30th day of September, 2009, at 10.00 a.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 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. 1st 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, 9th September 2009 to Wednesday, 30th 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 19th 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 1st 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. 1st 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 7th 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 16th 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 31st 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: 30th June, 2009

Place: Ahmedabad

Nimish K. Patel

Chairman & Managing Director

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c. Attendance

During the last financial year ended 31st March 2009, 8 Board Meetings were held on the following dates:

- | | | |
|--------------------|-------------------------|------------------------|
| 1. 1st April, 2008 | 4. 31st July, 2008 | 7. 20th November, 2008 |
| 2. 22nd May, 2008 | 5. 30th September, 2008 | 8. 30th January, 2009 |
| 3. 30th June, 2008 | 6. 31st October, 2008 | |

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, 2008
Mr. Nimish K. Patel	7	Not Present
Mr. Nilesh K. Patel	7	Not Present
Mr. Jayesh D. Thakkar	8	Present
Mr. Ashvin P. Patel	8	Present
Mr. Bharat J. Patel	8	Present
Mr. Maitray D. Patel (w.e.f. 7th May, 2009)	N.A.	N.A.

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 as on 31st March, 2009:

Name of the Directors	Expertise except one	Functions of the Committee	Attendance
Mr. Jayesh D. Thakkar (Chairman) Mr. Nilesh K. Patel Mr. Ashvin P. Patel Dr. Bharat J. Patel	All members are Non executive. Chairman is Independent Director and atleast two third are independent. Atleast 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 held on 30-06-2008, 31-07-2008, 29-10-2008 & 30-01-2009

Name of Member	Category	Attendance *
Mr. Jayesh D. Thakkar (Chairman)	Independent Director	5
Mr. Nilesh K. Patel	Executive	5
Mr. Ashvin P. Patel**	Independent Director	5
Dr. Bharat J. Patel	Independent Director	5

* There were in all 5 Audit Committee Meetings of the Audit Committee held during the year. The 5 meetings were held on 30th April, 2008, 30th June, 2008, 31st July, 2008, 31st October, 2008 and 30th January, 2009.

** Mr. Ashvin P. Patel has ceased to be a member of the Audit Committee w.e.f. 1st April, 2009.

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



N. K. Industries Ltd.

Details of Remuneration to the Executive Directors		(In Rupees)
Particulars	Nimish K.Patel (Chairman & Mg. Director)	Nilesh K.Patel (Mg. Director)
Salary	60,000	60,000
Commission	N.A.	N.A.
Perquisites and other allowances	N.A.	N.A.
Total	60,000	60,000

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

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, 2009 are:

- i) Shri Jayesh D.Thakkar (Independent Director)
- ii) Shri Nilesh K.Patel (Executive Director)
- iii) Shri Ashwin P. Patel (Independent 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 2009.

6. General Body Meetings

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

Date	Venue	Time
30.09.2006	7th Floor, Popular House, Ashram Road, Ahmedabad	10.00 A.M
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

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

Disclosures:

- a) The Company is having job work arrangements with its associate companies. The job work is done at market related price, comparable with ones available in the Industry.
- b) 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, 2009, Wednesday.
Time : 10.00 a.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, 2009 Last week of July, 2009
September 30, 2009 Last week of October, 2009
December 31, 2009 Last week of January, 2010
March 31, 2010 Last week of April, 2010

c. Book Closure Date : 9th September, 2009 to 30th September, 2009 (both days inclusive)

d. Dividend Payment date :

Not applicable as no dividend is proposed.

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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 2009-10 to The Bombay Stock Exchange Limited 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

g. Share Price Data

The details of Stock Price Data during the period from 1st April, 2008 to 31st March, 2009 are submitted hereunder.

Month	BSE		
	High (Rs.)	Low (Rs.)	Shares Traded (No.)
April, 2008	35.65	21.90	110149
May, 2008	35.35	28.70	89418
June, 2008	32.30	26.20	48772
July, 2008	29.80	24.00	45946
August, 2008	36.50	25.15	86091
September, 2008	35.25	20.05	34926
October, 2008	27.25	13.50	48237
November, 2008	24.00	17.15	25644
December, 2008	24.40	18.25	40014
January, 2009	24.25	19.60	23570
February, 2009	25.50	21.00	16111
March, 2009	24.05	20.85	33360

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 :-

Pinnacle Shares Registry Private Ltd.

Near Asoka Mills, Naroda Road, Ahmedabad - 380025.

i. Distribution of Shares :

Distribution of shareholding as on 31st March,2009.

No.of Shares	Shareholders		No.of Shares	
	Numbers	%	Numbers	%
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



N. K. Industries Ltd.

j. Shareholding Pattern as on 31st March,2009

Category	No.of shares held	Percentage of share holding
A. PROMOTER'S HOLDING		
1. Promoters		
-Indian Promoters	31,10,999	51.76
-Foreign Promoters	—	—
2. Persons acting in Concern	—	—
Sub-Total	31,10,999	51.76
B. NON-PROMOTERS HOLDING		
3. Institutional Investors		
a. Mutual Funds and UTI	—	—
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Government Institutions)	13,900	0.23
C. Foreign Institutional Investors	—	—
Sub-Total	13,900	0.23
4. Others		
a. Private Corporate Bodies	3,48,612	5.80
b. Indian Public	25,29,910	42.09
c. NRIs/OCBs	6,479	0.11
d. Any other (please specify)	—	—
Sub-Total	28,98,901	48.24
GRAND TOTAL	60,09,900	100.00

k. Dematerialization of share and liquidity

78.58% of the paid - up capital has been dematerialized as on 31st March 2009.
Manufacturing Facilities at: Kadi, District: Mehsana Gujarat, India

l. Address for correspondence:

For both Physical and Electronic Form: M/s. Pinnacle Share Registry Pvt. Ltd.
Near Asoka Mills Premises, Naroda Road,
Ahmedabad - 380 025.
Tele. No. : (079) 2220 4226, 2220 0591
Fax No. : (079) 2220 2963
e-mail Address: investor.service@psrpl.com

For any assistance regarding correspondence, dematerialisation of shares, share transfers, transactions, change of address, non receipt of dividend or any other query, relating to shares:

Registered Office : 7th Floor, Popular House, Ashram Road, Ahmedabad - 380 009.
Telephone Nos.:(079) 26589321 - 26

Compliance Officer: Mr. Anant B. Patel

9. As required by Clause 49 of the Listing Agreement with the Stock Exchange/s, the Auditors' Certificate is given as 'Annexure' to this Report.

For or on behalf of the Board

Date : 30th June, 2009
Place : Ahmedabad.

NIMISH K. PATEL
Chairman & Managing Director

Annual Report

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview :

The promoters selected to go into manufacturing and refining castor oil and its derivatives keeping in view market perspective. India is a dominating country in production of castor seeds with an average of 65% and Castor Oil an average of 61%. Out of the world production, India's oil export is an average over 85% out of the world export. The working of the company has started improving.

Risk and Concerns :

The company is exposed due to disparity resulting into pressure on margin. Moreover non-availability of funds from the banks due to sickness of the unit as well as repayment obligations to banks affect the quick turnaround. However, the management is aware of the said problems & therefore designed the system to address the same.

Internal Control System and their adequacy :

The Company has an adequate system of internal control relating to purchase of stores, raw materials and other assets and also for sale of goods. Job work is carried out within the time schedule. The Company has set up an Audit Committee comprising of one executive director and two non-executive independent directors w.e.f. 1st April, 2009. The Company has also appointed the firm of Chartered Accountants to carry out internal audit. The internal auditors are analysing the areas of risk with a view to strengthen the internal controls.

Financial and Operational Performance :

The income earned by the company was mainly from the charges received for the job work done for others. The operational Loss for the year was Rs.208.22 lacs. The production of Castor Oil including job work was 74,978 M.T as against 95,811 M.T. for the previous year. The Company is however making its efforts to increase the production so as to utilise the installed capacity to the maximum.

Manpower :

The management is continuously trying to see that the unit runs on job work basis as well as direct sales. Once the funds are available from the banks, it will increase its own sales and thereby increase own profitability. This will help to enhance the utilization of its capacity and thereby create further employment.

CERTIFICATE ON COMPLIANCE TO CORPORATE GOVERNANCE

The Board of Directors
N.K.Industries Ltd.,
Ahmedabad.

We have examined the Compliance of the conditions of Corporate Governance by N.K.Industries Ltd. for the year ended 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of the opinion on the financial statements of the company.

In our opinion and the best of our information and according to the explanations given to us, the Audit committee of the company does not comprise of three non-executive directors, with the majority of them being independent.

Subject to above, we certify that the company has complied with the conditions of corporate governance as stipulated in the above-mentioned listing agreement.

We further state that such compliance is neither an assurance as to the further viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

FOR, CHANDULAL M. SHAH & CO.
Chartered Accountants

Place : Ahmedabad
Date : 30/07/2009

(K.H.Vasavada)
Partner
M.No.: 12322

AUDITORS' REPORT

To The Members of N.K. Industries Limited.

1. We have audited the attached Balance Sheet of N.K. Industries Ltd., as at 31st March 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Statement on Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books
 - (iii) The Balance Sheet, Profit and Loss Account & Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account & Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 except referred to in para (vi) below.
 - (v) On the basis of written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi)
 - a) *The accounts are prepared on the assumption of "Going Concern" though the net worth is negative and reference is made to BIFR. (Refer Note No.:6 of Schedule- 22)*
 - b) *Attention is invited to Note No. 8 to Schedule 22 regarding non provision of interest on unsecured borrowings which is un-ascertainable and interest receivable on various advances considered doubtful.*
 - c) *Balances of Secured Loans, Debtors, Creditors, Unsecured Loans and Advances are subject to confirmation.*
 - d) *The company's Audit committee does not comply with requirements of sec. 292A.*
 - (vii) Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009 and
 - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.
 - (c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Place : Ahmedabad
Dated : 30/07/2009

For, Chandulal M. Shah & Co.
Chartered Accountants

(K. H. Vasavada)
Partner (M.No. 12322)

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts of N. K. Industries Limited for the year ended on 31st March 2009.

- (i) (a) The Fixed Assets Register is not maintained by the company.
(b) *The Fixed Assets are not physically verified by the Management during the year. Therefore discrepancy, if any, could not be ascertained.*
(c) During the year substantial part of fixed assets have not been disposed off.
- (ii) (a) As explained to us, the inventory has been physically verified by the management at reasonable intervals. In our opinion the frequency of verification is reasonable.
(b) The procedure of physical verification of stock followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
(c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material.
- (iii) (a) The company has granted interest free unsecured loans to three companies and one other parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 651.53 lacs and the year-end balance of such loan was Rs. 651.53 lacs.
(b) The loans are interest free loans and are considered doubtful of recovery.
(c) There is no stipulation for repayment of loan.
(d) There is no stipulation in respect of loans granted therefore the question of overdue amount does not arise.
(e) The company has taken interest free unsecured loans from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 277.24 lacs and the year end balance of such loan was Rs. 277.24 lacs. There are no loans taken from firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
(f) There are no terms and conditions in respect of interest free unsecured loans taken from company listed in the register maintained under section 301 of the Companies Act, 1956.
(g) There is no stipulation for repayment of loan taken.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.
(b) According to the information and explanations given to us, the transactions referred to in section 301 of the Companies Act, 1956 made with the company in pursuance of such contracts or arrangements have been made at prices which are reasonable having regards to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to information and explanations given to us, the company has not accepted deposit from the public during the year and therefore provisions of section 58A, 58AA or any other relevant provisions of Companies Act, 1956 and the rules made there under are not applicable.
- (vii) In our opinion, the company's internal audit system needs to be strengthened to make it commensurate with the size of the company and nature of its business.
- (viii) We are informed that maintenance of cost records are not prescribed under section 209 (1)(d) of the Companies Act, 1956
- (ix) (a) According to the information and explanations given to us the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Custom Duty, Excise Duty, Cess and any other material statutory dues applicable to it.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty and Cess were in arrears as at the end of the year, for a period of more than six months from the date they become payable.



N. K. Industries Ltd.

- (c) According to the information and explanations given to us, there are no disputed dues which are not deposited of sales tax/income tax/wealth tax/service tax/custom duty/excise duty, or cess except stated below:

Name of the Statute	Nature of Dues	Amount (Rs.in Lacs)	Period to which amount relates	Forum Where dispute is pending
Income Tax Act	Corporate Tax	263.01 (including interest upto 31/3/05)	Block Assessment from 1989 to 1999	Guj. High Court
Guj. Sales Tax	Sales Tax	4870.96 (Net of payments)	F.Y. 1989-90, 90-91, 98-99 to 2003-04	Sales Tax Tribunal / Commercial Tax Officer

- (x) In our opinion, the accumulated losses of the company as on 31st March 2009 are more than the fifty percent of its net worth. However, it has not incurred cash loss during the current financial year and there was no cash loss during the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company had defaulted in repayment of term loan and working capital dues, amounting to Rs. 1648.64 lacs, being balance outstanding on 31st March, 2009. The Company has entered into compromise agreement under 'One Time Settlement' scheme with all the banks (except Visnagar Nagrik Sahkari Bank Ltd.) The monthly installment of such banks as per the scheme is being paid. In respect of Visnagar Nagrik Sahkari Bank Ltd, in which case, the company has made default to repay working capital loans amounting to Rs.179.84 lacs (amounts are as per notice from the bank).
- (xii) According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore provisions of clause (xiii) of the Order are not applicable to the company.
- (xiv) According to the information and explanations given to us the company is not dealing or trading in shares and securities. There are no such shares or securities held by the company.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company has not raised any new term loans during the year.
- (xvii) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
- (xviii) The company has not issued any debentures and therefore the creation of securities or charges does not arise.
- (xix) The company has not raised any money by public issue during the year.
- (xx) According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

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BALANCE SHEET AS ON 31ST MARCH 2009

(Currency : Indian Rupee)

	SCH		31/03/2009	31/03/2008
SOURCES OF FUNDS :				
SHARE HOLDERS' FUNDS:				
SHARE CAPITAL	1	60,099,000	60,099,000	
RESERVES & SURPLUS	2	211,723,597	211,723,597	
		271,822,597	271,822,597	
LOANS FUNDS:				
SECURED LOANS	3	164,863,846	272,804,009	
UNSECURED LOANS	4	83,362,394	81,362,395	
		248,226,240	354,166,404	
DIFFERED TAX LIABILITY		14,295,106	---	
TOTAL		534,343,943	625,989,001	
APPLICATION OF FUNDS :				
FIXED ASSETS:				
GROSS BLOCK	5	518,679,100	509,266,443	
LESS : DEPRECIATION / AMORTISATION		399,553,064	378,443,154	
NET BLOCK		119,126,036	130,823,289	
CAPITAL WORK IN PROGRESS (Including capital advances)		1,584,328	487,710	
		120,710,364	131,310,999	
INVESTMENTS:	6	24,560	24,560	
CURRENT ASSETS, LOANS & ADVANCES:				
INVENTORIES	7	12,605,984	10,737,632	
SUNDRY DEBTORS	8	57,517,329	70,764,804	
CASH & BANK BALANCE	9	552,435	2,729,080	
LOANS & ADVANCES	10	95,345,834	98,786,343	
		166,021,582	183,017,859	
LESS : CURRENT LIABILITIES & PROVISION :				
CURRENT LIABILITIES	11	181,760,516	80,985,909	
PROVISIONS	12	48,781,768	46,773,034	
		230,542,284	127,758,943	
NET CURRENT ASSETS		(64,520,702)	55,258,915	
PROFIT & LOSS A/C		478,129,722	439,394,527	
TOTAL		534,343,943	625,989,001	

Significant Accounting Policies

The accompanying notes form an integral part of this balance sheet. SCH 22

As per our Report of even date attached.

For Chandulal M. Shah & Co.

Chartered Accountants

NIMISH K. PATEL

Chairman & Managing Director

NILESH K. PATEL

Managing Director

JAYESH D. THAKKER

Director

(K.H.Vasavada)

Partner

M.NO. 12322

Place: Ahmedabad

Date : 30.07.2009

Place: Ahmedabad

Date : 30.06.2009



N. K. Industries Ltd.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2009

(Currency : Indian Rupee)

PARTICULARS	SCH	31/03/2009	31/03/2008
INCOME			
Sales		144,724,473	19,857,235
Less: Sales Tax/Value Added Tax		-	-
	13	144,724,473	19,857,235
Job Work Charges Received		178,954,351	209,369,782
Other Income	14	53,191,683	65,770,941
Excess Provision of Doubtful Advances Written Back		-	5,891,990
		376,870,507	300,889,948
EXPENDITURE			
Cost of Materials Consumed (Includes Movement in Inventory)	15	138,829,188	25,576,805
Purchase of Finished Goods	16	1,445,090	-
Manufacturing Expenses	17	114,922,343	96,558,407
Employee Costs	18	24,732,468	12,512,741
Administrative and Selling Expenses	19	75,200,374	13,973,938
Financial Charges	20	21,452,684	14,875,786
Depreciation / Amortisation	5	21,109,909	25,227,559
		397,692,056	188,725,236
Profit Before Extraordinary Items, Prior Period Items and Tax		(20,821,549)	112,164,712
Add: Extra Ordinary Item- Waiver Of Interest on Borrowings (Refer Note No. 9)		-	28,225,364
Profit before prior period items and tax		(20,821,549)	140,390,076
Prior period Expenses/(Income)	21	1,391,352	8,506,340
Profit before tax		(22,212,901)	131,883,736
Taxation			
- Current tax		2,100,000	19,000,000
- Fringe benefit tax		127,188	148,000
- Differed Tax - Previous Year		25,417,673	-
- Differed Tax Income - Current Year		(11,122,567)	-
Profit after tax		(38,735,195)	112,735,736
Balance brought forward from previous year		(439,394,527)	(551,047,517)
Less : Gratuity / Leave Encashment Liability as per Transitional Provision as per AS-15	22(13)	-	1,082,746
Amount available for appropriation		(478,129,722)	(439,394,527)
Earning per share			
	22(4)		
Basic and diluted (par value of Rs 10 each)			
- After taxation before extra-ordinary Items (net of tax)		(6.11)	18.66
- After taxation		(6.45)	18.76
Basic and diluted (par value of Rs 10 each)			

Significant Accounting Policies

The accompanying notes form an integral part of this Profit & Loss Account 22

As per our Report of ever date attached.

For Chandulal M. Shah & Co.
Chartered Accountants

NIMISH K. PATEL
Chairman & Managing Director

NILESH K. PATEL
Managing Director

(K.H.Vasavada)
Partner
M.NO. 12322

JAYESH D. THAKKER
Director

Place: Ahmedabad
Date : 30.07.2009

Place: Ahmedabad
Date : 30.06.2009

Annual Report

SCHEDULES TO BALANCE SHEET

(Currency : Indian Rupee)

	31/03/2009	31/03/2008
SCHEDULE -1 SHARE CAPITAL:		
AUTHORISED :		
2,50,00,000		
Equity Shares of Rs. 10/- each	250,000,000	250,000,000
5,00,000 Preference Shares of Rs. 100/- each	50,000,000	50,000,000
	<u>300,000,000</u>	<u>300,000,000</u>
Issued, Subscribed & Paid up Capital:		
6009900 Equity Shares of Rs. 10/- each fully paid up [Out of the above 1800030 Equity Shares are issued as fully paid up Bonus Shares]	60,099,000	60,099,000
	<u>60,099,000</u>	<u>60,099,000</u>
TOTAL	<u><u>60,099,000</u></u>	<u><u>60,099,000</u></u>
SCHEDULE - 2 RESERVES & SURPLUS:		
CAPITAL RESERVE		
Central Govt. Cash Subsidy	1,224,592	1,224,592
State Govt. Cash Subsidy	1,872,464	1,872,464
Waiver of Principal Amt. of Bank (Refer Note No. 9 of Sch. 22)	117,291,468	117,291,468
	120,388,524	120,388,524
INVT.ALLOW.(UTILISED) RESERVE	1,038,073	1,038,073
SHARE PREMIUM	90,297,000	90,297,000
	<u>90,297,000</u>	<u>90,297,000</u>
TOTAL	<u><u>211,723,597</u></u>	<u><u>211,723,597</u></u>
SCHEDULE - 3 SECURED LOANS:		
[1] TERM LOANS:		
INDUSTRIAL DEVELOPMENT BANK OF INDIA	---	8,000,000
[Above Loans have been secured against all Fixed Assets having first Pari-Passu Charge, and Personal Gaurantee of Directors, & Floating Charges on Current Assets)		
[2] LOAN AGAINST IMPORT DOCUMENT		
(Secured against Pledge/Hypothecation of Import Material)		
Kotak Mahindra Bank Limited	155,113,846	189,802,009
Interest Accured on Above Loan		
	<u>155,113,846</u>	<u>189,802,009</u>



N. K. Industries Ltd.

SCHEDULES TO BALANCE SHEET

(Currency : Indian Rupee)

31/03/2009

31/03/2008

[3] PACKING CREDIT ACCOUNT

(Secured against Hypothecation of Current Assets and having second Pari-Passu charge on Fixed Assets & Personal Gaurantee of Directors)

Andhra Bank,	----	14,000,000
Bank of Baroda	----	31,502,000
Dena Bank	9,750,000	26,000,000
The Development Credit Bank Limited	----	3,500,000
	<u>9,750,000</u>	<u>75,002,000</u>
TOTAL	<u>164,863,846</u>	<u>272,804,009</u>

SCHEDULE - 4

UNSECURED LOANS :

FROM COMPANIES	83,362,394	81,362,395
TOTAL	<u>83,362,394</u>	<u>81,362,395</u>

SCHEDULE - 5 (FIXED ASSETS)

(In Rs.)

SR. NO.	ITEM	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		AS ON 01/04/08	Add. Dur. Yr.	Sales/ Transfer	AS ON 31/03/09	AS ON 01/04/08	Porv. Dur. Yr.	Adj.	AS ON 31/03/09	AS ON 31/03/09	AS ON 31/03/08
1	LAND	3390352	0	0	3390352	0	0	0	0	3390352	3390352
2	BUILDING	99333913	1028273	0	100362186	33897809	3172752	0	37070561	63291625	65436104
3	PLANT & MACHINERY	392210113	7867014	0	400077127	333593827	17077695	0	350671522	49405605	58616286
4	FURNITURE & FIXTURE	3654627	21257	0	3675884	2738753	237049	0	2975802	700082	915874
5	OFFICE EQUIPMENT	6763521	496113	0	7259634	4423848	590051	0	5013899	2245735	2339673
6	VEHICLES	3913917	0	0	3913917	3788917	32363	0	3821280	92638	125000
7	CAPITAL WORK IN PROGRESS	487710	1096618		1584328					1584328	487710
TOTAL 31/03/2009		509754153	10509275	0	520263428	378443154	21109910	0	399553064	120710364	131310999
TOTAL 31/03/2008		503284570	6734583	265000	509754153	353215596	25227558	0	378443154	131310999	150068974

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SCHEDULES TO BALANCE SHEET

(Currency : Indian Rupee)

	31/03/2009	31/03/2008
SCHEDULE - 6 INVESTMENT		
LONG TERM : QUOTED SHARES:		
10000 Equity Shares of Hytaisun Magnetics Ltd., of Rs. 10/- each fully paid up.	100,000	100,000
51400 Equity Shares of Dena Bank of Rs. 10 each fully paid up	----	1,619,242
350000 Equity Shares of Ficon Lease & Finance Ltd. of Rs. 10 each fully paid up	3,500,000	3,500,000
100000 Equity Shares of Accurate Exports Ltd. of Rs. 10 each fully paid	1,000,000	1,000,000
	4,600,000	6,219,242
Less: Provision for Dimunation in value	4,600,000	6,219,242
MARKET VALUE OF QUOTED INVESTMENT	NIL	NIL
UNQUOTED SHARES:		
6 Equity Shares of Kalupur Comm. Bank of Rs.10/- fully paidup	60	60
128000 Equity Shares of Visnagar N.S.B. Ltd. of Rs. 25/- each fully paid up	3,515,000	3,515,000
National Saving Certificate	24,500	24,500
	3,539,560	3,539,560
Less: Provision for Diminution in value	3,515,000	3,515,000
	24,560	24,560
TOTAL	24,560	24,560
SCHEDULE - 6 INVENTORIES		
Finsihed Goods	3,826,433	2,490,546
Stores	7,001,075	6,509,475
Chemicals	1,778,476	1,737,611
TOTAL	12,605,984	10,737,632
SCHEDULE - 8		
SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period Exceeding six months		
- Considered Good	52,651,282	59,944,842
- Considered Doubtful	352,894,638	352,989,904
	405,545,920	412,934,746
Debts outstanding for a period Less Than Six Months		
	4,866,047	10,819,962
	4,866,047	10,819,962
Less : Provision for doubtful debts	352,894,638	352,989,904
TOTAL	57,517,329	70,764,804
(Includes Rs.91.24 Lacs (P.Y. Rs. 87.97 Lacs)due from companies under same management Max. Balance Outstanding from such companies is Rs. 91.24 (P.Y. Rs. 140.92)		



N. K. Industries Ltd.

SCHEDULES TO BALANCE SHEET

	31/03/2009 Rs.	31/03/2008 Rs.
SCHEDULE - 9 CASH & BANK BALANCES		
Cash on Hand	81,349,	292,659
Balance with Scheduled Banks	471,086	2,436,421
TOTAL (A)	552,435	2,729,080
SCHEDULE - 10 LOANS AND ADVANCES		
<i>(Unsecured, considered good)</i>		
Advances Recoverable in Cash or in Kind or for Value to be Received (Includes Doubtful Advances of Rs.882.51 acs (P.Y. Rs. 557.18 lacs)	176,595,646	154,301,724
Advance To Suppliers	8,466,493	2,316,731
(Includes Doubtful Advances of Rs. 14.65 lacs (P.Y. Rs. 21.14 lacs)	185,062,139	156,618,455
Less: Provision for Doubtful Advances	89,716,305	57,832,112
Total	95,345,834	98,786,343
SCHEDULE - 11 CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors For Goods & Expenses	26,711,694	27,336,229
Advance From Customers	115,321,867	41,713,399
Other Liabilities	39,726,955	11,936,281
Total	181,760,516	80,985,909
SCHEDULE - 12 PROVISIONS :-		
Gratuity	2,189,125	1,377,223
Income Tax Provision F.Y. 2007-2008	19,000,000	19,000,000
Income Tax Provision F.Y. 2008-2009	2,100,000	-
Income Tax Provision (Block Assessment)	10,443,291	11,543,291
Interest Payable on Income Tax Block Assessment	14,758,294	14,758,294
Leave Encashment	291,058	94,226
Total	48,781,768	46,773,034
SCHEDULE - 13 SALES		
Domestic Sales		
12 Hydroxy Stearic Acid	143,151,837.23	19,857,235.00
Ground Nut Husk	1,572,636.00	-
Total	144,724,473	19,857,235
SCHEDULE - 14 OTHER INCOME		
Hire Charges	84,000	84,000
Interest From Others	3,679,759	2,832,287
Miscellaneous Income	752,441	405,345
Miscellaneous Sales	535,369	2,208,007
Packing Charges	-	45,870
Excess Prov.For Dim. In Shares W.R.Back	1,619,242	-
Labour Charges Recover	1,112,447	-
Profit from Future & Options	192,365	-
Sales (Refer Note No. 5 of Schedule 22)	45,110,232	27,811,730
Insurance Claim Recover	10,562	-
Recovery of Bad debts Written off	95266	-
Settlement Charges	-	7,955,000
Sundry Credit Balance Written Back	-	3,398,826
Sundry Credit Balance written of Earlier Recovered	-	21,029,876
Total	53,191,683	65,770,941

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SCHEDULES TO BALANCE SHEET

(Currency : Indian Rupee)

	31/03/2009	31/03/2008
SCHEDULE - 15 COST OF MATERIALS		
Raw Material Consumed		
Opening Stock of Castor Oil		
Add: Purchase of Castor Oil During the Year	120,808,450	12,287,950
	<u>120,808,450</u>	<u>12,287,950</u>
Less: Castor Oil Sold During the Year	-	-
Less : Closing Stock of Castor Oil During the Year	-	-
Sub Total (a)	<u>120,808,450</u>	<u>12,287,950</u>
Stores Consumed		
Opening Stock of Stores	6,509,475	6,581,767
Add: Purchase of Stores During the Year	9,752,825	7,348,975
	<u>16,262,300</u>	<u>13,930,742</u>
Less: Stores Material Sold	-	-
Less : Closing Stock of Stores	7,001,075	6,509,475
Sub Total (b)	<u>9,261,225</u>	<u>7,421,267</u>
Chemical Consumed		
Opening Stock of Chemicals	1,737,611	1,888,302
Add: Purchases of Chemicals During the Year	9,634,496	76,084,889
	<u>11,372,107</u>	<u>77,973,191</u>
Less : Chemicals Rcovered/Sold	-	74,784,998
Less : Closing Stock of Chemical	1,778,476	1,737,611
Sub Total (c)	<u>9,593,631</u>	<u>1,450,582</u>
Packing Material Consumed		
Opening Stock of Packing Material	-	-
Add: Purchases of Packing Material During the Year	503,154	867,997
	<u>503,154</u>	<u>867,997</u>
Less : Packing Material Rcovered/Sold	1,385	-
Less : Closing Stock of Packing Material	-	-
Sub Total (d)	<u>501,769</u>	<u>867,997</u>
(Increase) / Decrease in Stocks		
Opening Stock		
- Finished goods	2,490,546	6,039,555
	<u>2,490,546</u>	<u>6,039,555</u>
Less: Closing Stock		
- Finished goods	3,826,433	2,490,546
	<u>3,826,433</u>	<u>2,490,546</u>
Net (Increase) / Decrease in Stocks (e)	<u>(1,335,887)</u>	<u>3,549,009</u>
Total (a) To (e)	<u>138,829,188</u>	<u>25,576,805</u>
SCHEDULE - 16 PURCHASE OF FINISHED GOODS		
Purchase of Groundnut Husk	1,445,090	-
Purchase of Castor De Oil Cake	-	-
Total	<u>1,445,090</u>	<u>-</u>



N. K. Industries Ltd.

SCHEDULES TO BALANCE SHEET

(Currency : Indian Rupee)

	31/03/2009	31/03/2008
SCHEDULE - 17 MANUFACTURING EXPENSES		
Factory Miscellaneous Expense	3,170,273	2,858,722
Insurance	320,550	333,476
Laboratory Expense	125,124	48,278
License Fees	2,345	34,685
Power & Fuel Consumed	95,454,787	74,365,069
Repairs & Maintenance - Plant & Machinery	3,474,138	4,204,485
Wages - Through Contractor	12,375,126	14,713,692
Total	114,922,343	96,558,407
SCHEDULE - 18 EMPLOYEE COSTS		
Salaries, Wages, Bonus and Allowances	23,160,169	10,980,051
Contribution to Provident, FPF and Other Funds	937,144	887,648
Staff Welfare	242,155	387,042
Director's Remuneration	393,000	258,000
Total	24,732,468	12,512,741
SCHEDULE - 19 ADMINISTRATIVE AND SELLING EXPENSES		
(A) Administrative Expenses		
Auditor's remuneration	635,255	561,800
Communication Expense	504,684	499,495
Computer Repairs & Maintenance Expenses	15,240	-
Conveyance Expenses	180,765	204,258
Kasar Account	1,187	18,391
Legal and Professional Fees	1,812,380	2,157,266
Municipal Tax	172,400	-
Office Miscellaneous Expenses	745,803	517,086
Postage & Telegram Expenses	79,245	81,674
Provision for Doubtful Advances	31,884,193	-
Rent, Rates & Taxes	235,325	2,962,970
Repairs and Maintenance Others	2,460,433	2,560,194
Secretarial Work & Filing Expenses	109,304	87,213
Security Expenses	1,681,218	1,560,228
Stationery & Printing Expenses	218,959	275,343
Sundry Balances Written Off	5,057,225	-
Travelling Expenses - Directors	462,689	847,155
Shares Investment Written Off	1,619,242	-
Travelling Expenses - Others	130,706	114,945
Foreign Exchange Fluctuation Loss	1,010,000	-
Liquidator Damages	24,465,000	-
Vehicle Expenses	780,518	706,433
Sub Total (a)	74,261,770	13,154,451

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SCHEDULES TO BALANCE SHEET

(Currency : Indian Rupee)

	31/03/2009	31/03/2008
(B) Selling Expenses		
Advertisement Expenses	435,940	135,290
Dalali & Brokerage Expenses	-	31,042
Sales Tax Expenses	62,696	552,000
Seminar Expenses	9,500	-
Transportation Charges - Local	430,468	101,155
Sub Total (b)	938,604	819,487
Total (a) + (b)	75,200,374	13,973,938
<u>SCHEDULE - 20 FINANCIAL CHARGES :</u>		
Interest:		
Bank Commision & Charges	34570.00	25151
Paid to Bank	21,397,317	14,803,678
Paid to Others	20,797	46,957
	<u>21,452,684</u>	<u>14,875,786</u>
Total	21,452,684	14,875,786
<u>SCHEDULE - 21 PREVIOUS YEAR EXPENDITURE/INCOME</u>		
Advertisement Expenses	300,000	-
Canteen Expenses	-	16,067
Communication Expenses	3,986	-
G.E.B.Cosp.	153,983	-
Factory Miscellaneous Expenses	4,386	10,116
Freight Charges	256,444	23,850
Guest House Expenses	-	10,255
Fring Benefit Tax	74,651	-
Income Tax Interest/Fringe Benefit Tax	-	44,353
Inspection Fees	-	200,000
Legal & Professional Fees	178,900	(178,100)
Loading & Unloading Expenses	30,664	17,320
Office Miscellaneous Expenses	6,850	9,448
Provision for unpaid Expenses	-	145,230
Purchase Castor Oil	-	772,372
Purchase Chemical	-	(114,717)
Purchase of Stores Material	-	32,810
Post & Courier	572	-
Service Tax	16,282	-
Repairs to Plant & Machinery	-	89,239
Rent Rate Taxes	14,400	-
Salary/Bonus to Staff	-	17,745
Speculation	240,394	-
Settlement Charges	-	7,335,000
Secretarial Exps.	12,096	-
Transportation Charges - Local	94,961	9,872
Travelling Expenses	1,483	27,694
Vehicle Repairs Expenses	1,300	458
Wages Through Contractor	-	37,328
Total	1,391,352	8,506,340



N. K. Industries Ltd.

SCHEDULE -22

NOTES FORMING PART OF ACCOUNTS:

1. Significant accounting policies

Basis of preparation of financial statements

The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards issued under Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable, except in respect of export benefits and employee benefits.

Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements. Actual results may differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

Fixed assets and depreciation/amortisation

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation. Cost comprises purchase price, duties, levies and other directly attributable expenses of bringing the asset to its working condition for the intended use.

Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.

Advances paid towards acquisition of fixed assets and the cost of assets acquired but not ready for use as at the balance sheet date are disclosed under capital work-in-progress.

Cost incurred by the company in respect of leased assets is capitalized.

Assets costing individually Rs 5,000 or less are depreciated fully in the year of purchase.

Depreciation on tangible fixed assets (purchased up to 30th September, 2005), is provided using the Straight Line Method at the rates specified under Schedule XIV to the Companies Act, 1956.

Depreciation on tangible fixed assets for expansion project is provided using the Written down Value Method at the rates specified under Schedule XIV to the Companies Act, 1956.

In respect of fixed assets purchased during the year, depreciation is provided on a pro-rata basis from the date on which such asset is ready to be put to use.

Impairment of assets

In accordance with accounting standard 28 on 'Impairment of assets', the Company assess at each balance sheet date whether there is an indication that assets of the Company may be impaired. Where any such indication exists the company estimates the recoverable amount of the assets. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated at the higher of its net selling price and its value in use. An impairment charge is recognised whenever the carrying amount of the asset or cash-generating unit exceeds its recoverable amount.

Investments

Long-term investments are carried at cost less any other than temporary diminution in value, determined separately for each individual investment. Current investments are carried at lower of cost and fair value.

Inventories

Inventories are valued at lower of cost and net realisable value. Cost is determined under the first-in, first-out method and includes all costs incurred in bringing the inventories to their present location and condition. Finished goods and Work-in-progress include appropriate proportion of costs of conversion. By product is valued at net realizable value.

Revenue recognition

Revenue from Job Work is recognised on completion of work.

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer.

Export sales is recognised on the basis of date of shipment based on date of Bill of Lading.

Income from export benefits is accounted for based on reasonable certainty of receipt.

Employee Benefits

- (i) Post-employment Benefits:
 - (a) Defined Contribution Plans:

The company has Defined Contribution Plans for post employment benefits, charged to Profit & Loss Account, in form of:

 - Provident Fund / Employee's Pension Fund administered by the Regional Provident Fund Commissioner,
 - (b) Defined Benefit Plans:

Unfunded Plan:

 - (i) The Company has Defined Benefit Plan for post employment benefits in the form of Gratuity for all employees.
 - (ii) The Company has Defined Benefit Plan for post employment benefits in the form of Leave Encashment for all employees.
- Liability for the above Defined Benefit Plan is provided on the basis of actuarial valuation, as at the balance sheet date, carried out by independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit Method.
- (ii) The actuarial gains and losses arising during the year are recognized in the Profit & Loss Account for the year.

Foreign currency transactions

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. The difference between the actual rate of settlement and the rate on the date of the transaction is charged or credited to profit and loss account.

In respect of monetary current assets and liabilities denominated in foreign currencies, the overall net gain or loss, if any, on conversion at the exchange rates prevailing on the date of the balance sheet is charged to revenue.

Taxation

Income tax expense comprises current tax expense, fringe benefit tax and deferred tax expense/credit.

Current tax and fringe benefit tax

Provision for current tax is calculated in accordance with the provisions of the Income-Tax Act, 1961 and is made annually based on the tax liability computed after considering tax allowances and exemptions.

The Company provides for and discloses the FBT in accordance with the provisions of Section 115 WC of the Income-tax Act, 1961 and the guidance note on FBT issued by ICAI.

Assets and liabilities representing current tax and fringe benefit tax are disclosed on a net basis when there is a legally enforceable right to set off and where the management intends to settle the asset and liability on a net basis.

Deferred tax

Deferred tax liability or asset is recognised for timing differences between the profits/losses offered for income taxes and profits/losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent there is a reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Earnings per share ('EPS')

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti dilutive. The number of equity shares is adjusted for any share splits and bonus shares issued effected prior to the approval of the financial statements by the Board of Directors.

Contingencies and provisions

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.



N. K. Industries Ltd.

2. Notes to accounts	(Amount in Lacs)	
	2009	2008
1. <i>Contingent liabilities & provisions</i>		
<i>Contingent Liabilities</i>		
a. Claims against the Company, not acknowledged as debts (including interest and penalty)		
- Sales tax	4870.96	4870.96
- Custom Duty (notice under Foreign Trade Development Regulation Act for non fulfillment of export obligations)	Not ascertainable	Not ascertainable
- Other Claims (without considering interest liability)	1333.31	1391.73
- Various Suits filed by banks and others	Note bellow *	Note bellow *
b. Winding up petition pending against the company filed by Vemag Engg. Pvt. Ltd. For recovery of dues	9.07	9.07
c. Storage Rent in respect of earlier year for storage of Oil	Not Ascertainable	Not Ascertainable
d. Liability of Interest and other dues in case of failure of comply compromise proposal with banks.	Not Ascertainable	Not Ascertainable
*All legal cases filed by banks are compromised and payments are fully made as per compromise deeds except Kotak Mahindra Bank Ltd. The Consent terms are filed with DRT-Mumbai and payments are made as per the consent terms to Kotak Mahindra Bank Ltd.		
2. Earnings per share (par value of Rs. 10 each)		
Profit after taxation (before extra ordinary items)	(387.35)	1121.64
Weighted average number of equity shares	6009900	6009900
Earnings per share on profit after taxation		
-Basic and diluted earnings (in Rs) per share	(6.45)	18.66
Profit after taxation (after extra ordinary items)	(387.35)	873.18
Weighted average number of equity shares	6009900	6009900
Earnings per share on profit after taxation		
-Basic and diluted earnings (in Rs) per share	(6.45)	14.53
3. The company has made various payments to Visnagar Nagrik Sahkari Bank Ltd. towards the liability of NK Group of Companies and accounted in the books at their own. As against the same, Visnagar Nagrik Sahkari Bank Ltd. has appropriated the receipts in different company. As a result, balance with Visnagar Nagrik Sahkari Bank Ltd., does not reconcile. However, as NK Group of Companies, balances are reconciled		
4. The finished goods lying in Hindustan Organics Pvt Ltd (H.O.P.) tanks at Kandla Port were disposed of by the lead bank, Bank of Baroda as per the court's order. The sale proceeds of Rs 2, 29, 62,260 were deposited in the Central Bank of India in view of H.O.P.'s Claim on the said amount on account of rent. This deposit was renewed from time to time, last renewed on 27 th October, 2008 for two years by Bank of Baroda for Rs. 3,59,95,900. No interest is provided in view of counter claim of H.O.P.		
5. The Company is carrying on job work of crushing of seeds and processing of oil. As per the agreement with the customers, guaranteed percentage of oil is required to be handed over to the customers. In the process of job work, excess yield of oil and Doc is generated over guaranteed yield of oil and Doc to the Customers due to efficiency of operations. Such surplus oil / Doc generated is sold by the Company. Such sale is shown under the head Other Income, as the main business is Job Work.		
6. The company was declared as a Sick Industrial Company by BIFR by an order dated 09-07-1999. The State Bank of India had preferred appeal before AAIFR against such order. The AAIFR by order dated 12/05/2000 allowed the appeal of SBI and set aside order dt.9-7-99 of BIFR. The company had filed writ petition before Honorable Gujarat High Court, which was decided against the company. The Company therefore filed LPA. The Divisional Bench vide order dated 4-12-2001 has issued ad-interim Stay against order of AAIFR with a direction that proceedings already initiated by the banks & financial institution for recovery of dues before DRT shall continue. Thus, the Company is still a Sick Industrial undertaking as per order DT. 9-7-99 of BIFR. Thereafter DRT Ahmedabad has passed the Orders against the Company		

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& issued the Recovery Certificates to the banks. However execution thereof is kept in abeyance by the Recovery officer, since the Company is still a Sick Unit under SICA & Section 22(1) of SICA is operative. The company on its part has made references to BIFR every year and such references are registered by BIFR. In the meanwhile, the Recovery officer of DRT II, Mumbai issued the execution proceedings on the basis of DRT II's Order in case of Kotak Mahindra Bank Ltd against it. The Consent deed signed with Kotak Mahindra Bank Ltd and payments are made as per the consent deed.

The division bench of the Gujarat High Court while granting stay of AAIFR's order also directed BIFR to submit whether the management of the company committed any malfeasance or misfeasance in terms of section 24 of SICA. BIFR has conducted various hearings and the final report is yet to be submitted to the Hon'ble High Court. In the meanwhile, company has filed an appeal in the Hon'ble High Court inter alia for withdrawing inquiry report under section 24 in view of compromise settlements with all the banks. The matter is pending. Dues of all banks and IDBI are fully paid off as per the compromises except Kotak Mahindra Bank Ltd for which payments are made as per the consent deed.

7. There was a Search & Seizure action U/S 132 of the Income Tax Act on 24.2.99. The Income Tax department had raised demand of Rs. 33.12 crores in the block assessment Order DT. 30.4.01. Subsequently, ITAT has given relief to the extent of Rs. 28.84 crores. The company's appeal before Hon. Gujarat High Court for addition confirmed by ITAT of Rs. 4.28 crores is admitted. Pending the disposal of appeal by Hon'ble High Court the provision for Income Tax of Rs.2.88 Crores on addition confirmed by ITAT was made during F.Y.2002-03 and provision of Rs. 1.27 crore of interest payable upto 31.03.2005 is made in the accounts. Adhoc payments made against outstanding demands are adjusted against principal amounts. No provision is made for the interest payable if any, on the outstanding demand for the period from 1st April, 2005 till date as company is hopeful of getting favorable order from the High Court.
8. No provision is made during the year for interest receivable on various advances amounting to Rs. 882.51 Lacs (P.Y. Rs.578.32) as the same are considered doubtful.
No provision is made during the year for interest payable on various unsecured borrowing of Rs. 333.62 Lacs (P.Y. 813.62).
9. The Company is engaged in the business of manufacturing and selling the Refined Castor Oil and its derivatives. Thus there is solitary business segment of Oils. Therefore, segment wise information as required by AS-17 on "Segment Reporting" is not applicable.
11. Related Party Disclosure as per AS-18 are,

Associate firm / Company

N.K.Proteins Ltd.
N.K.Roadways Pvt.Ltd.
Shanti Stock Holdings P.Ltd.
N.K.Estate Developers P.Ltd
N.K.Oil Mills Pvt.Ltd
N.K.Corporation
N.K.Aviations
N.K Flour Mills Ltd.
Tirupati Proteins Pvt.Ltd.
Tirupati Retails Pvt. Ltd.
Adrenal Advertising & Promotions Pvt. Ltd.

Key Managerial personnel

Nimish K. Patel
Nilesh K. Patel
Ashwin P. Patel
Rajiv M. Todi, Manager

Relatives Key Managerial personnel

Sonal N. Patel
Ashita N. Patel
Neela A. Patel
Suchita R. Todi



N. K. Industries Ltd.

Transaction with related parties		
Transaction	31.03.2009	31-03-2008
Purchases		
N. K. Protiens Ltd.	168656268	47007170
N.K. Oil Mills Pvt.Ltd	Nil	Nil
Sales		
N.K.Protiens Ltd.	82772559	27866584
Loans Given		
N.K.Corporation	Nil	3195185
N.K Flour Mills Ltd.	19041408	17232615
Tirupati Proteins Pvt.Ltd.	Nil	2269039
N.K.Roadways Pvt.Ltd.	2000000	
Shanti Stock Holdings Pvt.Ltd.	499921	
Loans Taken		
N.K.Roadways Pvt.Ltd.	Nil	943481
Shanti Stock Holdings P.Ltd.	Nil	1048056
N.K.Estate Developers P.Ltd	Nil	6596
N.K.Oil Mills Pvt.Ltd	2017000	1949311
N.K.Proteins Ltd.	Nil	27725579
Job Work Charges Received		
N.K.Proteins Ltd.	172732211	209369782
Hire Charges Received		
N.K.Roadways Pvt.Ltd.	84000	84000
Remuneration		
Nimish K. Patel	60000	60000
Nilesh K. Patel	60000	60000
Ashwin P. Patel	273000	138000
Rajiv M. Todi, Manager	494400	494400

Balances Receivable / (Payable) from / to related parties		
Name of the Party	31-03-2009	31-03-2008
N.K.Proteins Ltd.	(137879178)	(64243471)
N.K.Roadways Pvt.Ltd.	2161238	77236
Shanti Stock Holdings P.Ltd.	4935798	4435877
N.K.Estate Developers P.Ltd	10512295	10413502
N.K.Oil Mills Pvt.Ltd	6962787	8720512
N.K.Corporation	(117571)	Nil
N.K Flour Mills Ltd.	48880323	29838915
Nimish K. Patel	(2218637)	(2592318)
Nilesh K. Patel	(3010085)	(2950085)
Ashwin P. Patel	20000	20000
Rajiv M. Todi, Manager	1120587	1120587
Ashitaben N. Patel	(1028316)	(1028316)

12. The Accounting Standard - 15 "Employee Benefits" is issued under Companies (Accounting Standards) Rule, 2006. In accordance with the above standard, the obligations of the company, on account of employee benefits, based on independent actuarial valuation, is accounted for in the books of account.

The company has classified the various benefits provided to employees as under:

I. Defined Contribution Plans:

(a) Provident Fund / Employees' Pension Fund

During the year, the company has recognized the following amounts in the Profit & Loss Account:

Employer's Contribution to Provident Fund / Employee's Pension Fund	Rupees in Lacs 9.37
---	------------------------

The above amounts are included in Contribution to Provident and Other Funds and (Schedule - 18)

II. Defined Benefit Plans:

(a) Provision for Gratuity Liability

(b) Provision for Leave Encashment

In accordance with Accounting Standard- 15, relevant disclosures are as under:

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(A) Changes in Defined Benefit Obligation:

Description	Rs. in Lacs			
	Gratuity [Non-Funded Scheme]		Leave Encashment	
	2008-09	2007-08	2008-09	2007-08
Defined Benefit Obligation as at 1 st April, 2008	13.77	10.26	0.94	0.57
Current Service Cost	2.38	1.57	2.27	0.20
Interest Cost	1.05	0.87	0.07	0.05
Benefits Paid	(1.60)	(1.00)	(0.07)	(0.06)
Actuarial (gain) / loss on Obligations	6.29	2.07	(0.30)	0.18
Defined Benefit Obligation as at March 31, 2009	21.89	13.77	2.91	0.94

(B) Amount recognized in the Balance Sheet:

Description	Rs. in Lacs			
	Gratuity [Non-Funded Scheme]		Leave Encashment	
	2008-09	2007-08	2008-09	2007-08
Defined Benefit Obligation as at March 31, 2009	21.89	13.77	2.91	0.94
Fair Value of Plan Assets as at March 31, 2009	0.00	0.00	0.00	0.00
Liability / (Asset) recognized in the Balance Sheet included in Current Liabilities and Provisions	21.89	13.77	2.91	0.94

(C) Expenses recognized in the Profit & Loss Account:

Description	Rs. in Lacs			
	Gratuity [Non-Funded Scheme]		Leave Encashment	
	2008-09	2007-08	2008-09	2007-08
Current Service Cost	2.38	1.57	2.27	0.20
Interest Cost	1.05	0.87	0.07	0.05
Expected Return on Plan Assets	0.00	0.00	0.00	0.00
Net actuarial (gain) / loss recognized in the period	6.29	2.07	(0.30)	0.18
Total Expenses recognized in the P & L Account included in Contribution to Provident and Other Funds	9.72	4.51	2.04	0.43

(D) Actuarial Assumptions:

In accordance with Accounting Standard- 15, actuarial valuation as at the year end was performed in respect of the aforesaid Defined Benefit Plans based on the following assumptions:

- (a) Discount rate [per annum] – 7.61 %
- (b) Expected Retirement age of employees [years] – 58 years
- (c) Rates of leaving service – 3%
- (d) Expected Increase in Salary – 5%
- (e) Leave Availment Pattern, The balance leave is available for encashment on separation from the company.
- (f) The estimates of future salary increases, considered in the actuarial valuation, taken on account of inflation, security, promotion and other relevant factors such as supply and demand in the employment market.

13. Deferred tax:

Deferred tax (liability)/asset	2008-09	2007-08
-Excess or depreciation allowed under income-tax act over depreciation as per books	(21602080)	25917819
-Expenditure disallowed under section 40(A)(7) / 43B of Income Tax Act	7306974	500146
- Unabsorbed Loss / Depreciation as per Income Tax Act.	0	0
Deferred tax (liability)/asset	(14295106)	(25417673)

14. In the opinion of the management, there is no indication, internal or external, which could have the effect of impairing the value of assets to any material extent as at the balance sheet date requiring recognition in term of AS -28.



N. K. Industries Ltd.

15 Managerial Remuneration:

	31.03.2009	31.03.2008
	Rs.	Rs.
Salary & Allowances	3.93	2.58
Contribution to PF	0.09	0.09
Total	4.02	2.67

16. Balances of Banks, Financial Institution, Sundry Debtors, Creditors and Loans & Advances are subject to Confirmation by them & reconciliation if any.

17. Advances include Rs. 651.53 lacs (P.Y. Rs.455.17 lacs) due from companies and other Parties in which directors are interested/related.

18. Micro, Small & Medium Enterprises

In the absence of information available with the Company about enterprises which are qualifying under the definition of Medium and Small Enterprises as defined under Micro, Small & Medium Enterprises Development Act, 2006, no disclosure is made as required under the Companies Act in respect of the following.

a) Total outstanding dues of Micro enterprises and Small enterprises – Rs. Nil

b) Total outstanding dues of the Creditors other than Micro enterprises and Small enterprises – Rs. 4.36 Lacs.

19. In the opinion of the Board, Current Assets, Loans and Advances are approximately of the value stated, if realized, in the ordinary course of the business. The provisions for depreciation and all known liabilities are adequate. There are no contingent liabilities other than stated.

20. *Prior period comparatives*

Previous year figures have been regrouped/ rearranged wherever necessary to conform to current year's presentation.

21. Quantitative Details as required by Part II to Schedule VI to the Companies Act, 1956 are as under:

(A) **Licensed Capacity and Installed Capacity (quantity in M.T.)**

Description	License Capacity		Installed Capacity	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Castor Seed Crushing	N.A.	N.A.	240000	240000

(B) **Production (Quantity in M.T.) (On Job Work basis)**

Description	31.03.2009		31.03.2008	
	Qty.(MT)	Rs. in Lacs	Qty.(MT)	Rs. in Lacs
Non- Edible Oil				
Castor Oil *	74978	0.00	95811	0.00
Castor Cake *	98854	0.00	125491	0.00
Castor DOC	98296	0.00	117028	0.00
12HSA	1752	1141.00	246.00	0.00
Edible Oil				
Ground Nut Oil	1290	0.00	0.00	0.00
G.N. Doc	1632	0.00	0.00	0.00
Cotton Seed Oil	0.00	0.00	431.00	0.00
Cotton Seed Cake	0.00	0.00	2855.00	0.00

* Including 13438 (P.Y. 16444 M.T.) Oil derived from Solvent Treatment

Includes 80 M.T. (P.Y.246) OF Oil produced from own goods.

(C) **Purchase of Finished Goods:**

Description	31.03.2009		31.03.2008	
	Qty.(MT)	Rs. in Lacs	Qty.(MT)	Rs. in Lacs
Castor Doc *	11947	478.48	6700	251.026
Castor Cake	357	0.00	2302	0.00
Castor Oil	1855	1208.08	246	122.88
Castor Oil	0.00	0.00	585	0.00

* Consumed as fuel in boiler 13156 M.T. (P.Y. 10674 MT) 11947 M.T. out of purchase & 1209 MT out of excess Yeild

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(D) **Turnover (Job work):**

Description	31.03.2009		31.03.2008	
	Qty.(MT)	Rs. in Lacs	Qty.(MT)	Rs. in Lacs
Non- Edible Oil				
Castor Oil	80	50.16	585	235.50
Castor Oil (Job work)	74898	0.00	95811	0.00
Castor Doc **	10571	400.94	0	0.00
Castor Doc (Job work)	87725	0.00	113053	0.00
12HSA	1701	1431.52	346	198.57
Edible Oil				
Ground Nut Oil	1290	0.00	0	0.00
G.N. Doc	1632	0.00	0	0.00
Cotton Seed Oil	0	0.00	431	0.00

* Includes 80 MT Rs. 50.16 lacs (P.Y. 585 MT Rs. 235.50 Lacs) sold from jobwork activity
 Referred to in note no. 5 of Sch-19.

(E) **Opening & Closing Stock of Goods (Quantity in M.T.)**

Description	Opening Stock		Closing Stock	
	01.04.2008	01.04.2007	31.03.2009	31.03.2008
Non- Edible Oil				
Castor Oil	16	116	67	16
Castor Cake	0	351	0	0

(F) **Raw Material Consumption (Job work material)**

Description	31.03.2009		31.03.2008	
	Qty.(MT)	Rs. in Lacs	Qty.(MT)	Rs. in Lacs
Non- Edible Oil				
Castor Seeds *	161075	0.00	2050207	0.00
Castor Cake **	99074	0.00	128144	0.00
Castor Oil	1855	1208.08	246	122.88
Edible Oil				
Ground Nut Seed	3811	0.00	0.00	0.00
Cotton Seed	0	0.00	3321	0.00
Cotton Seed Cake	0	0.00	2855	0.00

*Includes 161075 M.T. (P.Y. 2050207 M.T.) Castor Seeds Received for Jobwork for which value is not included in value column.

** Consumed for Solvent Process.

(G) **Consumption of Imported & Indigenous Raw Material (Value in lacs)**

Description	31.03.2009		31.03.2008	
	Qty.(MT)	Rs. in Lacs	Qty.(MT)	Rs. in Lacs
Imported	1208.08	0%	122.88	0%
Indigenous	0.00	0%	0.00	0%

(H) **CIF Value of Imports**

	31.03.2009	31-03-2008
	NIL	NIL

(I) **Earning in foreign Exchange**

	31.03.2009	31-03-2008
Castor Oil (FOB)	NIL	NIL

(J) **Expenditure**

	31.03.2009	31-03-2008
Expenses	NIL	NIL

22. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSSINESS PROFILE
(AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT, 1956.)

I. REGISTRATION DETAILS

REGISTRATION NO. : 9905 STATE CODE : 04
BALANCE SHEET DATE : 31.03.2009

II CAPITAL RAISED DURING THE YEAR [AMOUNT IN RS. THOUSANDS]

PUBLIC ISSUE : NIL
RIGHT ISSUE : NIL
BONUS ISSUE : NIL
PRIVATE PLACEMENT : NIL

III POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS [AMOUNT IN RS. THOUSANDS]

TOTAL LIABILITIES : 534343943
TOTAL ASSETS : 534343943

SOURCES OF FUNDS

PAID UP CAPITAL : 60099000
SECURED LOANS : 164863846
RESERVE & SURPLUS : 211723597
UN SECURED LOANS : 83362394

APPLICATION OF FUNDS

NET FIXED ASSETS 120710364
INVESTMENTS 24560
NET CURRENT ASSETS (64520702)
ACCUMULATED LOSSES 478129722

IV PERFORMANCE OF COMPANY [AMOUNT IN RS. THOUSANDS]

TURNOVER : 323678824
TOTAL EXPENDITURE : 397692056
+ PROFIT BEFORE TAX : 22212901
+ PORFIT AFTER TAX : 38735195
EARNING PER SHARE : -6.45
DIVIDEND RATE % : NIL

V GENERIC NAME PRINCIPAL PRODUCTS OF COMPANY [AS PER MONETARY TERMS]

ITEM (ITC) CODE NO. : 151530
PRODUCT DESCRIPTION : CASTOR OIL AND ITS DERIVATIVES

Signature to Schedule 1 to 22

As per our report of even date atatched.

FOR, CHANDULAL M. SHAH & CO.

Chartered Accountants

K.H.VASAVADA

Partner

M.NO. 12322

Place : Ahmedabad

Date : 30th July, 2009

NIMISH K. PATEL

Chairman & Managing Director

JAYESH D. THAKKER

Director

Place : Ahmedabad

Date : 30th June, 2009

NILESH K. PATEL

Managing Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED ON
31ST MARCH, 2009**

(Rupees in lacs)

Particulars	Amt. 31.3.2009	Amt. 31.3.2009	Amt. 31.3.2008	Amt. 31.3.2008
Cash Flow Operating Activities:				
Net Profit After Tax and Extra Ordinary Items (Note No.1)		(243.13)		1,420.71
Adjustment for :				
Depreciation		211.10		252.28
Dividend Received		-		-
Interest Charged P&L a/c		214.53		148.76
Profit On Sale Of Assets		<u>182.50</u>		<u>1,821.74</u>
Adjustment for :				
Trade and other receivables (Note 6)	166.88		(210.94)	
Inventories	(18.68)		37.72	
Trade Payable (Note 7)	<u>1,027.83</u>	<u>1,176.03</u>	<u>186.54</u>	<u>13.32</u>
Cash Generated from operating Activities		1,358.53		1,835.06
Less: Income Tax Paid (Note 9)		<u>1.27</u>		<u>1.48</u>
Cash flow before extra ordinary item		1,357.25		1,833.58
Extra Ordinary Item		-		-
Net Cash Flow from operating Activities		1,357.25		1,833.58
Cash Flow From Investing Activities :				
Purchase of Fixed Assets (Note 2)	(105.09)		(67.35)	
Sale of Fixed Assets (Note 3)	-		2.65	
Capital WIP (Transfer to Assets)	-		-	
Purchase/Sale of Investments (Note 4)	<u>-</u>	<u>(105.09)</u>	<u>-</u>	<u>(64.70)</u>
Net Cash Flow from Investing Activities		(105.09)		(64.70)
Cash Flow From Financing Activities :				
Proceeds from Borrowing (Note 8)	(1,059.40)		(1,608.51)	
Preliminary Exp W/off (Note 5)	-		-	
Interest Paid	<u>(214.53)</u>		<u>(148.76)</u>	
Net Cash used in Financial Activities		<u>(1,273.93)</u>		<u>(1,757.27)</u>
Net increase in cash and cash equivalents		(21.77)		11.61
Cash & Cash equivalent as at 01 st April 2008		<u>27.29</u>		<u>15.68</u>
Cash & Cash equivalent as at 31 st March 2009		<u>5.52</u>		<u>27.29</u>
		(21.77)		11.61

N. K. INDUSTRIES LIMITED

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

ATTENDANCE SLIP

21ST ANNUAL GENERAL MEETING

Regd. Folio No. _____

I certify that I am registered Shareholder/ Proxy for the registered Shareholder of the Company.

I hereby record my presence at the 21st ANNUAL GENERAL MEETING of the Company at 7th Floor, Popular House, Ashram Road, Ahmedabad -380 009 on Wednesday, the 30th day of September, 2009 at 10.00 a.m.

Member's/Proxy's Name in
BLOCK Letters

Member's/Proxy's
Signature.

Note : Please fill this attendance slip and hand it over at the ENTRANCE OF THE VENUE.

(TEAR HERE)_____

N. K. INDUSTRIES LIMITED

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

FORM OF PROXY

I/We _____
of _____ in the District of _____
_____ being a Member/Members of the above named
Company hereby appoint _____ of _____
in the district of _____ or failing him
_____ of _____ in
the District of _____ as my/our proxy to vote for me/us on
my/our behalf at the 21st ANNUAL GENERAL MEETING of the Company to be held on the 30th September, 2009
and at any adjournment thereof.

Signed this _____ day _____ 2009.

Signature _____

Reg. Folio No. _____

Affix one
Rupee
Revenue
Stamp

Note : This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the Meeting.

Book-Post

Dhruv : 94263 61250

If undelivered please return to :-
Share Department

N. K. Industries Ltd.

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