



# N.K. Industries Ltd

8<sup>th</sup> May, 2017

<b>National Stock Exchange of India Limited</b> Exchange Plaza, Plot C-1, 'G' Block, ISB Centre, Bandra-Kurla Complex, Bandra (East), Mumbai-400 051. <b>Company Code No. NKIND</b>	<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001. <b>Company Code No. 519494</b>
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Dear Sir/Madam,

**Sub: Submission of Audited Financial Results for the Quarter and Year ended on March 31, 2017.**

Please take note that the Board of Directors of the Company at its meeting held today i.e. 8<sup>th</sup> May, 2017, has approved the Standalone & Consolidated Audited Financial Results of the Company for the quarter and year ended on 31<sup>st</sup> March, 2017.

Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the following:

1. Audited Standalone & Consolidated Financial Results for the quarter and year ended March 31, 2017.
2. Statutory Auditors Reports on the Standalone and Consolidated Financial Results for the year ended on March 31, 2017.
3. Annexure-I (for audit report with un-modified opinion) – Standalone & Consolidated.

The meeting of Board of Directors of the Company commenced at 11:00AM and the meeting concluded at 3:30 PM.

Kindly take note of the same.

Thanking you,

Yours Faithfully,  
For, N K INDUSTRIES LIMITED

**Ms. AKANKSHA SRIVASTAVA**  
**(Company Secretary & Compliance Officer)**

Encl: As Above



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Popular House, Ashram Road,  
Ahmedabad - 380 009.  
India.

Phone : 91-79-66309999  
Fax : 91-79-26589214  
E-mail : nkil@nkproteins.com

Plant : 745, Kadi-Thor Road,  
Kadi - 382 715. Dist. Mehsana (N.G.)  
Tele : (02764) 242613, 263884  
Fax : (02764) 263667  
Email : nkilkadi@yahoo.co.in

CIN No. : L91110GJ1987PLC009905



# N.K. Industries Limited

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

Works : 745, Kadi-Thor Road, KADI-382715 Dist.Mehsana (North Gujarat)

**Standalone & Consolidated Audited Financial Results For The Quarter and Year Ended On 31st March, 2017**

CIN: L91110GJ1987PLC009905, Phone: 91-79-66309999, Email: nkil@nkproteins.com

Part I	Particulars	Standalone					Consolidated	
		Quarter Ended on		Year Ended			Year Ended	Year Ended
		31/03/2017 (Audited)	31/12/2016 (Unaudited)	31/03/2016 (Audited)	31/03/2017 (Audited)	31/03/2016 (Audited)	31/03/2017 (Audited)	31/03/2016 (Audited)
								(₹) In Lacs
1	<b>Income from operations</b>							
	(a) Net Sales / Income From Operations (net of Excise Duty)	3,505.84	1,761.08	2,850.40	9,058.86	8,403.42	10,805.72	10436.55
	(b) Other Operating Income	-	-	-	-	-	-	-
	<b>Total Income from operations (net)</b>	<b>3,505.84</b>	<b>1,761.08</b>	<b>2,850.40</b>	<b>9,058.86</b>	<b>8,403.42</b>	<b>10,805.72</b>	<b>10436.55</b>
2	<b>Expenses</b>							
	a) Cost of materials consumed	-	-	-	-	-	-	-
	b) Purchase of stock-in-trade	1,597.57	1,082.80	1,242.82	5,124.95	4,770.20	5,124.95	5198.03
	c) Changes in inventories of finished goods, work-in-progress and stock in trade	125.90	36.85	(247.92)	83.89	(289.93)	83.89	(289.92)
	d) Employee benefits expenses	288.62	139.74	185.24	686.32	582.95	983.82	891.10
	e) Depreciation and amortisation expenses	260.07	314.79	313.07	1,192.25	1,245.25	1,260.92	1330.55
	f) Other expenses	1,086.11	509.14	728.56	2,761.03	2,403.48	4,172.48	3982.24
	<b>Total Expenditure</b>	<b>3,358.27</b>	<b>2,083.32</b>	<b>2,221.76</b>	<b>9,848.45</b>	<b>8,711.94</b>	<b>11,626.06</b>	<b>11112.00</b>
3	<b>Profit / (Loss) from operations before other income, interest and exceptional item (1-2)</b>	<b>147.57</b>	<b>(322.25)</b>	<b>628.64</b>	<b>(789.59)</b>	<b>(308.52)</b>	<b>(820.34)</b>	<b>(675.45)</b>
4	Other Income / (Loss)	158.40	13.22	44.35	181.24	67.18	188.85	84.68
5	<b>Profit / (Loss) from ordinary activities before finance cost and exceptional items (3 + 4)</b>	<b>305.98</b>	<b>(309.03)</b>	<b>672.99</b>	<b>(608.35)</b>	<b>(241.34)</b>	<b>(631.49)</b>	<b>(590.77)</b>
6	Finance costs	(0.89)	0.27	0.63	0.05	1.57	0.13	2.76
7	<b>Profit / (Loss) from ordinary activities after finance cost but before exceptional items (5 + 6)</b>	<b>306.87</b>	<b>(309.30)</b>	<b>672.36</b>	<b>(608.39)</b>	<b>(242.91)</b>	<b>(631.62)</b>	<b>(593.53)</b>
8	Exceptional Items	-	-	-	-	-	-	-
9	<b>Profit / (Loss) from ordinary activities before tax (7 + 8)</b>	<b>306.87</b>	<b>(309.30)</b>	<b>672.36</b>	<b>(608.39)</b>	<b>(242.91)</b>	<b>(631.62)</b>	<b>(593.53)</b>
10	Tax expense	-	-	-	-	-	3.24	160.06
11	<b>Net Profit / (Loss) from ordinary activities after tax (9 + 10)</b>	<b>306.87</b>	<b>(309.30)</b>	<b>672.36</b>	<b>(608.39)</b>	<b>(242.91)</b>	<b>(628.38)</b>	<b>(433.47)</b>
12	Extraordinary items (net of tax exp. Rs. ___ Lakhs)	-	-	-	-	-	-	-
13	<b>Net Profit / (Loss) for the period (11+12)</b>	<b>306.87</b>	<b>(309.30)</b>	<b>672.36</b>	<b>(608.39)</b>	<b>(242.91)</b>	<b>(628.38)</b>	<b>(433.47)</b>
14	Share of profit / (loss) of associates*							
15	Minority interest *							
16	<b>Net Profit / (Loss) after taxes, minority interest and share of profit / (loss) of associates (13 + 14 + 15) *</b>	<b>306.87</b>	<b>(309.30)</b>	<b>672.36</b>	<b>(608.39)</b>	<b>(242.91)</b>	<b>(628.38)</b>	<b>(433.47)</b>
17	Paid-Up Equity Share Capital of Rs. 10 Each	600.99	600.99	600.99	600.99	600.99	600.99	600.99
18	Reserve Excluding Revaluation Reserves as per Balance sheet of Previous accounting year	(48,510.96)	(48,574.93)	(47,902.57)	(48,510.96)	(47,902.57)	(48,721.52)	(48,090.55)
19.i	<b>Earnings per share (before extraordinary items) (of `10/- each) (not annualised):</b>							
	(a) Basic	5.11	(5.15)	11.19	(10.12)	(4.04)	(10.46)	(7.21)
	(b) Diluted	5.11	(5.15)	11.19	(10.12)	(4.04)	(10.46)	(7.21)
19.ii	<b>Earnings per share (after extraordinary items) (of `10/- each) (not annualised):</b>							
	(a) Basic	5.11	(5.15)	11.19	(10.12)	(4.04)	(10.46)	(7.21)
	(b) Diluted	5.11	(5.15)	11.19	(10.12)	(4.04)	(10.46)	(7.21)

**Notes:**

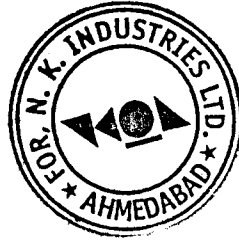
- The above Audited Financial Results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 8th May, 2017, and are published in accordance with the SEBI (LODR) Regulations, 2015
- As the Company has only one business segment, disclosure under Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.
- The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the respective financial years.
- Figures of the previous period/year have been regrouped/reclassified wherever necessary to make them comparable with figures of the current period/year ended on March, 31 2017
- During the year Company had two Wholly Owned Subsidiaries viz. M/s. Banpal Oilchem Private Limited and M/s. N K Oil Mills Private Limited whose accounts have been consolidated herewith.
- The Company has not consolidated the accounts of Joint Venture Company M/s. Awn Agro Private Limited as jointly controlled entity is significantly impair in its ability to transfer funds to the venture

7. The Auditors' report on the standalone financial results for the year ended on 31st March, 2017 contains qualification regarding transactions entered by company during f.y. 2012-13 through trading and clearing member with NSEL. With respect to the said qualification it is to be submitted that National spot Exchange Limited (NSEL) has served a notice to N K Proteins Private Limited (Formerly known as N K Proteins Limited) who was a Trading and Clearing Member at NSEL and N K Industries Limited was only a client Company of Trading Member i.e. N K Proteins Limited. As regards, the balances of trade receivables and trade payables arising out of the transactions through NSEL platform, the same cannot be confirmed pursuant to the pendency of litigations and as the matter is still pending before the respective authorities. Further, the Home Department, Government of Maharashtra has issued a notification under the MPID Act, 1999 securing the attachment of Land & Building and Plant & Machinery of the Company. Against this the Company had challenged the notification issued by Home department, Government of Maharashtra, before the Hon'ble High Court of Gujarat. The Hon'ble Gujarat High Court had disposed off the application of the Company vide its order dated 29th March 2017. Against the said order the Company had preferred a Special Leave Petition before the Hon'ble Supreme Court of India. The Hon'ble Supreme Court of India had disposed off the Special Leave Petition on 17/04/2017, with an observation to file an application before the Hon'ble Bombay High Court. The Company is in the process of filing the application before the Bombay High Court. The matter is subjudice.

8. The Auditors' report on the standalone financial results for the year ended on 31st March, 2017 contains qualification regarding proceedings initiated by the Directorate of Enforcement under the Prevention of Money Laundering Act, 2002. With respect to the said qualification it is hereby clarified that the Company has preferred an appeal before the Hon'ble Appellate Tribunal under the Prevention of Money Laundering Act, 2002. The matter is sub-judice.

9. The above consolidated figures have been prepared in accordance with the principles and procedrues as set out in Accounting Standard-21 on 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India

Place: Ahmedabad  
Date: 8th MAY, 2017



For N.K. Industries Limited

  
Nilesh K. Patel (DIN: 00244115)  
MANAGING DIRECTOR



# N.K. Industries Limited

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

Works : 745, Kadi-Thor Road, KADI-382715 Dist.Mehsana (North Gujarat)

**Standalone & Consolidated Statement of Assets and Liabilities Year Ended On 31st March, 2017**

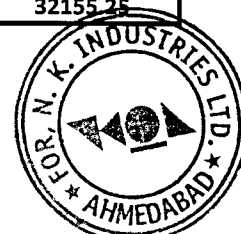
CIN: L91110GJ1987PLC009905, Phone: 91-79-66309999, Email: nkil@nkproteins.com

Part II

(₹) In Lacs

## Statement of Assets and Liabilities

Standalone/Consolidated Statement of Assets and Liabilities	Standalone		Consolidated	
	Year Ended 31/03/2017	Year ended 31/03/2016	Year Ended 31/03/2017	Year Ended 31/03/2016
<b>Particulars</b>				
<b>A. EQUITY AND LIABILITIES</b>				
<b>1. Shareholder's Fund</b>				
(a) Share Capital	600.99	600.99	600.99	600.99
(b) Reserves and surplus	-32625.30	-32016.91	-32835.86	-32207.48
(c) Money received against Share warrants	-	-	-	-
<b>Sub-total-Shareholder's funds</b>	<b>-32024.31</b>	<b>-31415.92</b>	<b>-32234.87</b>	<b>-31606.49</b>
<b>2. Share application money pending allotment</b>				
<b>3. Minority interest*</b>				
<b>4. Non-current liabilities</b>				
(a) Long-term Borrowings	-	-	-	-
(b) Deferred tax liabilities (net)	-	-	-	-
(c) Other Long term Liabilities	62615.46	62635.12	63044.77	63187.61
(d) Long term provisions	259.37	249.88	249.88	249.88
<b>Sub-total-Non-current liabilities</b>	<b>62874.84</b>	<b>62884.99</b>	<b>63294.65</b>	<b>63437.49</b>
<b>5. Current Liabilities</b>				
(a) Short term borrowings	-	-	-	-
(b) Trade Payables	155.52	300.76	197.81	208.05
(c) Other Current Liabilities	150.45	64.28	158.13	86.69
(d) Short term Provisions	30.30	24.33	44.88	29.51
<b>Sub-total-Current Liabilities</b>	<b>336.27</b>	<b>389.37</b>	<b>400.82</b>	<b>324.25</b>
<b>TOTAL-EQUITY AND LIABILITIES</b>	<b>31186.80</b>	<b>31858.44</b>	<b>31460.60</b>	<b>32155.25</b>
<b>B. ASSETS</b>				
<b>1. Non-current assets</b>				
(a) Fixed assets	14345.23	15159.52	17051.84	17933.9
(b) Goodwill on consolidation*	-	-	-	-
(c) Non-current investments	187.39	187.34	19.46	19.41
(d) Defferred tax assets (Net)	-	-	94.78	85.63
(e) Long-term loans and advances	11730.9	11906.81	9539.84	9604.76
(f) Other non-current assets	419.05	418.81	384.73	387.74
<b>Sub-total-non-current assets</b>	<b>26682.57</b>	<b>27672.48</b>	<b>27090.65</b>	<b>28031.44</b>
<b>2. Current assets</b>				
(a) Current investments	-	-	-	-
(b) Inventories	761.01	634.21	799.40	672.03
(c) Trade receivables	3466.75	3403.16	3260.66	3243.95
(d) Cash and cash equivalents	86.72	100.19	110.34	124.11
(e) Short-term loans and advances	189.75	48.40	199.55	83.72
(f) Other current assets	-	-	-	-
<b>Sub-total-Current assets</b>	<b>4504.23</b>	<b>4185.96</b>	<b>4369.95</b>	<b>4123.81</b>
<b>Total-Assets</b>	<b>31186.80</b>	<b>31858.44</b>	<b>31460.60</b>	<b>32155.25</b>





**CHARTERED ACCOUNTANTS**CA. (DR). HITEN PARIKH  
M.Com., LL.B., FCA., PhdCA. SANJAY MAJMUDAR  
B.Com., LL.B., FCA

**Auditor's Report On Quarterly Financial Results and Year to Date Results of  
N.K.INDUSTRIES LIMITED pursuant to the Regulation 33 of the SEBI (Listing  
Obligations and Disclosure Requirements) Regulations, 2015**

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To  
Board of Directors of  
N.K. INDUSTRIES LIMITED

We have audited the Quarterly financial results of N.K.INDUSTRIES LIMITED (the Company) for the Quarter ended 31<sup>st</sup> March, 2017, and the year to date financial results for the period from April 1,2016 to March 31,2017 attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These Quarterly Financial Results as well as year to date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the company's management. Our responsibility is to express an opinion on these Financial Results based on our audit of such Financial Statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting AS 25 prescribed, under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.



## Basis of Qualified Opinion

1. The Company had entered into financial arrangement with National Spot Exchange Ltd (NSEL) through trading and Clearing Member, N.K.Proteins Private Ltd (erstwhile N.K.Proteins Limited (NKPL)( Group Company) by way of purchase and sales of various goods up to financial year 2012-13. The trade payables and trade receivables arising out of the transactions through National Spot Exchange Limited (NSEL) from the concerns other than the group concerns are subject to confirmations by the respective parties and reconciliations/adjustments, if any. Further, NSEL has suspended the trading on 31.07.2013 and has initiated recovery proceedings against the group company NKPL and also against the company and the said proceedings are pending as on date. Further, the Home department, Government of Maharashtra has issued a notification under the Maharashtra Protection of Interest of Depositors (in financial establishments)-Act, 1999 (MPID Act) attaching the Land, Building & Plant & Machinery of the company located at Kadi , Gujarat. The company had challenged the notification issued by Home department, Government of Maharashtra, before the Hon'ble High Court of Gujarat. The Hon'ble Gujarat High Court had disposed off the application of the Company vide its order dated 29<sup>th</sup> March 2017. The company had preferred a Special Leave Petition before the Hon'ble Supreme Court of India .The Hon'ble Supreme Court of India had disposed off the Special Leave Petition on 17<sup>th</sup> April,2017 with a observation to file an application before Hon'ble Bombay High Court ,and as informed by the management,the company is in process of filing the said application. In view of the fact that the matter is subjudice , we are unable to quantify the final liability and its impact if any, on the loss of the company for the year under review.
2. The Directorate of Enforcement, Government of India has initiated proceedings against the company under section 5(1) of the prevention of Money Laundering Act, 2002, along with group company NKPL, and by virtue of the provisional attachment order dated 10/03/2015, attached the assets of the company comprising of Land, building, plant and machinery situated at Survey Nos.719, 720, 721, 732/1, 732/2, 733, 741, 743, 744, 745,



kadi Thol Road, Village Kadi Kasba , taluka- Kadi, District Mehsana-382715 Gujarat. As explained to us, The company has preferred an appeal before the Hon'ble Appellate Tribunal under the Prevention of Money laundering Act, 2002. However, matter is subjudice, we are unable to quantify the liability and its impact if any, on the loss of the company for the year under review. (Refer Note no 33 of Standalone Financial Statements).

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph these Quarterly and year to date Financial Results;

- (i) have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- (ii) give a true and fair view of the net loss and other financial information for the quarter ended on March 31, 2017 as well as year to date results for the period from April 1, 2016 to 31<sup>st</sup> March, 2017.

#### **Emphasis of Matters**

1. We draw attention to Note 29 to the Standalone Financial Statements and according to the same , the company is having accumulated losses of Rs 326.25 Crores as at 31.3.2017 and the net worth of the company is negative However, as informed by the management, The Company is making sincere efforts for the revival of the Business & the management is confident to recover the losses through improved profitability in foreseeable future. Therefore, provision for the impairment has not been provided for and accounts for the year have been prepared on “ going concern basis.”
2. Attention is invited to note 34 of the Standalone Financial Statements which states that the Income Tax Department had carried out survey u/s 133 of the Income tax Act , 1961( the IT Act) on the company along with other group companies during FY 2013-14 and had ordered a special



audit of the books of the company u/s 142 2A of the IT Act, 1961, for AY 2010-11, A.Y 2011-12 ,A.Y 2012-13 & A.Y 2013-14. The department had raised a demand of Rs 132 Crores ( Rs 6.63 Crores for A.Y 10-11, Rs57.07 crores for A.Y 11-12 , Rs 60.33 Crores for A.Y 12-13 & Rs 7.97 Crores for A.Y 2013-14 ) on the company for the aforesaid assessment years and the said demand has been disputed by the company and the company has initiated appellate proceedings before appropriate authorities. The said amount has been shown as contingent liability under Note No. 24 of the notes forming part of accounts. Further ,Income tax department has passed an attachment order on 22.04.2015 & 14.08.15 by which it has attached properties of the company in pursuant to a demand, the details of the properties attached which are in the name of company is as under:

- 803, Manas Complex, Opp Star Bazaar , Nr Jodhpur Cross road, Satellite, Ahmedabad 380015.
- 403, Manas Complex, Opp Star Bazaar , Nr Jodhpur Cross road, Satellite, Ahmedabad 380015.
- Land, situated at Survey Nos.719, 720, 721, 732/1, 732/2, 733, 741, 743, 744, 745, kadi Thol Road, Village Kadi Kasba , taluka- Kadi, District Mehsana-382715.
- Factory Building Situated at survey No 745, kadi Thol Road, Village Kadi Kasba , taluka- Kadi, District Mehsana-382715

3. Attention is invited to note 26 of the Standalone Financial Statements and according to which a Search & Seizure action U/S 132 of the Income Tax Act took place on 24.2.99. The Income Tax department had raised demand of Rs. 33.12 Crores vide the block assessment Order dt. 30.4.2001. In case of company, the Income Tax Appellate Tribunal ( ITAT), Ahmedabad has subsequently given partial relief to the extent of Rs. 28.84 Crores. The company had preferred as appeal before the Hon'ble High Court of Gujarat against the order of Hon'ble ITAT,



Ahmedabad. Hon'ble Gujarat High Court vide its order dated 20<sup>th</sup> June,2016 had given partial relief on some of the grounds and had also dismissed some of the grounds of the company. Against the grounds dismissed by Hon'ble High Court of Gujarat, the company had further preferred an appeal before Hon'ble Supreme Court of India, and the Hon'ble Supreme Court of India vide order dated 16<sup>th</sup> January,2017 had dismissed the appeal of the Company. The Company had provided an amount of Rs 2.88 Crore against the grounds dismissed by Hon'ble ITAT during F.Y 2002-03 as well as Rs 1.27 Crores was provided in the books of accounts for the Assessment year in question for the interest payable upto 31-03-2005 during F.Y 2004-05 However in view of the management and on the basis of the Judgment of the Hon'ble Gujarat High Court, the amount provided/paid by the company towards total demand shall result in refund to the company. Pending effect of Order by the Income Tax Department, no effect has been given by the Company in the books of accounts for the year under review. In view of non availability of appeal effect order from the Income Tax Department, we are unable to opine on the same.

4. Attention is invited to note 36 of the Standalone Financial Statements which states that Sales Tax Department has completed the assessment for various assessment years and raised demand of Rs. 5554.43 lacs for the earlier years. The company has not made any provision for the above demand raised by the sales tax authority in view of the fact that the company has preferred an appeal before the appellate authority. The said amount has been shown as contingent liability under Note No. 24 of the notes forming part of accounts
  
5. Attention is also invited to note 25 of the Standalone Financial Statements which states the company was declared sick by Hon'ble Board for Industrial & Financial Reconstruction (BIFR) and had submitted rehabilitation scheme for consideration to the Operating Agency (OA). However, since SICA Act has been repealed with effect from 01.12.2016, as per the provisions of the SICA Repeal Act the company had to submit its application to National Company Law Tribunal (NCLT) with in 6 months from the date of SICA repeal Act. Till



date, the Company is yet to Submit its Scheme to Hon'ble NCLT. In view of non-submission of scheme to Hon'ble NCLT, the impact of the debt resolution could not be ascertained..

6. Attention is invited to Note 41 of the Standalone Financial Statements which states that the balance confirmation from the suppliers, customers as well as to various loans or advances given have been called for, but the same are awaited till the date of audit. Thus, the balances of receivables, trade payables as well as loans and advances have been taken as per the books of accounts submitted by the company and are subject to confirmation from the respective parties.

Our opinion is not modified in respect of the above matters.

Place: AHMEDABAD

For PARIKH & MAJMUDAR  
CHARTERED ACCOUNTANTS  
FRNNO 107525W



DATE :- 08/05/2017

(C.A Dr Hiten Parikh)  
PARTNER  
M.No.40230





**Auditor's Report On Quarterly Consolidated Financial Results and Year to Date Results of N.K.INDUSTRIES LIMITED pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

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To  
Board of Directors of  
**N.K INDUSTRIES LIMITED**

We have audited the quarterly Consolidated financial results of N.K.INDUSTRIES LIMITED (the Company) and the consolidated year to date financial results for the quarter ended 31<sup>st</sup> March, 2017, and the consolidated year to date financial results for the period from April 1, 2016 to March 31, 2017 attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These consolidated Quarterly Financial Results as well as the consolidated year to date financial results have been prepared on the basis of the consolidated interim financial statements, which are the responsibility of the company's management. Our responsibility is to express an opinion on these Consolidated Financial Results based on our audit of such Consolidated Financial Statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting AS 25 prescribed, under Section 133 of the Companies Act, 2013 read with relevant rules issued there under; and other accounting principles generally accepted in India.

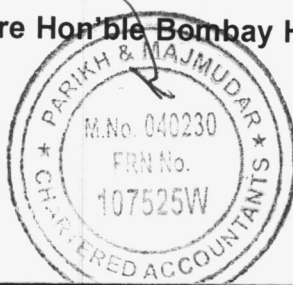
We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.



We did not audit the financial Statements of One of the Subsidiary included in the consolidated quarterly financial result and consolidated year to date results, whose consolidated interim financial statements reflect total assets of Rs 2.55 Crores as at 31<sup>st</sup> March 2017, as well as the total revenue of Rs 17.20 crores as at 31<sup>st</sup> March 2017. These interim financial statements and other financial information have been audited by other auditors whose report has been furnished to us , and our opinion on the quarterly financial results and the year to date results ,to the extent they have been derived from such interim financial statements is based solely on the report of such other auditor.

### **Basis of Qualified Opinion**

1. The Holding Company had entered into financial arrangement with National Spot Exchange Ltd (NSEL) through trading and Clearing Member, N.K.Proteins Private Ltd (erstwhile N.K.Proteins Limited (NKPL)( Group Company) by way of purchase and sales of various goods up to financial year 2012-13. The trade payables and trade receivables arising out of the transactions through National Spot Exchange Limited (NSEL) from the concerns other than the group concerns of the Holding Company are subject to confirmations by the respective parties and reconciliations/adjustments, if any. Further, NSEL has suspended the trading on 31.07.2013 and has initiated recovery proceedings against the group company NKPL and also against the Holding company and the said proceedings are pending as on date. Further, the Home department, Government of Maharashtra has issued a notification under the Maharashtra Protection of Interest of Depositors (in financial establishments)-Act, 1999 (MPID Act) attaching the Land, Building & Plant & Machinery of the company located at Kadi , Gujarat. The Holding company had challenged the notification issued by Home department, Government of Maharashtra, before the Hon'ble High Court of Gujarat. The Hon'ble Gujarat High Court had disposed off the application of the Holding Company vide its order dated 29<sup>th</sup> March 2017. The Holding company had preferred a Special Leave Petition before the Hon'ble Supreme Court of India .The Hon'ble Supreme Court of India had disposed off the Special Leave Petition on 17<sup>th</sup> April,2017 with a observation to file an application before Hon'ble Bombay High Court ,and as informed by the



management, the Holding company is in process of filing the said application. In view of the fact that the matter is subjudice, we are unable to quantify the final liability and its impact if any, on the loss of the Holding company for the year under review.

2. The Directorate of Enforcement, Government of India has initiated proceedings against the Holding company under section 5(1) of the prevention of Money Laundering Act, 2002, along with group company NKPL, and by virtue of the provisional attachment order dated 10/03/2015, attached the assets of the company comprising of Land, building, plant and machinery situated at Survey Nos. 719, 720, 721, 732/1, 732/2, 733, 741, 743, 744, 745, Kadi Thol Road, Village Kadi Kasba, taluka- Kadi, District Mehsana-382715 Gujarat. As explained to us, The Holding company has preferred an appeal before the Hon'ble Appellate Tribunal under the Prevention of Money laundering Act, 2002. However, matter is subjudice, we are unable to quantify the liability and its impact if any, on the loss of the Holding company for the year under review. (Refer Note no 33 of Standalone Financial Statements).

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph these Consolidated Quarterly financial results as well as consolidated year to date Results;

- (i) Include the quarterly financial results and year to date of the following entities.
  - a) Banpal Oilchem Private limited
  - b) NK Oil mills Private limited.
- (ii) have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- iii) Give a true and fair view of the consolidated net Loss and other financial information for the quarter ended on March 31, 2017 as well as consolidated year to date results for the period from April 1, 2016 to 31st March, 2017.



## Emphasis of Matters

1. We draw attention to Note 29 to the Consolidated financial statements which states that the Consolidated accounts reflects accumulated losses of Rs 328.36 Crores as at 31.3.2017 and the net worth of the Consolidated accounts as well as Holding Company and Subsidiary Companies is negative . As informed by the management of the Holding Company, the Holding company , is making sincere efforts for the revival of the Business & the management is confident to recover the losses through improved profitability in foreseeable future. Therefore provision for the impairment has not been provided for and accounts for the year have been prepared on “ going concern basis.”

Similarly, on the basis of the Certificate received from the respective auditors of the subsidiary company, the efforts made by the management, said subsidiary companies are also making sincere efforts to revive the business and the management of the said Subsidiary companies are confident to recover the losses through improved profitability in foreseeable future. Therefore no provision for the impairment has been made in the books of subsidiary company & consolidated accounts and accounts of the subsidiary company for the year have been prepared on “ going concern basis.”

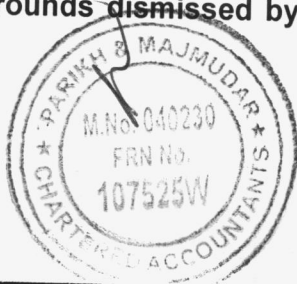
2. A) Attention is invited to note 34 of the Consolidated financial statements which states that the Income Tax Department had carried out survey u/s 133 of the Income tax Act ,1961( the IT Act) on the Holding company along with other group companies during FY 2013-14 and had ordered a special audit of the books of the company u/s 142 2A of the IT Act, 1961, for AY2010-11, A.Y 2011-12, A.Y 2012-13 & A.Y 2013-14. The department had raised a demand of Rs 132 Crores ( Rs 6.63 Crores for A.Y 10-11, Rs57.07 crores for A.Y 11-12 , Rs 60.33 Crores for A.Y 12-13 & Rs 7.97 Crores for A.Y 2013-14 ) on the holding company for the aforesaid assessment years and the said demand has been disputed by the holding company and the holding company has initiated appellate proceedings before appropriate authorities. The said amount has



been shown as contingent liability under Note No. 24 of the notes forming part of consolidated accounts. Further ,Income tax department has passed an attachment order on 22.04.2015 & 14.08.15 by which it has attached properties of the holding company in pursuant to a demand, the details of the properties attached which are in the name of holding company is as under:

- 803, Manas Complex, Opp Star Bazaar , Nr Jodhpur Cross road, Satellite, Ahmedabad 380015.
- 403, Manas Complex, Opp Star Bazaar , Nr Jodhpur Cross road, Satellite, Ahmedabad 380015.
- Land, situated at Survey Nos.719, 720, 721, 732/1, 732/2, 733, 741, 743, 744, 745, kadi Thol Road, Village Kadi Kasba , taluka-Kadi, District Mehsana-382715
- Factory Building Situated at survey No 745, kadi Thol Road, Village Kadi Kasba , taluka- Kadi, District Mehsana-382715

2. B) Attention is invited to note 26 of the Consolidated financial statements which states that a Search & Seizure action U/S 132 of the Income Tax Act took place on 24.2.99 on Holding Company . The Income Tax department had raised demand of Rs. 33.12 Crores vide the block assessment Order dt. 30.4.2001. In case of Holding company, the Income Tax Appellate Tribunal ( ITAT), Ahmedabad has subsequently given partial relief to the extent of Rs. 28.84 Crores. The Holding company had preferred as appeal before the Hon'ble High Court of Gujarat against the order of Hon'ble ITAT, Ahmedabad. Hon'ble Gujarat High Court vide its order dated 20<sup>th</sup> June,2016 had given partial relief on some of the grounds and had also dismissed some of the grounds of the company. Against the grounds dismissed by Hon'ble High Court of Gujarat, the Holding company had further preferred an appeal before Hon'ble Supreme Court of India, and the Hon'ble Supreme Court of India vide order dated 16<sup>th</sup> January,2017 had dismissed the appeal of the Holding Company. The Holding Company had provided an amount of Rs 2.88 Crore against the grounds dismissed by Hon'ble ITAT during F.Y



2002-03 as well as Rs 1.27 Crores was provided in the books of accounts for the Assessment year in question for the interest payable upto 31-03-2005 during F.Y 2004-05 However in view of the management of the Holding Company and on the basis of the Judgment of the Hon'ble Gujarat High Court, the amount provided/paid by the Holding company towards total demand shall result in refund to the Holding company. Pending effect of Order by the Income Tax Department, no effect has been given by the Holding Company in the books of accounts for the year under review. In view of non availability of appeal effect order from the Income Tax Department, we are unable to opine on the same.

3. Attention is invited to note 37 of the Consolidated financial statements, NSEL has initiated recovery proceedings against the group company N.K.Proteins Private Ltd and has made the Subsidiary Company viz. N.K.Oil Mills Pvt Ltd a party to the said proceedings and these proceeding are pending as on date.
4. Attention is invited to note 36 of the Consolidated financial statements which states that Sales Tax Department has completed the assessment for various assessment years and raised demand of Rs. 5554.43 lacs for the earlier years. The Holding company has not made any provision for the above demand raised by the sales tax authority in view of the fact that that the said Holding company has preferred an appeal before the appellate authority. The said amount has been shown as contingent liability under Note No. 23 of the notes forming part of consolidated financial statements .
- 5.Attention is also invited to note 25 of the Consolidated financial statements which states the Holding company was declared sick by Hon'ble Board for Industrial & Financial Reconstruction (BIFR) and had submitted rehabilitation scheme for consideration to the Operating Agency (OA). However, since SICA Act has been repealed with effect from 01.12.2016, as per the provisions of the SICA Repeal Act the Holding company had to submit its application to National Company Law Tribunal (NCLT) with in 6 months from the date of SICA repeal Act. Till date, the Holding Company is yet to Submit its Scheme to Hon'ble





NCLT. In view of non-submission of scheme to Hon'ble NCLT, the impact of the debt resolution could not be ascertained..

6. Attention is invited to Note 41 of the Consolidated financial statements which states that the balance confirmation from the suppliers, customers as well as to various loans or advances given have been called for of the Holding Company , but the same are awaited till date. In view of the same, it is to be stated that the balances of receivables, trade payables as well as loans and advances have been taken as per the books of accounts submitted by the Holding company and are subject to confirmation from the respective parties.
7. Attention is invited to Note No 35 of the Consolidated financial statements ,where in case of one the Subsidiary Company viz. Banpal Oil Chem Pvt Ltd , the Economic Offence Wing, Mumbai (EOW), has issued notice under the Maharashtra Protection of Interest of Depositors (in financial establishments)-Act, 1999 (MPID Act) for securing attachment of the Factory Plant, Land, Building & Plant & Machinery of the company located plot No. 144/64 of Chandisar Industrial Area.GIDC Mauje chandisar, Taluka-Palanpur, Dist-Banaskantha, Gujarat.As explained to us, The said Subsidiary company has filed its detailed response to such attachment notice before the Adjudicating authority (PMLA) New Delhi and matter is subjudice as on date
8. Attention is invited to Note No 36 of the Consolidated financial statements ,where in case of one the Subsidiary Company viz. Banpal Oil Chem Pvt Ltd , The Directorate of Enforcement, Government of India has initiated proceedings against the company under section 5(1) of the prevention of Money Laundering Act, 2002, and by virtue of the provisional attachment order dated 27.08.2014, attached the assets of the subsidiary company comprising of Factory Plant, Land, Building & Plant & Machinery of the company located at plot No. 144/64,65,66 of Chandisar Industrial Area.GIDC Mauje chandisar, Taluka-Palanpur, Dist-Banaskantha, Gujarat. As explained to us, The said Subsidiary company has preferred an appeal before the Hon'ble Appellate Tribunal



under the Prevention of Money laundering Act, 2002. However, matter is subjudice, we are unable to quantify the liability and its impact if any, on the profit or loss of the subsidiary company.

9.

Attention is invited to Note No 37 of the Consolidated financial statements, where in case of one the Subsidiary Company viz. Banpal Oil Chem Pvt Ltd, Income tax department has passed an attachment order on 20.05.2016 by which it has attached properties of the subsidiary company in pursuant to a demand, the details of the properties attached which are in the name of subsidiary company and the details of which are as under:

- . Plot of land bearing Plot No 144/64, of Chandisar Industrial Area. GIDC Mauje Chandisar, Taluka-Palanpur, Dist- Banaskantha,
- . Plot of land bearing Plot No 144/65, of Chandisar Industrial Area. GIDC Mauje Chandisar, Taluka-Palanpur, Dist- Banaskantha,
- . Plot of land bearing Plot No 144/66, of Chandisar Industrial Area. GIDC Mauje Chandisar, Taluka-Palanpur, Dist- Banaskantha,

10. Attention is invited to Note 38 of the Consolidated financial statements which states that, on the basis of certificate received from the Management of Holding company, the holding company does not have any control on its joint Venture viz "AWN AGRO PRIVATE LIMITED" and hence no consolidation of the said joint venture is taken in to accounts while consolidation of accounts.

Our opinion is not modified in the above matters.

Place: AHMEDABAD



DATE :-08/05/2017

For PARIKH & MAJMUDAR  
CHARTERED ACCOUNTANTS  
FRNNO 107525W

(C.A Dr Hiten Parikh)

PARTNER

M.No.40230

**ANNEXURE-I**

**Statement on Impact of Audit Qualifications (for audit report with un-modified opinion) submitted along-with Annual Audited Standalone Financial Results**

(Rs. Lakhs)

I.	Sr. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover/ Total income	9,058.86	9,058.86
	2	Total Expenditure	9,848.49	9,848.49
	3	Net Profit/ (Loss)	(608.39)	(608.39)
	4	Earnings Per Share	(10.12)	(10.12)
	5	Total Assets	31,186.79	31,186.79
	6	Total Liabilities	63,211.11	63,211.11
	7	Net Worth	(32,024.31)	(32,024.31)
	8	Any other financial item (s) (as left appropriate by the management)	-	-

**II. Audit Qualification (each audit qualification separately):**

**a. Details of Audit Qualification:** Un-modified opinion with Emphasis

**b. Type of Audit Qualification:** Qualified Opinion

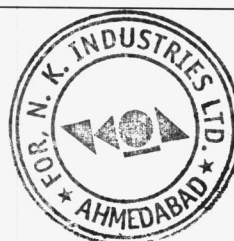
1. Regarding transactions of the Company through trading and clearing member with NSEL.
  - Regarding notice issued by EOW under the Maharashtra Protection of Interest of Depositors (in financial establishments) – Act, 1999 (MPID) Act.
2. Regarding proceedings initiated by the Directorate of Enforcement under the Prevention of Money Laundering Act, 2002

**c. Frequency of qualification:**

1. Repetitive from the financial year ended on 31st March, 2013
  - Repetitive from the financial year ended on 31<sup>st</sup> March, 2015.
2. Repetitive from the financial year ended on 31<sup>st</sup> March, 2015.

**d. For Audit Qualification (s) where the impact is quantified by the auditor, Management's Views:**

The Auditors have not quantified the impact of their qualifications on the financial statements of the Company as the matters pertaining to the qualification are pending before various Courts/Statutory authorities and are subjudice at present. Further the Managements view on the above mentioned qualifications are as mentioned at point no. e below.



**e. For Audit Qualification(s) where the impact is not quantified by the auditor:**

**i. Management's estimation on the impact of Audit qualification: Nil**

**ii. If management is unable to estimate the impact, reason for the same:**

1. National spot Exchange Limited (NSEL) has served a notice to N K Proteins Private Limited (Formerly known as N K Proteins Limited) who was a Trading and Clearing Member at NSEL and N K Industries Limited was only a client Company of Trading Member i.e. N K Proteins Limited. As regards, the balances of trade receivables and trade payables arising out of the transactions through NSEL platform, the same cannot be confirmed pursuant to the pendency of litigations and as the matter is still pending before the respective authorities.

• Further, the Home Department, Government of Maharashtra has issued a notification under the MPID Act, 1999 securing the attachment of Land & Building and Plant & Machinery of the Company. Against this the Company had challenged the notification issued by Home department, Government of Maharashtra, before the Hon'ble High Court of Gujarat. The Hon'ble Gujarat High Court had disposed off the application of the Company vide its order dated 29<sup>th</sup> March 2017. Against the said order the Company had preferred a Special Leave Petition before the Hon'ble Supreme Court of India. The Hon'ble Supreme Court of India had disposed off the Special Leave Petition on 17/04/2017, with an observation to file an application before the Hon'ble Bombay High Court. The Company is in the process of filing the application before the Bombay High Court. The matter is subjudice.

2. With respect to point no.2 of qualified opinion of Auditors Report, it is hereby clarified that the Company has preferred an appeal before the Hon'ble Appellate Tribunal under the Prevention of Money Laundering Act, 2002. The matter is sub-judice.

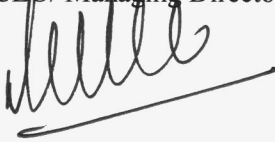


iii. Auditor's Comments on (I) or (ii) above:

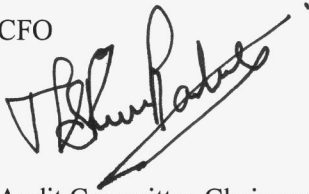
We have qualified our report with respect to various transactions entered into by the Company on NSEL Platform and the matter is presently pending before various courts/statutory authorities and accordingly it is subjudice. The quantification of amount can be determined only upon the receipt of judgment from the respective authorities and till that time neither the Company nor we as auditors, can quantify the impact of the same on the financial results of the Company.

III. Signatories:

- CEO/ Managing Director]



- CFO



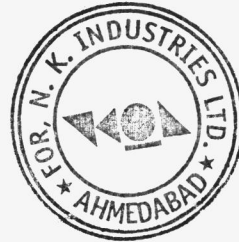
- Audit Committee Chairman



- Statutory Auditor

For, PARIKH & MAJMUDAR  
CHARTERED ACCOUNTANTS

~~CA Dr. Anil Parikh  
Partner  
MNO 000230  
FNO 105250~~



Place: Ahmedabad  
Date: 8<sup>th</sup> May, 2017

**ANNEXURE-I**

**For Consolidated Financial Statement**

<b><u>Statement on Impact of Audit Qualifications (for audit report with un-modified opinion) submitted along-with Annual Audited Consolidated Financial Results</u></b>				
(Rs. Lakhs)				
I.	Sr. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover/ Total income	10805.73	10436.55
	2	Total Expenditure	11626.21	11103.01
	3	Net Profit/ (Loss)	(628.39)	(433.47)
	4	Earnings Per Share	(10.46)	(10.46)
	5	Total Assets	31460.60	32155.26
	6	Total Liabilities	63695.47	63761.74
	7	Net Worth	(32234.87)	(31606.49)
	8	Any other financial item (s) (as left appropriate by the management)	-	-
II.	<b><u>Audit Qualification (each audit qualification separately):</u></b>			
	<b>a. Details of Audit Qualification:</b> Un-modified opinion with Emphasis			
	<b>b. Type of Audit Qualification:</b> Qualified Opinion			
	1. Regarding transactions of the Company through trading and clearing member with NSEL.			
	• Regarding notice issued by EOW under the Maharashtra Protection of Interest of Depositors (in financial establishments) – Act, 1999 (MPID) Act.			
	2. Regarding proceedings initiated by the Directorate of Enforcement under the Prevention of Money Laundering Act, 2002			
	<b>c. Frequency of qualification:</b>			
	1. Repetitive from the financial year ended on 31st March, 2013			
	• Repetitive from the financial year ended on 31 <sup>st</sup> March, 2015.			
	2. Repetitive from the financial year ended on 31 <sup>st</sup> March, 2015.			
	<b>d. For Audit Qualification (s) where the impact is quantified by the auditor, Management's Views:</b>			
	The Auditors have not quantified the impact of their qualifications on the financial statements of the Company as the matters pertaining to the qualification are pending before various Courts/Statutory authorities and are subjudice at present. Further the Managements view on the above mentioned qualifications are as mentioned at point no. e below.			





**e. For Audit Qualification(s) where the impact is not quantified by the auditor:**

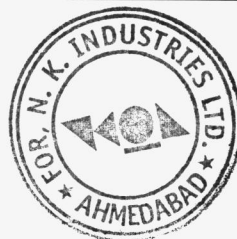
**i. Management's estimation on the impact of Audit qualification: Nil**

**ii. If management is unable to estimate the impact, reason for the same:**

1. National spot Exchange Limited (NSEL) has served a notice to N K Proteins Private Limited (Formerly known as N K Proteins Limited) who was a Trading and Clearing Member at NSEL and N K Industries Limited was only a client Company of Trading Member i.e. N K Proteins Limited. As regards, the balances of trade receivables and trade payables arising out of the transactions through NSEL platform, the same cannot be confirmed pursuant to the pendency of litigations and as the matter is still pending before the respective authorities.

• Further, the Home Department, Government of Maharashtra has issued a notification under the MPID Act, 1999 securing the attachment of Land & Building and Plant & Machinery of the Company. Against this the Company had challenged the notification issued by Home department, Government of Maharashtra, before the Hon'ble High Court of Gujarat. The Hon'ble Gujarat High Court had disposed off the application of the Company vide its order dated 29<sup>th</sup> March 2017. Against the said order the Company had preferred a Special Leave Petition before the Hon'ble Supreme Court of India. The Hon'ble Supreme Court of India had disposed off the Special Leave Petition on 17/04/2017, with an observation to file an application before the Hon'ble Bombay High Court. The Company is in the process of filing the application before the Bombay High Court. The matter is subjudice.

2. With respect to point no.2 of qualified opinion of Auditors Report, it is hereby clarified that the Company has preferred an appeal before the Hon'ble Appellate Tribunal under the Prevention of Money Laundering Act, 2002. The matter is sub-judice.

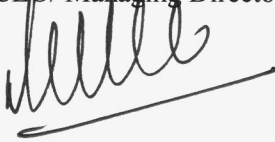


iii. Auditor's Comments on (I) or (ii) above:

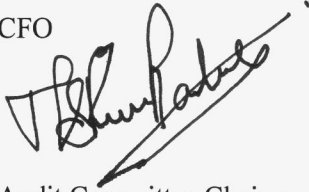
We have qualified our report with respect to various transactions entered into by the Company on NSEL Platform and the matter is presently pending before various courts/statutory authorities and accordingly it is subjudice. The quantification of amount can be determined only upon the receipt of judgment from the respective authorities and till that time neither the Company nor we as auditors, can quantify the impact of the same on the financial results of the Company.

III. Signatories:

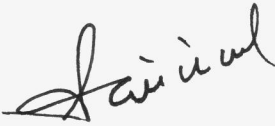
- CEO/ Managing Director]



- CFO



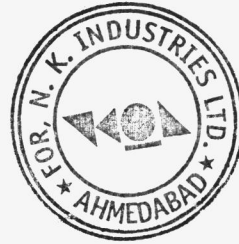
- Audit Committee Chairman



- Statutory Auditor

For, PARIKH & MAJMUDAR  
CHARTERED ACCOUNTANTS

~~CA Dr. Hiten Parikh  
Partner  
MNO 000230  
FNO 105250~~



Place: Ahmedabad  
Date: 8<sup>th</sup> May, 2017