



N.K. Industries Ltd.

**22nd Annual Report
2009-2010**

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



**N.K.
Industries Ltd.**

**N. K. INDUSTRIES LIMITED
22ND ANNUAL REPORT
2009-2010**

BOARD OF DIRECTORS	:	NIMISH K.PATEL	Chairman & Managing Director
		NILESH K.PATEL	Managing Director
		ASHVIN P. PATEL	Whole Time Director
		JAYESH D. THAKKAR	Director
		BHARAT J. PATEL	Director
		MAITRAY D. PATEL (w.e.f. 7 th May, 2009)	Director
AUDITORS	:	M/s CHANDULAL M.SHAH & CO. Chartered Accountants, Ahmedabad - 380 009	
REGISTERED OFFICE	:	7th Floor, Popular House, Ashram Road, Ahmedabad - 380 009	
FACTORY	:	Thor Road, Kadi Village-382 715 District: Mehsana, Gujarat	
BANKERS	:	BANK OF BARODA STATE BANK OF INDIA AXIS BANK ICICI BANK LTD. KOTAK MAHINDRA BANK LIMITED VISNAGAR NAGARIK SAHAKARI BANK LTD HDFC BANK LIMITED	



N.K. Industries Ltd.

NOTICE :- NOTICE is hereby given that the 22nd Annual General Meeting of the members of N. K. Industries Limited will be held on Thursday, the 30th day of September, 2010, at 5.00 p.m. at the Registered office of the Company at 7th Floor, Popular House, Ashram Road, Ahmedabad-380 009 to transact the following business :-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 and Profit & Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint Mr. Jayesh D. Thakkar as a Director, who retires by rotation and being eligible offers himself for re-appointment
3. To appoint Auditors and to fix their remuneration. The retiring Auditors M/s Chandulal M. Shah & Co., Chartered Accountants, Ahmedabad are eligible for reappointment.

SPECIAL BUSINESS:

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

"RESOLVED THAT in view of Company's accumulated loss of Rs.5480.06 Lacs, having exceeded its networth of Rs. 3254.59 Lacs as per duly audited annual accounts for the year 2009-10, the Company continues as a sick industrial undertaking within the meaning of Section 3 (1) of The Sick Industrial Companies (Special Provisions) Act, 1985.

RESOLVED FURTHER THAT another reference be made to the Board for Industrial and Financial Reconstruction under Section 15 of The Sick Industrial Companies (Special Provisions) Act 1985, for determination of measures which shall be adopted with respect to the Company and that Mr. Nimish K. Patel, Chairman & Managing Director and/or Mr. Nilesh K. Patel, Managing Director and/or any one of the Directors of the Company be and is/are hereby jointly or severally authorised to do all such acts, deeds and things as may be deemed expedient and necessary to give effect to this resolution."

By Order of the Board of Directors

Date: May 29, 2010
Place: Ahmedabad

Nimish K. Patel
Chairman & Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT IN THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Share Transfer Books and Register of Members of the Company will remain closed from Thursday, 23rd September 2010 to Thursday, 30th September 2010, both days inclusive.
3. Members are advised to avail nomination facility as well as Dematerialization facility with the Company.
4. **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:**

ITEM NO. 4:

The Company's net worth continues to be negative in view of losses accumulated at Rs.5480.06 Lacs as at the end of the year ended 31st March 2010, and it is therefore necessary to make another reference to BIFR under provisions of Sick Industrial Companies (Special Provisions) Act, 1985.

It is therefore proposed to make another reference to BIFR and authorise Board of Directors for the purpose and it is expedient that members pass as an Ordinary Resolution.

None of the Directors are interested in the Resolution.

By Order of the Board of Directors

Date: May 29, 2010
Place: Ahmedabad

Nimish K. Patel
Chairman & Managing Director

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DIRECTORS' REPORT

TO THE MEMBERS

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

(Rs. in Lacs)

FINANCIAL RESULTS

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

OPERATIONS

During the year, the company continued to sell manufactured goods on its own in addition to the job work as the main activity. The Company's sales turnover was increased to Rs. 70551.49Lacs and it earned job work charges of Rs. 115.55 Lacs as against Rs. 1789.54 Lacs in the previous year. After providing for depreciation of Rs. 186.91 lacs, there was loss in the current year amounting to Rs. 698.76 Lacs as against Loss of Rs. 387.35 Lacs in the year 2008-09. The above loss of Rs.698.76Lacs is inclusive of write off of principal ICD of Rs.536.37 Lacs (P.Y. Nil) as against net loss of Rs. 387.35 Lacs in the previous year.

As per the compromise settlements arrived at, the Company has paid off all the outstanding balances with all the banks and IDBI save and except the Kotak Mahindra Bank Ltd. No Due Certificates are received/ in the process of receiving from the said Banks/ IDBI. Thereafter the Recovery Certificates issued by DRT, Ahmedabad will be treated as withdrawn. The consent terms executed with the Kotak Mahindra Bank Ltd. are filed in DRT, Mumbai and the Company is making repayments of their dues accordingly. Having generally paid off with almost all banks, there is no doubt of distinct possibility of the Company achieving its net worth positive in a short period and thereby the unit will be out of sickness in terms of the Sick Industrial Companies (Special Provisions) Act, 1985.

DIVIDEND

Your Directors express their inability to recommend any dividend for the year 2009-10 owing to accumulated losses incurred by the Company.

DIRECTORS:

Mr. Jayesh D. Thakkar shall retire by rotation in terms of the Articles of Association of the Company at the ensuing Annual General Meeting of the Company. He, however, being eligible, has offered himself for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the Company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with Stock Exchanges, the Report on Corporate Governance is attached as Annexure to the Directors' Report



N.K. Industries Ltd.

AUDITORS' REPORT

The observations made by the Auditors contain the explanations which are self-explanatory and therefore do not call for any further explanation under Section 217(3) of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

No employee was employed during the year drawing Rs.24 lacs per annum or Rs. 2,00,000 per month Hence information under Section 217(2A) of the Companies Act, 1956 is not applicable.

AUDITORS

M/s Chandulal M. Shah & Co., Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for reappointment as Auditors upto the next Annual General Meeting. You are requested to appoint the Auditors and fix their remuneration.

PERSONNEL

The relations between the employees and the management remained cordial during the year under review.

OTHER INFORMATION

Information required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to conservation of energy, technology absorption and foreign exchange earning/outgo is appended in Annexure hereto, which forms part of this report.

Date: May 29, 2010
Place: Ahmedabad

For or on behalf of the Board

Nimish K. Patel
Chairman & Managing Director

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ANNEXURE

ADDITIONAL PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD ENDED ON 31ST MARCH 2010.

[A] CONSERVATION OF ENERGY :

- (a) We are using our own D.O.C as Boiler fuel. As the calorific value of D.O.C. is higher than the lignite, fuel to steam ratio could enhance considerably. By using this, we are in a position to operate boilers more efficiently.
- (b) We have adopted water degumming to improve the Quality of Commercial Oil.
- (c) With vigorous trials in laboratory, we could improve the quality of 12 HSA.
- The information about energy consumption per unit of production - Form No A is not applicable to this kind of Industry.

[B] TECHNOLOGY ABSORPTION :

Efforts made in technology absorption as per Form B of Annexure.

[C] FOREIGN EXCHANGE EARNING AND OUTGO :

Total foreign exchange used & earned: The Company has not earned any foreign exchange and no import has been made using foreign exchange.

FORM-B (See Rule-2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

Research & Development(R & D)

Specific areas in which R&D carried out by the Co.	N.A
Benefits arrived as a result of the above R&D	N.A
Future plan of Action	No Future Plan at present
Expenditure on R&D	Nil

Technology absorption, adaptation and innovation

a. Efforts in brief made towards technology, absorption, adaptation and innovation:-

As per old technology, crushing was done twice in separate expeller. But by innovation, we adopted a single crushing in double chamber expellers.

2. Benefits derived as a result of the above efforts:-

We get benefits of higher crushing capacity with less electrical consumption and better quality product.

a. In case of Imported technology (Imported during the last 5 years reckoned from the beginning of the financial year) the following information may be furnished:-

Technology Imported	Nil
Year of Import	Nil
Has Technology been fully absorbed	Nil
If not, Future plans of Action	Nil



N.K. Industries Ltd.

ANNEXURE

Report on Corporate Governance

1. Company's philosophy on Code of Corporate Governance:

To achieve the company's objective to be one of the known companies in the field of castor oil and to assist in fulfilling our endeavour in creating wealth for its shareholders, the Board decided to normalize and strengthen the process that the company efficiently manages its business and greater success through the establishment of corporate governance.

2. Board of Directors:

The present strength of the Board consists of six Directors. The Board meets at least once in every quarter to assess the Company's performance, operations, to ensure compliance with laws and regulations. The gap between two Board meetings is not more than four months. Since the Company is registered as a Sick Industrial Company by BIFR, the Board tries to see that there is improvement of its working with an intention to meet all its obligations to the secured and unsecured creditors as well as other stakeholders.

The Company has been endeavouring to constitute the Board of Directors and the Audit Committee having optimum combination of Executive, Non executive and independent Directors in due Compliance with Clause 49 of the listing agreement.

a. Composition and Category of Directors:

The detailed composition of the Board given below contains the constitution of the Board of the Company as on 31st March 2010 along with the category and the no. of directorship in companies:

The details of membership in the committees of the Directors given below are as on the date of the Report:

Name (Designation)	Category of Directorship	Directorship (Including our Company)	**Committee Membership+ (Including Our Company)
Mr.Nimish K. Patel (Chairman & Managing Director)	Executive	5	Nil
Mr. Nilesh K. Patel (Managing Director)	Executive	5	1
Mr. Jayesh D. Thakkar (Independent Director)	Non Executive	1	3
Mr. Ashvin P. Patel (Whole Time Director)	Executive	1	1
Dr. Bharat J. Patel (Independent Director)	Non Executive	2	2
Mr. Maitray D. Patel (Independent Director) (w.e.f. 7th May, 2009)	Non-Executive	1	2

+ Membership includes Chairmanship

** Indicates Membership/Chairmanship in the Audit Committee, Remuneration Committee and Shareholders/Investors Grievance committee (excluding Private Limited Companies, Foreign Companies and Section 25 Companies).

b) Details of the Directors seeking Appointment/Reappointment in forthcoming Annual General Meeting:

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

c) Attendance:

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

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

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

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

3. Audit Committee:

Terms of Reference

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

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

Composition and Attendance of Audit Committee is as under:

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

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

4. Remuneration Committee:

Terms of Reference

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

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

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

Details of Remuneration to the Executive Directors

(In Rupees)

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

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



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5. Shareholders / Investors' Grievance Committee:

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

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

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

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

6. General Body Meetings:

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

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

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

Disclosures:

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

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

7. Means of Communication

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

8. Shareholder information

a. Annual General Meeting :

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

b. Financial Calendar :

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

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

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

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

e. Listing on Stock Exchanges

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

f. Stock Code.

NSDL & CDSL: ISIN No. is INE542C01019

BSE: 519494

NSE: NKIND

ASE: 40617

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g. Share Price Data

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

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

h. Share Transfer System:

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

Company's Registrar and Transfer Agent:-

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

i. Distribution of Shares:

Distribution of shareholding as on 31st March 2010:

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

j. Shareholding Pattern:

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

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



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4.	Others		
a.	Private Corporate Bodies	5,54,991	9.23
b.	Indian Public	22,15,245	36.86
c.	NRIs/OCBs	5,328	0.09
d.	Any other (please specify)	--	--
	Sub-Total	27,77,764	46.22
	GRAND TOTAL	60,09,900	100.00

k. Dematerialization of shares and liquidity:

80.71% of the paid - up capital has been dematerialized as on 31st March 2010.

Manufacturing Facilities at: Kadi, District: Mehsana Gujarat, India

l. Address for correspondence:

For both Physical and Electronic Form: M/s. Link Intime India Pvt Ltd.,
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup, Mumbai-400078.
Tele. No. : (022) 25963838
Fax No. : (022) 25946969
e mail Address:www.intimespectrum.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: May 29, 2010

Place: Ahmedabad

Nimish K. Patel
Chairman & Managing Director

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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 affects 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 all non-executive independent directors w.e.f. 1st April, 2010. 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 direct Sales and the charges received for the job work done for others. The operational Loss for the year was Rs.699.92 (P.Y. Rs. 208.22) lacs. The production of Castor Oil including job work was 2,59,886 M.T as against 74,978 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.



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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 2010 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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 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.:5 of Schedule- 21)*
b) *Attention is invited to Note No. 7 to Schedule 21 regarding non provision of interest receivable on various advances amounting to Rs 821.65 Lacs which are considered doubtful.*
c) *Balances of Secured Loans, Debtors, Creditors, Unsecured Loans and Advances are subject to confirmation.*
 - (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, 2010 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 : May 29, 2010

FOR CHANDULAL M. SHAH & CO.
Chartered Accountants
(FRNo.101698W)
(K.H.Vasavada)
Partner
M.No.: 12322

Annual Report

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 2010.

- (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 party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.978.44 lacs (P.Y.Rs. 651.53 lacs) and the year-end balance of such loan was Rs.912.84 lacs (P.Y. 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 two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 55.00lacs (P.Y. Rs. 277.24 lacs) and the year end balance of such loan was Rs. 35.49 Lacs (P.Y. Rs.277.24 lacs). There are no loans taken from firms or companies covered in the register maintained under section 301 of the Companies Act, 1956.
(f) The rate of interest and other terms and condition of such loan is not prejudicial to the interest of the company
(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) The company has accepted deposit from two parties during the year though the net worth of the company is negative. This is not in conformity with the provisions of section 58A, 58AA or any other relevant provisions of Companies Act, 1956 and the rules made thereunder 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 except Income Tax dues of Rs. 70.23 lacs for the accounting year 2007-08 which is fully paid on 12/04/2010.
(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:



N.K. Industries Ltd.

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	71.43 Lacs (including interest upto 31/3/10) Tax	Block Assessment from 1989 to 1999	Gujarat High Court
Guj. Sales Tax	Sales Tax	4460.59 (Net of payments)	F.Y. 1989-90, 90-91, 98-99 to 2001-02 & 2003-04	Sales Tax Tribunal / Commercial Tax Officer

- (ix) In our opinion, the accumulated losses of the company as on 31st March 2010 are more than the fifty percent of its net worth. It has incurred cash loss during the current financial year. 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. 957.39 lacs, being balance outstanding on 31st March, 2010. The Company has entered into compromise agreements under 'One Time Settlement' scheme with all the banks (except Visnagar Nagrik Sahkari Bank Ltd.). All the banks are fully paid off as per the compromise settlements save and except M/s. Kotak Mahindra Bank Ltd to whom the balance amount of Rs. 7.62 crores is due to be paid in monthly installments by the end of August, 2011. The Visnagar Nagrik Sahkari Bank's balance dues stood to Rs.179.84 lacs which is under negotiation as per the settlement scheme of the Government of Gujarat.
- (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.

Place : Ahmedabad
Dated : May 29, 2010

FOR CHANDULAL M. SHAH & CO.
Chartered Accountants
(FRNo.101698W)
(K.H.Vasavada)
Partner
M.No.: 12322

Annual Report

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, 2010 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.

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.

Place : Ahmedabad
Dated : May 29, 2010

FOR CHANDULAL M. SHAH & CO.
Chartered Accountants
(FRNo.101698W)
(K.H.Vasavada)
Partner
M.No.: 12322



**N.K.
Industries Ltd.**

**N.K.Industries Ltd.
Balance Sheet As At 31st March 2010**

	Sche dule	As at 31.03.2010 (Rupees)	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)	As at 31.03.2009 (Rupees)
(A) SOURCES OF FUNDS					
1. Shareholder's Funds					
a) Share Capital	1	6 00 99 000		6 00 99 000	
b) Reserves and Surplus	2	26 53 60 412	32 54 59 412	21 17 23 597	27 18 22 597
2. Loan Funds					
a) Secured Loans	3	9 60 04 174		16 48 63 846	
b) Unsecured Loans	4	2 62 14 124	12 22 18 298	9 31 19 432	25 79 83 278
3 Deferred Tax Liability (Net)					
			1 54 06 483		1 42 95 106
TOTAL			46 30 84 193		54 41 00 981
(B) APPLICATION OF FUNDS					
1. Fixed Assets					
a) Gross Block	5	53 02 76 719		51 86 79 100	
b) Less : Depreciation		41 82 45 051		39 95 53 064	
c) Net Block		11 20 31 668		11 91 26 036	
d) Capital work-in-progress		58 74 350	11 79 06 018	15 84 328	12 07 10 364
2. Investments					
	6		11 76 560		24 560
3 Current Assets & Loans & Advances					
a) Inventories	7	79 94 98 896		1 26 05 984	
b) Sundry Debtors	8	1 02 82 16 532		5 53 56 092	
c) Cash & Bank Balances	9	3 62 42 279		5 52 435	
d) Loans & Advances	10	22 15 11 047		9 75 07 071	
		2 08 54 68 755		16 60 21 582	
Less : Current Liabilities & Provisions					
a) Current Liabilities	11	2 25 41 11 179		17 20 03 479	
b) Provisions	12	3 53 62 121		4 87 81 768	
		2 28 94 73 300		22 07 85 247	
Net Current Assets					
			(20 40 04 545)		(5 47 63 665)
4 Profit & Loss Account					
			54 80 06 160		47 81 29 722
TOTAL			46 30 84 193		54 41 00 981
Notes forming part of Accounts					
	21				

As per our report of even date attached
For, Chandulal M. Shah & Company
Chartered Accountants

For, N. K. INDUSTRIES LIMITED

Nimish K. Patel
Chairman & Managing Director

Nilesh K. Patel
Managing Director

Partner
K.H.Vasavada
M. No 12322

Place:- Ahmedabad
Date :- 29.05.2010

Place:- Ahmedabad
Date :- 29.05.2010

Jayesh D. Thakker
Director

Annual Report

N.K.Industries Ltd.

Profit & Loss Account for the year ended on 31st March 2010

	Sche dule	For the year ended on 31.03.2010 (Rupees)	For the year ended on 31.03.2010 (Rupees)	For the year ended on 31.03.2009 (Rupees)	For the year ended on 31.03.2009 (Rupees)
(A) INCOME					
1 Gross Income from operations	13	7 51 77 73 226		17 11 10 973	
Less :- Value Added Tax		46 14 75 157		2 04 47 530	
Less :- Excise Duty		11 48 869		59 38 970	
Net sales			7 05 51 49 200		14 47 24 473
2 Job work Charges Received	14		1 15 54 945		17 89 54 351
3 Other Income			4 30 27 583		5 36 22 708
TOTAL			7 10 97 31 727		37 73 01 532
(B) EXPENDITURE					
1 Material consumed	15		6 62 39 52 668		11 94 72 563
2 Purchase of Finished Goods	16		28 78 75 299		14 45 090
3 Manufacturing & Other Expenses	17		14 70 29 438		14 85 99 087
4 Employee Costs	18		1 44 53 521		1 04 12 340
5 Administrative & Selling Expenses	19		6 60 29 578		7 56 31 405
6 Interest & Finance Charges	20		2 16 91 526		2 14 52 684
TOTAL			7 16 10 32 030		37 70 13 170
(C) Net Profit before Depreciation and Taxation			(5 13 00 303)		2 88 362
(D) Depreciation			1 86 91 988		2 11 09 910
(E) Profit / (Loss) before Taxation			(6 99 92 291)		(2 08 21 548)
(F) Provision for Taxation - Current tax			0		21 00 000
- FBT			46 553		1 27 188
- Deferred tax -Previous Year			0		2 54 17 673
- Deferred tax-Current Year			11 11 377		(1 11 22 567)
			11 57 930		1 65 22 294
(G) Profit/ (Loss) after Tax			(7 11 50 221)		(3 73 43 842)
(H) Prior Period Adjustment (Ref. Sch.19C)			(12 73 783)		13 91 352
(I) Profit/ (Loss) for the year			(6 98 76 438)		(3 87 35 194)
(J) Balance brought forward from Previous Year			(47 81 29 722)		(43 93 94 527)
Balance Carried to General Reserve / Balance Sheet			(54 80 06 160)		(47 81 29 722)
Earning per share Basic & Diluted (Price per Share Rs. 10 each)			(11.63)		(6.45)
Notes forming part of Accounts	21				

As per our report of even date attached
For, **Chandulal M. Shah & Company**
Chartered Accountants

For, N. K. INDUSTRIES LIMITED

Nimish K. Patel
Chairman & Managing Director

Nilesh K. Patel
Managing Director

Partner
K.H.Vasavada
M. No 12322

Jayesh D. Thakker
Director

Place:- Ahmedabad
Date :- 29.05.2010

Place:- Ahmedabad
Date :- 29.05.2010



**N.K.
Industries Ltd.**

**N.K.Industries Ltd.
SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31-03-2010 (Rupees)	As at 31-03-2009 (Rupees)
SCHEDULE-1 SHARE CAPITAL		
AUTHORISED:		
2,50,00,000 Equity Shares of Rs.10/- each	25 00 00 000	25 00 00 000
5,00,000 Preference Shares of Rs.100/- each	5 00 00 000	5 00 00 000
Issued, Subscribed & Paid up Capital:		
EQUITY SHARE CAPITAL	6 00 99 000	6 00 99 000
6009900 Equity Shares of Rs.10/- each fully paid up (Out of the above 1800030 Equity Shares were issued as fully paid up Bonus Shares)		
TOTAL	6 00 99 000	6 00 99 000
SCHEDULE-2 RESERVES & SURPLUS		
CAPITAL RESERVE		
Balance as per last balance sheet	12 24 592	12 24 592
CENTRAL GOVT. CASH SUB. RECEIVED.	18 72 464	18 72 464
STATE GOVERNMENT CASH SUBSIDY RECEIVED		
WAIVER OF PRINCIPAL AMT.OF BANK		
Balance as per last balance sheet	11 72 91 468	11 72 91 468
Add: Waiver of Principal Amount of ICD	5 36 36 815	0
	17 40 25 339	12 03 88 524
INVT.ALLOW.(UTILISED) GENERAL RESERVES	10 38 073	10 38 073
SECURITY PREMIUM ACCOUNT	9 02 97 000	9 02 97 000
TOTAL	26 53 60 412	21 17 23 597
SCHEDULE-3 SECURED LOANS		
[1] LOANS AGAINST IMPORT DOCUMENT		
(Secured Against pledge/Hypothecation of Imported Material)		
KOTAK MAHINDRA BANK LTD	9 57 38 915	15 51 13 846
[2] PACKING CREDIT ACCOUNT		
[Secured against Hypothecation of Current Assets and having Second Pari-Passu charge on Fixed Assets & Personal Guarantee of Directors]		
DENA BANK	0	97 50 000
SUNDRAM FINANCE LTD- GJ-1KA-1063 VISTA	2 65 259	0
TOTAL	9 60 04 174	16 48 63 846
SCHEDULE-4 UNSECURED LOANS		
FROM MEMBERS	35 49 127	62 57 038
FROM COMPANIES INTER CORPORATE	56 52 382	8 33 62 394
FROM OTHERS	1 70 12 616	35 00 000
TOTAL	2 62 14 124	9 31 19 432

N.K. Industries Ltd.
SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE : 5 : FIXED ASSETS

Sr. No.	Particulars of Assets	Gross Block (At Cost)				Depreciation				Net Block	
		Opening Balance as at 01.04.2009 Rs.	Additions During the Year Rs.	Sale / Adjustments During the Year	Total as at 31.03.2010 Rs.	Upto 31.03.2009 Rs.	For the Year Rs.	Sale / Adjustments During the Year	Total as at 31.03.2010 Rs.	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
1	Freehold Land	33 90 352	0	0	33 90 352	0	0	0	0	33 90 352	33 90 352
2	Building	10 03 62 186	31 15 837	0	10 34 78 024	3 70 70 561	32 53 715	0	4 03 24 276	6 31 53 747	6 32 91 625
3	Plant and Machinery	40 00 77 128	52 94 441	0	40 53 71 569	35 06 71 521	1 43 59 708	0	36 50 31 229	4 03 40 340	4 94 05 607
4	Office Equipments	72 59 634	16 88 778	0	89 48 412	50 13 899	6 93 177	0	57 07 076	32 41 337	22 45 735
5	Furniture and Fixtures	36 75 884	9 69 613	0	46 45 497	29 75 802	2 64 662	0	32 40 464	14 05 033	7 00 082
6	Vehicles	39 13 917	5 28 948	0	44 42 865	38 21 280	1 20 726	0	39 42 006	5 00 859	92 637
	TOTAL - 31-03-2010	51 86 79 101	1 15 97 618	0	53 02 76 719	39 95 53 063	1 86 91 988	0	41 82 45 051	11 20 31 668	11 91 26 038
	TOTAL - 31-03-2009	50 92 66 443	94 12 657	0	51 86 79 100	37 84 43 154	2 11 09 910	0	39 95 53 064	11 91 26 036	13 08 23 289
	Capital Work In Progress									58 74 350	15 84 328
										11 79 06 018	12 07 10 366



**N.K.
Industries Ltd.**

**N.K.Industries Ltd.
SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31-03-2010 (Rupees)	As at 31-03-2009 (Rupees)
SCHEDULE-6 INVESTMENT		
QUOTED		
10000 Equity Shares of Hytaisun Magnetics Ltd. Of Rs.10/- each fully paid up.	1 00 000	1 00 000
350000 Equity Shares of Ficon Lease & Finance Ltd. Of Rs.10/- each fully paid up.	35 00 000	35 00 000
100000 Equity Shares of Accurate Exports Ltd. Of Rs.10/- each fully paid up.	10 00 000	10 00 000
Provision for Diminution in Value	46 00 000	46 00 000
	- 46 00 000	- 46 00 000
MARKET VALUE OF QUOTED INVESTMENT	0	0
UNQUOTED		
6 Equity Shares of Kalupur Comm. Bank of Rs.10/- fully paid up.	60	60
128000 Equity Shares of Visnagar Nagrik Sahkari Bank Ltd. Of Rs.25/- each fully paid up	35 15 000	35 15 000
56500 Equity Shares of Ahmedabad Commodity Exchange Ltd of Rs.20.50 each fully paid up	11 53 000	0
National Saving Certificate	23 500	24 500
Provision for Diminution in Value	46 91 560	35 39 560
	- 35 15 000	- 35 15 000
	11 76 560	24 560
TOTAL	11 76 560	24 560
SCHEDULE-7 INVENTORIES		
Raw Materials	59 58 14 837	0
Finished Goods	18 25 63 741	38 26 433
Stores	84 00 036	70 01 075
Packing Material	95 11 050	0
Chemicals	32 09 232	17 78 476
TOTAL	79 94 96 896	1 26 05 984
SCHEDULE-8 DEBTORS		
(Un Secured)		
Debts outstanding for a period Exceeding six months		
-Considered Goods	97 66 91 189	5 27 38 854
(Includes Rs.6360.45 (P.Y. 69.63) lacs due from Company under the same management)		
-Considered Doubtful	35 28 94 638	35 28 94 638
Debts outstanding for a less than six months	132 95 85 827	40 56 33 492
	5 15 25 343	26 17 237
Less: Provision for Doubtful debts	138 11 11 170	40 82 50 728
	35 28 94 638	35 28 94 638
TOTAL	102 82 16 532	5 53 56 090

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N.K.Industries Ltd. SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31-03-2010 (Rupees)	As at 31-03-2009 (Rupees)
SCHEDULE-9 CASH & BANK BALANCES		
Cash on Hand	24 83 152	81 349
Balance with Schedule Banks	3 37 59 127	4 71 086
TOTAL	3 62 42 279	5 52 435
SCHEDULE-10 LOANS AND ADVANCES		
(Unsecured, Considered Goods)		
Advance Receivable in Cash or in Kind or for Value to be received (Includes Doubtful Advances of Rs.807 Lacs (P.Y. Rs.882.51Lacs)	27 12 86 179	17 87 56 883
Advance to Suppliers (Includes Doubtful Advances of Rs.14.65 Lacs (P.Y. Rs.14.65 Lacs)	3 23 90 100	84 66 497
	30 36 76 280	18 72 23 380
Less : Provison for Doubtful Advances	8 21 65 232	8 97 16 305
TOTAL	22 15 11 047	9 75 07 075
SCHEDULE-11 CURRENT LIABILITIES		
Creditors for Goods & Expenses	222 50 55 103	2 60 83 957
Advance from Customers	2 56 80 674	11 24 69 407
Other Liabilities	33 75 402	3 34 50 115
TOTAL	225 41 11 179	17 20 03 479
SCHEDULE-12 PROVISIONS		
Gratuity	25 72 544	21 89 125
Income Tax Provision F.Y.2007-2008	70 22 716	1 90 00 000
Income Tax Provision F.Y.2008-2009	21 00 000	21 00 000
Income Tax Provision (Block Assessment)	71 43 291	1 04 43 291
Interest Payable on Income Tax Block Assessment	1 47 58 294	1 47 58 294
Loss on unexpired Future Contract	11 43 888	0
Leave Encashment	6 21 388	2 91 058
TOTAL	3 53 62 121	4 87 81 768



**N.K.
Industries Ltd.**

**N.K. Industries Ltd.
SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT**

	For the Year ended on 31-03-2010 (Rupees)	For the Year ended on 31-03-2009 (Rupees)
SCHEDULE-13 SALES		
Commercial Castor Oil		
Castor D Oil Cake	9 71 26 594	0
FSG Castor Oil	38 60 62 043	0
PP Castor Oil	635 77 52 570	0
HCO	2 44 33 982	0
Ground Nut Husk	9 76 64 997	0
12 Hydroxy Stearic Acid	0	15 72 636
TOTAL	9 21 09 014	14 31 51 837
	705 51 49 200	14 47 24 473
SCHEDULE-14 OTHER INCOME		
Hire Charges	1 11 000	84 000
Interest from Others	41 17 305	36 79 759
Miscellaneous Income	1 24 444	7 52 441
Miscellaneous Sales	14 93 349	5 35 369
Export Benefit	66 86 732	0
Profit From Future Option	0	1 92 365
Bad Debts Recovered	0	95 266
Labour Charges Recovered	15 68 235	11 12 447
Insurance claim Recovered	20 47 837	10 562
Excess Provision for Dim. in Share Write Back	0	16 19 242
Excess provision for Doubtful Advances Written off	0	4 31 025
Sales (Refer Not No.5 of Schedule 21)	0	4 51 10 232
Foreign Fluctuation Exchanges	31 35 602	0
Doubtful Advances Recovered	51 98 018	0
Settlement Charges	1 62 43 921	0
Interest from Bank	1 43 718	0
Sundry Credit Balance Written Off	21 57 422	0
TOTAL	4 30 27 583	5 36 22 708
SCHEDULE-15 MATERIAL CONSUMED		
A) Raw Material :		
Opening Stock of Castor Seed	0	0
Add: Purchase Castor Seed During the Year	1145 03 51 753	0
Less: Castor Seed Sold During the Year	1145 03 51 753	0
Less: Closing Stock of Castor Seed	405 18 46 941	0
Sub Total (A)	59 58 14 837	0
B) Raw Material :		
Opening Stock of Castor Oil	0	0
Purchases of Castor Oil	0	12 08 08 450
Less: Closing Stock of Castor Oil	0	12 08 08 450
Sub Total (B)	0	0
	0	12 08 08 450
INCREASE / (DECREASE) IN STOCKS		
C) Closing Stocks		
- Finished Goods	18 25 63 741	38 26 433
Sub-Total (C)	18 25 63 741	38 26 433
D) Opening Stocks		
- Finished Goods	38 26 433	24 90 546
Sub-Total (D)	38 26 433	24 90 546
TOTAL (A+B-C+D)	662 39 52 668	11 94 72 563

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N.K.Industries Ltd. SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	For the Year ended on 31-03-2010 (Rupees)	For the Year ended on 31-03-2009 (Rupees)
SCHEDULE-16 PURCHASE OF FINISHED GOODS		
Purchase of Castor Oil	28 57 56 774	0
Purchase of Castor De Oil Cake	21 18 525	0
Purchase of Groundnut Cake	0	14 45 090
TOTAL	28 78 75 299	14 45 090
SCHEDULE -17 MANUFACTURING & OTHER EXPENSES		
A) Stores Consumed		
Opening Stock of Stores	70 01 075	65 09 475
Add: Purchase of Stores During the Year	1 09 40 529	97 52 825
	1 79 41 604	1 62 62 300
Less: Stores Material Sold During the year	0	0
Less: Closing Stock of Stores	84 00 036	70 01 075
Sub Total (A)	95 41 568	92 61 225
B) Chemical Consumed		
Opening Stock of Chemicals	17 78 476	17 37 611
Add: Purchase of Chemicals During the Year	5 58 54 608	5 87 29 815
	5 76 33 084	6 04 67 426
Less: Chemical Recovered/Sold During the year	0	0
Less: Closing Stock of Chemicals	32 09 232	17 78 476
Sub Total (B)	5 44 23 852	5 86 88 950
C) Packing Material Consumed		
Opening Stock of Packing Material	0	0
Add: Purchase of Packing Material During the Year	1 75 66 112	5 03 154
	1 75 66 112	5 03 154
Less: Packing Material Recovered/Sold During the year	4 67 00 191	1 385
Less: Closing Stock of Packing Material	95 11 050	0
Sub Total (C)	-3 86 45 129	5 01 769
D) Other Manufacturing Expenses		
Factory Miscellaneous Expenses	66 97 055	31 70 264
Insurance	21 47 451	3 20 550
Job Work Expenses	84 58 400	0
Laboratory Expenses	2 27 890	1 25 124
License Fees	51 265	2 345
Brokerage & Dalali on Purchase	28 81 138	0
Power & Fuel Consumed	6 29 95 087	4 63 59 468
Production Incentives	49 31 430	23 09 935
Repairs & Maintenance (Plant & Machinery)	64 00 175	34 74 138
Wages to Workers	92 94 766	1 20 10 193
Wages Through Contractor	1 76 24 490	1 23 75 126
Sub Total (D)	12 17 09 148	8 01 47 143
TOTAL (A) to (D)	14 70 29 438	14 85 99 087
SCHEDULE -18 EMPLOYEE COSTS		
Salaries, Wages, Bonus and Allowances	1 20 03 430	88 40 041
Contribution to Provident, FPF and Other Funds	16 66 292	9 37 144
Staff Welfare	4 83 799	2 42 155
Director's Remuneration	3 00 000	3 93 000
TOTAL	1 44 53 521	1 04 12 340



**N.K.
Industries Ltd.**

N.K.Industries Ltd.

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	For the Year ended on 31-03-2010 (Rupees)	For the Year ended on 31-03-2009 (Rupees)
SCHEDULE - 19 ADMINISTRATIVE AND SELLING EXPENSES		
A) Administrative Expenses		
Auditor's Remuneration	5 51 500	6 35 255
Communication Expenses	6 53 404	5 04 684
Computer Repairs & Maintenance Expenses	1 55 896	30 125
Conveyance Expenses	3 17 870	1 80 765
Custom Duty Expenses	54 24 114	0
Donations	11 201	2 000
Foreign Exchange Fluctuation Expenses	0	10 10 000
Loss from Future & Option	27 66 997	0
Loss on unexpired Future Contract	11 43 888	0
Kasar Account	- 11 465	1 192
Share Investment Written Off	0	16 19 242
Legal and Professional Fees	29 30 296	18 12 380
Office Miscellaneous Expenses	12 38 446	7 43 803
Liquidated Damages	0	2 44 65 000
Municipal Tax	63 690	1 72 400
Provision for Doubtful Advances	0	3 08 50 335
Postage & Telegram Expenses	50 810	79 245
Provision for Doubtful Debts	0	14 64 883
Rent, Rates & Taxes	83 67 423	2 35 325
Repairs & Maintenance others	50 84 828	24 60 434
Secretarial Work & Filing Expenses	97 896	1 09 304
Security Expenses	18 45 906	16 81 218
Stationery & Printing Expenses	3 46 053	2 04 074
Sundry Balances Written off	0	50 57 225
Travelling Expenses - Directors	15 62 960	4 62 689
Travelling Expenses - Others	4 67 983	1 30 706
Vehicle Expenses	10 36 688	7 80 518
Sub Total (A)	3 41 06 383	7 46 92 801
B) Selling Expenses		
Advertising Expenses	17 240	4 35 940
Clearing & Forwarding Charges	96 61 670	0
Dalali & Brokerage Expenses	3 76 777	0
Vat/Sales Tax Expenses	10 300	62 696
Export Expenses	0	0
Survey Expenses	12 818	0
Seminar Expense	0	9 500
Outward Freight Charges-Local	2 18 44 390	4 30 468
Sub Total (B)	3 19 23 195	9 38 604

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N.K.Industries Ltd. SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	For the Year ended on 31-03-2010 (Rupees)	For the Year ended on 31-03-2009 (Rupees)
(C) Prior Period Expenses	0	3 00 000
Advertisement Expenses	4 530	0
Brokerage & Dalali Expenses	8 877	0
Clearing & Forwarding Charges	2 030	3 986
Communication Expenses	22 119	4 386
Factory Miscellaneous Expenses	48 000	2 56 444
Freight Charges	0	74 651
Fringe Benefit Tax	0	1 53 983
G.E.B.Cosp.	62 176	1 78 900
Legal & Professional Fees	3 285	30 664
Loading & Unloading Expenses	6 645	6 850
Office Miscellaneous Expenses	0	572
Post & Courier	-17 72 810	0
Purchase Chemicals (Excise Cenvate)	3 200	0
Purchase Packing Material	0	14 400
Rent Rate Taxes	2 34 764	0
Repairs & Manitenance (P&M)	13 460	0
Salary A/c	0	12 096
Secretarial Exps.	0	16 282
Service Tax	0	2 40 394
Speculation - Previous Year	386	0
Stationery & Printing Expenses	0	94 961
Transportation Charges - Local	0	1 483
Travelling Expenses	3 303	1 300
Vehicle Repairs Expenses	86 252	0
Sub Total (C)	- 12 73 783	13 91 352
TOTAL (A)+(B)+(C)	6 60 29 578	7 56 31 405
SCHEDULE - 20 FINANCIAL CHARGES		
Bank Commission & Charges	5 10 456	34 570
Financial Charges	7 500	0
Interest paid to Bank	1 55 92 908	2 13 97 317
Interest paid to Others	55 80 663	20 797
TOTAL	2 16 91 526	2 14 52 684

**CASH FLOW STATEMENT FOR THE YEAR ENDED
on 31st March, 2010**

(Rs. In Lacs)

Particulars	As at 31.03.2010 (Rupees)	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)	As at 31.03.2009 (Rupees)
Cash Flow Operating Activities:				
Net Profit After Tax and Extra Ordinary Items (Note No.1)		(150.82)		(243.13)
Adjustment for :				
Depreciation		186.92		211.10
Dividend Received		-		-
Interest Charged P&L a/c		216.92		214.53
Profit On Sale Of Assets		253.02		182.50
Adjustment for :				
Trade and other receivables (Note 6)	(10,968.64)		166.88	
Inventories	(7,868.93)		(18.68)	
Trade Payable (Note 7)	20,686.88	1,849.31	1,027.83	1,176.03
Cash Generated from operating Activities		2,102.33		1,358.53
Less: Income Tax Paid (Note 9)		0.47		1.27
Cash flow before extra ordinary item		2,101.86		1,357.25
Extra Ordinary Item		-		-
Net Cash Flow from operating Activities		2,101.86		1,357.25
Cash Flow From Investing Activities:				
Purchase of Fixed Assets (Note 2)	(158.88)		(105.09)	
Sale of Fixed Assets (Note 3)	-		-	
Capital WIP (Transfer to Assets)	-		-	
Purchase/Sale of Investments (Note 4)	(11.52)	(170.40)	-	(105.09)
Net Cash Flow from Investing Activities		(170.40)		(105.09)
Cash Flow From Financing Activities:				
Proceeds from Borrowing (Note 8)	(1,357.65)		(1,059.40)	
Interest Paid	(216.92)		(214.53)	
Net Cash used in Financial Activities		(1,574.57)		(1,273.93)
Net Increase in cash and cash equivalents		356.90		(21.77)
Cash & Cash equivalent as at 01st April		5.52		27.29
Cash & Cash equivalent as at 31st March		362.42		5.52
		356.90		(21.77)

As per our report of even date attached
For, **Chandulal M. Shah & Company**
Chartered Accountants

For, **N. K. INDUSTRIES LIMITED**

Nimish K. Patel
Chairman & Managing Director

Nilesh K. Patel
Managing Director

Partner
K.H.Vasavada
M. No 12322

Place:- Ahmedabad
Date :- 29.05.2010

Place:- Ahmedabad
Date :- 29.05.2010

Jayesh D. Thakker
Director

SCHEDULE -21

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.



N.K. Industries Ltd.

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 and deferred tax expense/credit.

Current 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.

Assets and liabilities representing current tax is 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.

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2. Notes to accounts

(Rupees in Lacs)

		31.03.2010	31.03.2009
1.	Contingent liabilities & provisions		
	Contingent Liabilities		
a.	Claims against the Company, not acknowledged as debts (including interest and penalty)		
	Sales tax	4460.59	4870.96
	Other Claims (without considering interest liability)	1333.31	1333.31
	Various Suits filed by banks and others	PI See Note No.5 below*	PI See Note No.5 below*
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

2. Earnings per share (par value of Rs. 10 each)

(Rupees in Lacs)

	31.03.2010	31.03.2009
Profit after taxation (before extra ordinary items)	(711.50)	(373.44)
Weighted average number of equity shares	6009900	6009900
Earnings per share on profit after taxation -Basic and diluted earnings (in Rs) per share	(11.84)	(6.21)
Profit after taxation (after extra ordinary items)	(698.76)	(387.35)
Weighted average number of equity shares	6009900	6009900
Earnings per share on profit after taxation	(11.63)	(6.45)
Basic and diluted earnings (in Rs) per share		

- 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 as their own. As against the same, Visnagar Nagrik Sahkari Bank Ltd. has appropriated the receipts in different companies. As a result, balance with Visnagar Nagrik Sahkari Bank Ltd. does not reconcile. However, balances of the NK Group of Companies are reconciled
- 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 27th 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. Since the consortium banks have been paid of fully, the company is entitled to the said amount subject to H.O.P.'s claim for which an appeal is filed by the company in DRT for a quick judgment.
- The Company was declared a Sick Industrial unit by BIFR by an order dated 09.07.1999. Later on, Letters of Patent was filed in the Division Bench of the Gujarat High Court. While granting stay of AAIFR's order, it directed BIFR to submit whether the management of the company committed any malfeasance or misfeasance as per section 24 of SICA. During the proceedings, the company entered into the compromise settlements with all the secured creditors and paid off their dues leaving apart M/s. Kotak Mahindra Bank Limited whom the monthly installments are being paid as per the consent terms. The last installment is due in August-2011. In view of the above factual position, the Gujarat High Court permitted us to withdraw the above LPA Interim orders/ directions passed in the Appeal stands vacated. BIFR was informed of the above development and it has, therefore, stopped hearings under section 24 of SICA. Our first reference No. 35/1999 has been disposed off. However, further pending references are now to be considered by BIFR in its next hearing on 12.07.2010 to consider registration of the company as a sick industrial unit.
- 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



N.K. Industries Ltd.

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.

- 7 No provision is made during the year for interest receivable on various advances amounting to Rs.821.65 Lacs (P.Y. Rs.897.16) as the same are considered doubtful.
- 8 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.
- 9 Related Party Disclosure as per AS-18 is,

Associate firm / Company

N.K.Proteins Ltd.
N.K.Roadways Pvt.Ltd.
N.K.Oil Mills Pvt.Ltd.
Tirupati Proteins Pvt.Ltd.
Tirupati Retails Pvt. Ltd.

Shanti Stock Holdings P.Ltd.
N.K.Infraventures P.Ltd
N.K.Corporation
N.K Flour Mills Ltd.
Adrenal Advertising & Promotions Pvt. Ltd.

Key Managerial personnel

Nimish K. Patel
Nilesh K. Patel

Ashwin P. Patel
Rajiv M. Todi, Manager

Relatives of Key Managerial personnel

Sonal N. Patel
Ashita N. Patel

Neela A. Patel
Suchita R. Todi

Balances Receivable / (Payable) from / to related parties

Name of the Party	31-03-2010	31-03-2009
N.K.Proteins Ltd.	3365.06	(1378.79)
N.K.Roadways Pvt.Ltd.	312.60	21.61
Shanti Stock Holdings P.Ltd.	49.99	49.36
N.K.Infraventures Pvt. Ltd.	39.81	105.12
N.K.Oil Mills Pvt.Ltd	(23.25)	69.63
N.K.Corporation	(16889.22)	(1.18)
N.K Flour Mills Ltd.	502.20	488.80
Tirupati Proteins Pvt.Ltd.	2966.90	Nil
Nimish K. Patel	(2.68)	(22.19)
Nilesh K. Patel	(32.82)	(30.10)
Ashwin P. Patel	0.20	0.20
Rajiv M. Todi, Manager	13.21	11.21
Ashitaben N. Patel	Nil	(10.28)

Transaction with related parties

Rs. In lacs

Transaction	31.03.2010	31.03.2009
Purchases/ Services		
N.K.Corporation	28156.27	Nil
N. K. Proteins Ltd.	4706.41	1686.56
N.K.Roadways Pvt.Ltd.	10.16	Nil
Tirupati Proteins Pvt.Ltd.	20488.59	Nil
Sales		
Tirupati Proteins Pvt.Ltd.	16011.58	Nil
N.K.Corporation	0.08	Nil

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N.K.Protiens Ltd.	39195.88	827.73
Loans Given		
N.K Flour Mills Ltd.	13.40	190.41
N.K.Roadways Pvt.Ltd.	300.00	20
N.K.Oil Mills Pvt.Ltd	307.48	Nil
Shanti Stock Holdings Pvt.Ltd.	0.63	5.00
Loans Taken / Repaid		
N.K.Infraventures Pvt. Ltd.	65.32	Nil
N.K.Oil Mills Pvt.Ltd	Nil	20.17
Job Work Charges Received		
N.K.Protiens Ltd.	115.55	1727.32
Hire Charges Received		
N.K.Roadways Pvt.Ltd.	1.11	0.84
Remuneration		
Nimish K. Patel	0.60	0.60
Nilesh K. Patel	0.60	0.60
Ashwin P. Patel	3.00	2.73
Rajiv M. Todi, Manager	7.69	4.94

- 10 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:

	Rs. in Lacs
Employer's Contribution to Provident Fund / Employee's Pension Fund	11.69

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:

(A) Changes in Defined Benefit Obligation:

Rupees in Lacs

	Gratuity [Non-Funded Scheme]		Leave Encashment	
	2009-10	2008-09	2009-10	2008-09
Defined Benefit Obligation as at 01.04.2009	21.89	13.77	2.91	0.94
Current Service Cost	3.30	2.38	3.77	2.27
Interest Cost	1.80	1.05	0.24	0.07
Benefits Paid	(1.26)	(1.60)	(0.63)	(0.07)
Actuarial (gain) / loss on Obligations	0.00	6.29	(0.07)	(0.30)
Defined Benefit Obligation as at 31.03.2010	25.72	21.89	6.21	2.91



N.K. Industries Ltd.

(B) Amount recognized in the Balance Sheet:

Rupees in Lacs

	Gratuity [Non-Funded Scheme]		Leave Encashment	
	2009-10	2008-09	2009-10	2008-09
Defined Benefit Obligation as at 31.03.2010	25.72	21.89	6.21	2.91
Fair Value of Plan Assets as at 31.03.2010	0	0	0.00	
Liability / (Asset) recognized in the Balance Sheet included in Current Liabilities and Provisions	25.72	21.89	6.21	2.91

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

Rupees in Lacs

	Gratuity [Non-Funded Scheme]		Leave Encashment	
	2009-10	2008-09	2009-10	2008-09
Current Service Cost	3.30	2.38	3.77	2.27
Interest Cost	1.80	1.05	0.24	0.07
Net actuarial (gain) / loss recognized in the period	(1.26)	6.29	(0.63)	(0.30)
Total Expenses recognized in the P & L Account included in Contribution to Provident and Other Funds	3.84	9.72	3.38	2.04

(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:

	31.03.2010	31.03.2009
(a) Discount rate [per annum]	8.20%	7.61%
(b) Expected Retirement age of employees [years]	58Years	58Years
(c) Rates of leaving service – 3% (P.Y. 3%)	3%	3%
(d) Expected Increase in Salary – 5% (P.Y. 5%)	5%	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.

11 Deferred tax:

Deferred tax (liability)/asset	31.03.10	31.03.09
Excess of depreciation allowed under income-tax act over depreciation as per books	(16393408)	(21602080)
Expenditure disallowed under section 40(A)(7) / 43B of Income Tax Act	986925	7306974
Unabsorbed Loss / Depreciation as per Income Tax Act.	0	0
Deferred tax (liability)/asset	(15406483)	(14295106)

- 12 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.

13 Managerial Remuneration:

Particulars	31.03.2010 Rs.	31.03.2009 Rs.
Salary & Allowances	4.20	3.93
Contribution to PF	0.36	0.09
Total	4.56	4.02

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- 14 Balances of Financial Institution, Sundry Debtors, Creditors and Loans & Advances are subject to Confirmation by them & reconciliation if any.
- 15 Advances include Rs. 912.84 lacs (P.Y. Rs.673.14 lacs) due from companies and other Parties in which directors are interested/related.
- 16 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.4.36Lacs
- 17 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.
- 18 *Prior period comparatives*
Previous year figures have been regrouped/ rearranged wherever necessary to conform to current year's presentation.
- 19 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	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Castor Seed Crushing	N.A.	N.A.	240000	240000

(B) Turnover (P.Y. Job work):

Description	31.03.2010		31.03.2009	
	Qty.(MT)	Rs. In Lacs	Qty.(MT)	Rs. In Lacs
Non- Edible Oil				
Comercial Castor Oil *	1748	971.27	80	50.16
Castor Oil (Job work)	0	0	74898	0
Castor Doc **	128382	3860.32	10571	400.94
Castor Doc (Job work)	0	0	87725	0
FSG	120807	63577.53	0	0
Palepress Castor oil	419	244.34	0	0
HCO	1689	976.65	0	0
12HSA	1294	921.09	1701	1431.52
Edible Oil				
Ground Nut Oil	0	0	1290	0
G.N. Doc	0	0	1632	0
Cotton Seed Oil	0	0	0	0
TOTAL	254339	70551.20	177897	1882.62

* Includes Nil MT Rs. Nil lacs (P.Y. 80 MT Rs. 50.16Lacs) sold from jobwork activity

** Includes 17444.508Mt Doc used as fuel in Boiler

(C) Production (Quantity in M.T.) (P.Y. On Job Work basis)

Description	31.03.2010 Qty.(MT)	31.03.2009 Qty.(MT)
Non- Edible Oil		
Castor Oil *	121398	74978
Castor Cake *	0	98854
Castor DOC	145081	98296
12HSA	998	1752
Edible Oil		



N.K. Industries Ltd.

Ground Nut Oil	0	1290
G.N. Doc	0	1632
Cotton Seed Cake	0	0
TOTAL	267478	276802

* Including Nil M.T. (P.Y. 13438 M.T.) Oil derived from Solvent Treatment
Includes Nil M.T. (P.Y.80 M.T.) OF Oil produced from own goods.

(D) Purchase of Finished Goods :

Description	31.03.2010		31.03.2009	
	Qty.(MT)	Rs. in Lacs	Qty.(MT)	Rs. in Lacs
Castor Doc *	572	21.19	11947	478.48
Castor Cake	0	0	357	0
HCO Castor Oil	0	0	1855	1208.08
12HSA Castor oil	276	185.31	0	0
Castor FSG Oil	2902	1489.69	0	0
Castor Commercial Oil	2343	1183.80	0	0
TOTAL	6093	2879.98	14159	1686.56

* Consumed as fuel in boiler 17445 M.T. (P.Y. 1356 MT) 571.816 M.T. out of purchase

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

Description	Opening Stock		Closing Stock	
	01.04.2009	01.04.2008	31.03.2010	31.03.2009
Non- Edible Oil				
12HSA	67	16	47	67
Castor Cake	0	0	0	195
Commercial Castor Oil	0	0	497	0
FSG Castor Oil	0	0	1414	0
HCO Castor Oil	0	0	69	0
Castor D Oil Cake	0	0	17271	0
TOTAL	67	16	19298	262

(G) Raw Material Consumption (P.Y. Job work material)

Description	31.03.2010		31.03.2009	
	Qty.(MT)	Rs. in Lacs	Qty.(MT)	Rs. in Lacs
Non- Edible Oil				
Castor Seeds *	259886	68024.52	161075	0
Castor Cake **	163694	2.38	99074	0
Castor Oil	0	0	1855	1208.08
Edible Oil				
Ground Nut Seed	0	0	3811	0
Cotton Seed	0	0	0	0
Cotton Seed Cake	0	0	0	0
TOTAL	423580	68026.90	265815	1208.08

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

** Consumed for Solvent Process.

Annual Report

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

Description	31.03.2010		31.03.2009	
	Rs. in Lacs	%	Rs. in Lacs	%
Imported	0	0%	0	0%
Indigenous	68026.90	100%	1208.08	100%

(I) CIF Value of Imports

	31.03.2010	31.03.2009
Castor Oil	NIL	NIL

(J) Earning in foreign Exchange

	31.03.2010	31.03.2009
Castor Oil (FOB)	NIL	NIL

(K) Expenditure

	31.03.2010	31.03.2009
Expenses	NIL	NIL

20 BALANCESHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT, 1956.)

[AMOUNT IN RS. THOUSANDS]

I. REGISTRATION DETAILS

REGISTRATION NO. : 9905 STATE CODE : 04
BALANCE SHEET DATE : 31.03.2010

II. CAPITAL RAISED DURING THE YEAR

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

III. POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS

TOTAL LIABILITIES : 463084
TOTAL ASSETS : 463084

SOURCE OF FUNDS

PAID UP CAPITAL : 60099
SECURED LOANS : 96004
RESERVES & SURPLUS : 265360
UNSECURED LOANS : 26214

APPLICATION OF FUNDS

NET FIXED ASSETS : 117906
INVESTMENTS : 1177
NET CURRENT ASSETS : -204005
ACCUMULATED LOSSES : 548006

PERFORMANCE OF COMPANY

TURNOVER : 7066704
TOTAL EXPENDITURE : 7179608
- LOSSES BEFORE TAX : 69992
- LOSSES AFTER TAX : 69876
EARNING PER SHARE : (11.63)
DIVIDEND RATE% : NIL

IV. 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 21

As per our report of even date attached.
FOR CHANDULAL M. SHAH & CO.
Chartered Accountants

K.H. VASAVADA
Partner
M.NO.12322

Nimish K. Patel
Chairman & Managing Director

Jayesh D. Thakker
Director

Nilesh K. Patel
Managing Director

Place : Ahmedabad
Date : 29th May 2010.

Place : Ahmedabad
Date : 29th May 2010.

N.K.INDUSTRIES LIMITED

REGISTERED OFFICE:

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

**ATTENDANCE SLIP
22nd 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 22nd ANNUAL GENERAL MEETING of the Company at 7th Floor, Popular House, Ashram Road, Ahmedabad -380 009 on Thursday, the 30th day of September, 2010 at 5.00 p.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 _____

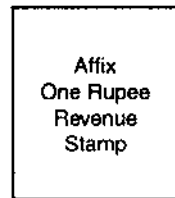
being a Member/Members of the above named Company hereby appoint _____ of

_____ 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 22nd ANNUAL GENERAL MEETING of the Company to be held on the 30th September, 2010 and at any adjournment Thereof.

Signed this _____ day _____ 2010.



Signature _____

Reg. Folio No. _____

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

If undelivered please return to :-
Share Department

N. K. Industries Ltd.

7th Floor, Popular House,
Ashiram Road, Ahmedabad - 380 009