

# N.K. Industries Ltd

27<sup>th</sup> August, 2019

<p><b>To,</b> <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></p>	<p><b>To,</b> <b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001.  <b>Company Code No. 519494</b></p>
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Dear Sir/Madam,

## **Sub: Annual Report – 2018-19**

In accordance with the provisions of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the copy of Annual Report for the Financial Year 2018-19 to be approved and adopted by the Shareholders of the Company at the ensuing 31<sup>st</sup> Annual General Meeting to be held on Saturday, 21<sup>st</sup> September, 2019 at ATMA Hall, Ashram Road, Ahmedabad, Gujarat along with the Notice calling the 31<sup>st</sup> Annual General Meeting.

Kindly take the same on record.

Thanking You.

**Yours faithfully,**  
**For N K INDUSTRIES LIMITED**

**MS. TRSUHA SHAH**  
**(Company Secretary & Compliance Officer)**



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

Phone : 91-79-66309999  
Fax : 91-79-26589214  
E-mail : nkil@icenet.co.in

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

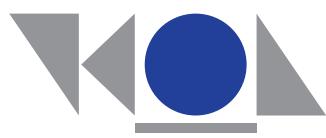
Nobody  
Understands

Castor Oil  
Like Us...



# ANNUAL REPORT

2018-19

  
**N. K.  
Industries Ltd.**



# Corporate Information

CIN L91110GJ1987PLC009905

## BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

Mr. Nimish K. Patel *Chairman & Managing Director*  
DIN: 00240621

Mr. Nilesh K. Patel *Managing Director*  
DIN: 00244115

Mr. Hasmukh K. Patel *Whole-Time Director*  
DIN: 06587284

Ms. Mridu Sharma *Independent Woman Director*  
DIN: 07591599

Mr. Bhawani Singh Yadav *Independent Director*  
DIN: 00323601

Mr. Tushar H. Doshi *Independent Director*  
DIN: 08118621

Mr. Ashwin P. Patel *Chief Financial Officer*

Mr. Priyam N. Patel *Chief Executive Officer*

Ms. Trusha Shah *Company Secretary*  
(w.e.f. 14<sup>th</sup> August, 2019)

## AUDITORS:

M/s Parikh & Majmudar,  
Chartered Accountants,  
Ahmedabad

## REGISTRAR & TRANSFER AGENT:

Link Intime India Pvt. Ltd.  
Ahmedabad

## REGISTERED OFFICE:

7<sup>th</sup> Floor, Popular House,  
Ashram Road, Ahmedabad - 380 009

## FACTORY:

Thor Road, Kadi Village-382 715  
District: Mehsana, Gujarat

## BANKERS:

HDFC Bank Limited  
Punjab National Bank

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## NOTICE to the 31<sup>st</sup> Annual General Meeting

Notice is hereby given that the 31<sup>st</sup> Annual General Meeting (AGM) of the members of **N. K. Industries Limited** will be held on Saturday, the 21<sup>st</sup> day of September, 2019, at 11.00 A.M. IST at ATMA Hall 1006, Ashram Road, Mill Officer's Colony, Vishalpur, Ellisbridge, Ahmedabad, Gujarat 380009, to transact the following business:

### ORDINARY BUSINESS:

#### **Item No. 1- Adoption of Financial Statements**

To receive, consider and adopt the Standalone and Consolidated Audited Balance Sheets as at 31st March, 2019 and the Statements of Profit and Loss for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.

#### **Item No. 2 – Appointment of Director liable to retire by rotation**

To appoint a Director in place of Mr. Nimish K. Patel (DIN: 00240621) Chairman and Managing Director, who retires by rotation and being eligible, offers himself for re-appointment.

#### **Item No. 3 –Appointment of Auditors**

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

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and any other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s. Parikh and Majmudar, Chartered Accountants, Ahmedabad (Firm Registration No. 107525W), be and are hereby appointed as the Statutory Auditors of the Company to hold office for a consecutive term of 4 years from the conclusion of this 31<sup>st</sup> Annual General Meeting (AGM) i.e for the F.Y (2019-20) till the conclusion of 35<sup>th</sup> AGM (i.e. for the F. Y 2022-23).

**RESOLVED FURTHER THAT** the Auditors be paid remuneration of Rs. 1 Lac p.a. (excluding out of pocket expenses and applicable rate of taxes)"

### SPECIAL BUSINESS:

#### **Item No. 4 – To approve the remuneration of Cost Auditors for the year 2019-20**

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

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. N.D. Birla & Co., Cost Accountants, appointed as Cost Auditors by the Board of Directors, to conduct the audit of the cost records of the Company for the financial year 2019-20, be paid a remuneration of Rs.50,000 (excluding out of pocket expenses and applicable rate of taxes).

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts and take all such steps as may be necessary or expedient to give effect to this resolution."

#### **Item No.5 – To approve the related party transactions of the Company under Section 188 of the Companies Act, 2013**

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

**"RESOLVED THAT** pursuant to the provisions of Section 188 r.w. Rule 15 (3) of the Companies (Meetings of Board and its powers) Rules, 2014 and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to enter into the related party transactions by the Company with the respective related parties and for the maximum amounts per annum, as mentioned herein below:

<b>Nature of transaction as per Section 188 of the Companies Act, 2013</b>	<b>Name of Director/KMP who is interested and nature of their relationship</b>	<b>Name of the related party</b>	<b>Estimated Maximum Amount</b>
Job Work Arrangement/ Purchase/Sales of various goods/Arrangement of lease	Mr. Nimish K Patel, Chairman and Managing Director, Mr. Nilesh K. Patel, Managing Director, of the Company are common Directors.	N K Proteins Private Limited	Rs. 200 crores

**"RESOLVED FURTHER THAT** the Board of Directors of the Company and/or a Committee thereof, be and is hereby, authorized to do or cause to be done all such acts, matters, deeds and things and to settle any queries, difficulties, doubts that may arise with regard to any transaction with the related party and execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving effect to this resolution, in the best interest of the Company."

#### **Item No.6– To re-appoint Mr. Hasmukh K. Patel (DIN: 06587284) as Whole Time Director of the Company for a further period of 5 years:**

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

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 203 read with Schedule V of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory



modification(s) or re-enactment thereof for the time being in force) approval of the Company be and is hereby accorded for the re-appointment of Mr. Hasmukh K. Patel (DIN: 06587284) as Whole Time Director of the Company for a period of 5 (five) years from 1st June, 2019, liable to retire by rotation, on the remuneration and on such terms and conditions as recommended by the Board of Directors in their meeting held on 14<sup>th</sup> August, 2019 and as set out in the Statement annexed to the Notice convening this Meeting.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits during the tenure of Mr. Hasmukh K. Patel (DIN: 06587284) as a Whole Time Director of the Company, the Company shall pay to Mr. Hasmukh K. Patel (DIN: 06587284) in such financial year, remuneration by way salary but not exceeding the limits as specified under Section II of Part II of Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Central Government as minimum remuneration.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to alter and vary the terms and conditions of said appointment from time to time which shall be within the scope of Section Schedule V of the Companies Act, 2013 or any amendments thereto or any re-enactment thereof and also authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

**RESOLVED FURTHER THAT** the acts of Mr. Hasmukh K. Patel that were carried out in the capacity of Whole time Director and for which he was authorised by the Board by passing a Board resolution, w.e.f 1<sup>st</sup> June, 2019 (the date of his re-appointment) upto the date of passing of this resolution, be and are hereby ratified by the Company."

For and on behalf of the Board of Directors

Sd/-

Nimish K. Patel

Chairman & Managing Director

Date : 14<sup>th</sup> August, 2019

Place : Ahmedabad

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IN THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

2. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility of voting through electronic means. Instructions and other information relating to e-voting are given in this Notice under No. 11.
3. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company a Certified Copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. Members are requested to bring attendance slip along with their copy of Annual Report to the meeting.
6. In case of joint holders attending the meeting, only such holder who is higher in the order of names will be entitled to vote.
7. The Share Transfer Books and Register of Members of the Company will remain closed from Saturday, the 14<sup>th</sup> September, 2019 to Saturday, the 21<sup>st</sup> September, 2019, both days inclusive.
8. Cut-off date to identify shareholders who are eligible for the e-voting or through polling paper at the Annual General Meeting is 13<sup>th</sup> September, 2019.
9. Members are advised to avail nomination facility as well as Dematerialization facility with the Company.
10. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
11. Information and other instructions relating to e-voting are as under:

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and clause 35B of the listing agreement, the Company is pleased to provide to its facility to the exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the meeting ('remote e-voting').



**IMPORTANT COMMUNICATION TO MEMBERS**

Pursuant to Section 101 and 136 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, and under regulation 36 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation 2015, Annual Report of the Company has been sent through email to those members whose email ID is registered with the Company/ Depository. In case any member wants a physical copy of the Annual Report he may write to the Company Secretary/ RTA.

**MEMBERS WHO HAVE NOT YET REGISTERED THEIR EMAIL ADDRESS ARE REQUESTED TO REGISTER THEIR EMAIL ADDRESS EITHER WITH THE DEPOSITORIES OR WITH THE COMPANY.**

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on 18<sup>th</sup> September, 2019 at 09:00 A.M. and ends on 20<sup>th</sup> September, 2019 at 05:00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 13<sup>th</sup> September, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name: N K Industries Limited >on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password& enter the details as prompted by the system.



(xviii) Shareholders can also use Mobile app - "m-Voting" for e voting. m-Voting app is available on IOS, Android & Windows based Mobile. Shareholders may log in to m-Voting using their e voting credentials to vote for the company resolution(s).

(xix) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdsindia.com](mailto:helpdesk.evoting@cdsindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdsindia.com](mailto:helpdesk.evoting@cdsindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) M/s. Riddhi Khaneja and Associates have been appointed as the scrutinizer for the –e-voting facility provided to the shareholders and also the voting to be carried out by the members at the Annual General Meeting.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdsindia.com](mailto:helpdesk.evoting@cdsindia.com).

(xxii) The Shareholders are requested to write to the Company Secretary at the below mentioned address for resolving their grievances:

Name : Trusha Shah  
Designation : Company Secretary  
Address : 7th Floor, Popular House, Ashram Road, Ahmedabad- 380009.  
Email : [nkil@nkproteins.com](mailto:nkil@nkproteins.com) and [cs@nkproteins.com](mailto:cs@nkproteins.com)  
Telephone : (079) 66309999  
Mobile : 9725427755

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013:

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

**In respect of Item No. 4:**

The Board, on the recommendation of Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending on March 31, 2020. The remuneration fixed is Rs.50,000/- (excluding out of pocket expenses and applicable rate of taxes).

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.4 of the Notice for ratification of remuneration payable to the Cost Auditors for the financial year ending March 31, 2020.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financial or otherwise, in this Resolution.

The Board recommends the Ordinary Resolutions as set out at Item No. 4 of the Notice for approval by the members.

**In respect of Item No. 5:**

Approval for entering into Related Party Transactions by the Company

The provisions of Section 188(1) of the Companies Act, 2013 that govern the Related Party Transactions, requires that for entering into any contract or arrangement as mentioned herein below with the related party, the Company must obtain prior approval of the Board of Directors and in case such contract or arrangement exceeds the limits as mentioned under rule 15 of The Companies (Meetings of Boards and its Powers) Rules, 2014, prior approval of the shareholders by way of an Ordinary Resolution must be obtained.

In light of the above provision, we would hereby like to inform the shareholders that the Company has entered into a Dry Lease Agreement dated 15<sup>th</sup> April, 2019 with N K Proteins Private Limited in place of earlier Job Work Agreement. Under this Agreement the factory premise of the Company situated at Kadi, Mehsana District is given on lease for carrying out the business of crushing of castor seeds at a monthly rent of Rs. 10 Lakhs for a period of 1 year.

Pursuant to the provisions of the Companies Act, 2013, the Board of Directors of your Company has approved the proposed transaction along with annual limit that your Company may enter into with the related party in the Board Meeting dated 18<sup>th</sup> May, 2019.



This agreement is entered into with a view to reduce additional unwanted expenditure and to save on extra cost which was being incurred by the Company in running the factory and thereby has made an attempt to decrease the accumulated losses of the Company.

The respective agreement is entered on arm's length basis and all factors relevant to the respective contract have been considered by the Board. The Copies of the above mentioned existing agreement shall be available for inspection by the members at the Registered Office of the Company during the normal business hours on all working days upto the date of Annual General Meeting of the Company.

The Board of Directors recommends the resolution set forth in item No. 5 for approval of the Members.

Mr. Nimish K. Patel (DIN: 00240621) and Mr. Nilesh K. Patel (DIN: 00244115) are interested in the said resolution.

Except this no other Director or Key Managerial Personnel or their relatives are concerned or interested in this resolution except to the extent their respective shareholding in the Company.

**In respect of Item No. 6:**

The Board at its meeting held on 14<sup>th</sup> August, 2019 appointed (subject to the approval of members in the general meeting), Mr. Hasmukh K. Patel (DIN: 06587284) as Whole Time Director of the Company for a period of 5 years w.e.f 1st June, 2019.

The terms and conditions of his appointment are as follows:

- I. Subject to the superintendence, direction and control of the Board of Directors of the Company, Mr. Hasmukh Patel (DIN: 06587284) Whole Time Director of the Company shall be entrusted with day to day affairs of the Company and also such other duties and responsibilities as may be entrusted to him by the Board of Directors from time to time.
- II. The Whole-time Director shall be liable to retire by rotation.
- III. The Whole-time Director shall be entitled to receive the remuneration as stated below even in the event of inadequacy or absence or profit by the Company in any year.
- IV. Remuneration: CTC of Rs. 67,316/- per month with liberty to the Board to increase or decrease the remuneration within the limits laid down under Para A of Section II of Part II of the Schedule V of the Companies Act, 2013. The Remuneration as decided under this resolution shall be valid for 3 years from the date of appointed as per the provisions of Section II of PART-I of Schedule V.
- V. The said resolution requires approval of members in terms of provisions of Section 196 and 197 read with Schedule V of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- VI. Mr. Hasmukh Patel (DIN: 06587284) is interested in this Resolution since it relates to his appointment.
- VII. Except this, no other Director or Key Managerial Person or their relatives are concerned or interested in this resolution except to the extent of their respective shareholding in the Company.

VIII. Further the details as required under the provisions of Section II of PART-I of Schedule V for the purpose of passing the said resolution are as under:

<b>I. General information:</b>													
1. Nature of industry	NON-EDIBLE OIL INDUSTRY												
2. Date or expected date of commencement of commercial production	Commercial Production of the Company was commenced in the 1987-88.												
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N.A												
4. Financial performance based on given indicators	(Amount in Lacs) <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Indicators</th><th>2018-19</th><th>2017-18</th></tr> </thead> <tbody> <tr> <td>Total Revenue</td><td>Rs.49,631.11</td><td>Rs.11,283.75</td></tr> <tr> <td>Total Expenses</td><td>Rs.52,866.72</td><td>Rs.11,600.97</td></tr> <tr> <td>Profit/ (Loss) after Tax</td><td>Rs.(1,929.97)</td><td>Rs.(310.99)</td></tr> </tbody> </table>	Indicators	2018-19	2017-18	Total Revenue	Rs.49,631.11	Rs.11,283.75	Total Expenses	Rs.52,866.72	Rs.11,600.97	Profit/ (Loss) after Tax	Rs.(1,929.97)	Rs.(310.99)
Indicators	2018-19	2017-18											
Total Revenue	Rs.49,631.11	Rs.11,283.75											
Total Expenses	Rs.52,866.72	Rs.11,600.97											
Profit/ (Loss) after Tax	Rs.(1,929.97)	Rs.(310.99)											
5. Foreign investments or collaborations, if any.	N.A												
<b>II. Information about the appointee:</b>													
1. Background details	Mr. Hasmukh K. Patel aged 65 years, was appointed as the Whole Time Director of the Company for a consecutive period of 5 years w.e.f 1st June, 2014. He has been there with the Company now for more than 20 years. Being well versed with the ups and downs of the Company, he has got all the ability to look after the day to day administration of the Company.												



2. Past remuneration	CTC of Rs.67,316 p.m.
3. Recognition or awards	Nil
4. Job profile and his suitability	He has successfully completed his past term of 5 years as a Whole Time Director of the Company and has stood tall amidst various unfavorable conditions of the Company. He has also been a great support in the management of the Company by giving his contribution across all departments.
5. Remuneration proposed	CTC of Rs. 67,316/- p.m.
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	There is no change in the present and proposed remuneration of Mr. Hasmukh K. Patel. Owing to accumulated losses of the Company the management has decided to continue him with the existing remuneration. The Present remuneration is adequate and at par with the industry scale and size of the Company.
7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	N.A
<b>III. Other information:</b>	
1. Reasons of loss or inadequate profits	Due to unstable market conditions of castor oil it has now become very difficult to have a sustainable business and stable income generation. There are various global factors affecting the health of the local castor markets. Nevertheless the Management of the Company is working hard to sustain in such difficult times.
2. Steps taken or proposed to be taken for improvement	The Company has entered into Dry Lease Agreement for a period of 1 year as explained in item no.5 of the explanatory statement with N K Proteins Private Limited with a view to generate some stable income for the company to cope up with the fixed administrative expenses, until we are able to search for some other additional source of income.
3. Expected increase in productivity and profits in measurable terms	The Management of the Company is striving towards reducing the expenditure of the Company and thereby to minimize the amount of losses. The Productivity of the Company is as of now not likely to increase looking into the present market scenario.

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

**For and on behalf of the Board of Directors**

Date : 14<sup>th</sup> August, 2019  
Place : Ahmedabad

Sd/-  
**Nimish K. Patel**  
Chairman & Managing Director



ANNEXURE-1 OF THE NOTICE

(i) As per the requirement of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2), details including the profile of Directors seeking Re-appointment due to retirement by Rotation, Re-appointment of Whole time Director, is given below:

Name of Director	Mr. Nimish K. Patel	Mr. Hasmukh K. Patel
Date of Birth / Age	19/11/1960 59 years	14/12/1954 65 years
Date of First Appointment	19/08/1987	01/06/2014
Qualification	Graduate	S.S.C.
Terms and Conditions of appointment or re-appointment	As per the existing terms and conditions	As per the explanatory Statement (Item No.6)
Expertise in Specific functional areas	All functional areas	Day to day administration and management
Number of shares held in the Company (As on 31.03.2019)	238680 equity shares	N.A
Past Remuneration	Rs. 30,00,000 p.a.	CTC Rs.67,316/- p.m.
Remuneration Proposed	Rs. 30,00,000 p.a.	CTC Rs.67,316/- p.m.
List of other Companies in which Directorships are held	1. N K Proteins Private Limited 2. Banpal Oilchem Private Limited 3. N K Oil Mills Private Limited	N.A
Memberships/ Chairpersonships of committees of other Board	N.A	N.A
No. of Board Meetings attended during the year 2018-19	4/5	5/5
Relationship with other Directors/ Manager and other Key Managerial Personnel	Mr. Nilesh K. Patel (Managing Director) Mr. Priyam N. Patel (CEO)	N.A

Details of Statutory Auditor proposed to be appointed as required to be disclosed under Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are given below.

Proposed Fees Payable to the Statutory Auditor	Rs. 1,00,000 (excluding out of pocket expenses)
Terms of Appointment	For a consecutive period of 4 years (from the conclusion of ensuing 31st AGM to 35th AGM of the Company)
Material Change in the fee payable to such Auditor from that paid to the outgoing Auditor	N.A
Basis of Recommendation of Appointment	As per the provisions of Section 139 of the Companies Act, 2013
Credentials of the Statutory Auditor proposed to be appointed	<p>PARIKH &amp; MAJMUDAR, Chartered Accountants, is a firm established since December, 1988. They are expert in the areas of Statutory Audits, Internal Audits, Corporate Law Consultancy, Direct Tax Law Consultancy, FEMA &amp; Other Allied Law Consultancy, Working Experience Audit, Investigation &amp; Certification, Insolvency And Bankruptcy Code, 2016.</p> <p>One of the partners, CA (Dr.) Hiten Parikh is a qualified Insolvency Professional as required by Sec 209 of the Companies Act, 2013 and consequently serves as a resolution professional for the cases undergoing in the National Company Law Tribunal</p>

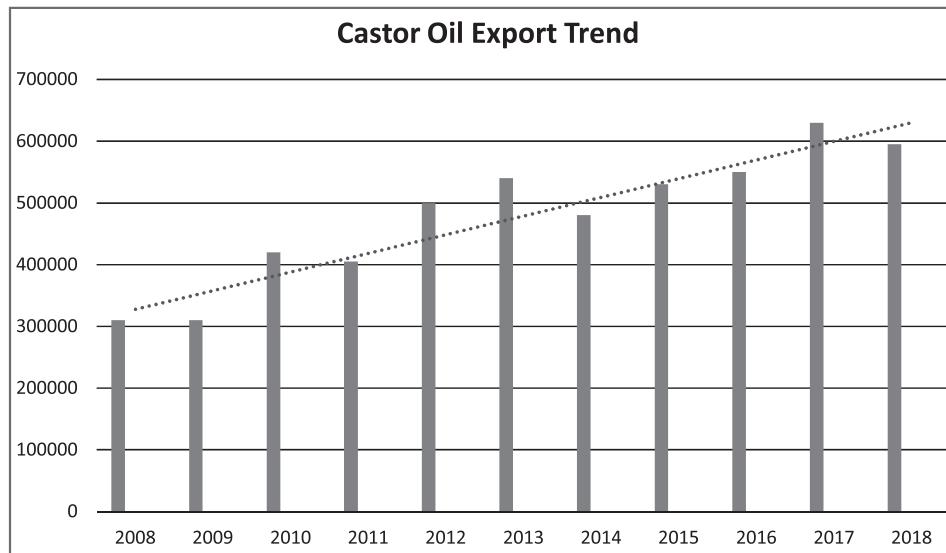
## BOARD'S REPORT

To,  
The Members,

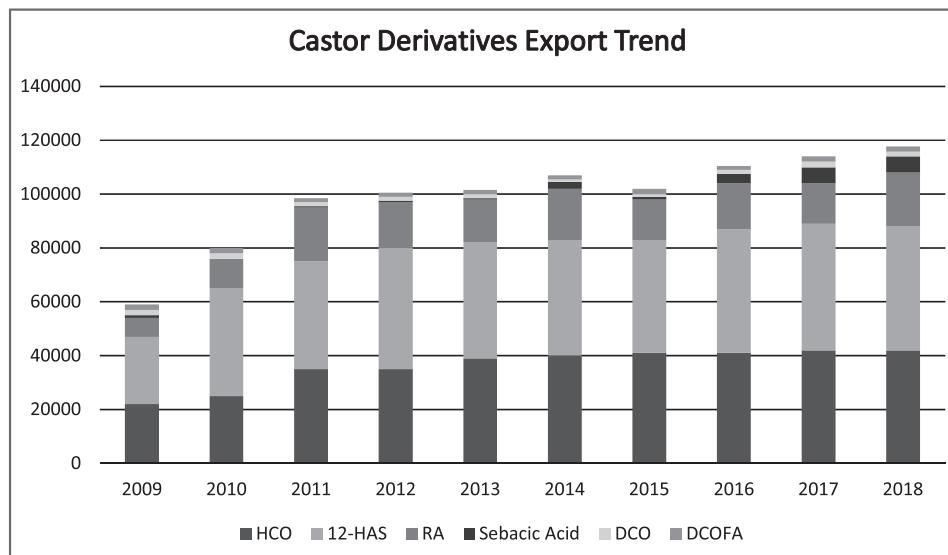
Your Directors are pleased to present the 31<sup>st</sup> Annual Report along with the Standalone and Consolidated Audited Financial Statements of your Company for the Financial Year ended on March 31, 2019.

### OVERVIEW OF THE ECONOMY

According to the survey commissioned by The Solvent Extractors Association of India (SEA), an estimated yield in the state of Gujarat was estimated at a lower rate during the year 2018-19 as compared to the year 2017-18.



On Observing the above chart you will get to understand about the growth trend in the castor oil exports from India. There is an annualized growth trend of castor oil exports from India. During the year 2017 exports increased by more than 11% which declined in the year 2018 and it was further estimated to decline in the year 2019.



Castor Derivatives exports increasing steadily @ 8% per annum over last 10 years. HCO, 12 HSA RA constitutes more than 90% of total Castor derivatives exports from India



The Company is focused on producing the basic and special castor oil grades. The Company is also engaged in trading of castor oil derivatives mainly HCO. The Company is also manufacturing other derivatives viz. 12 HSA and ricinoleic acid etc, The Company has a capacity to crush over 27000 MT of castor seed per month.

(Note: The data mentioned herein above are provided as available from statistics provided in public domain on the website of The Solvent Extractors Association of India and from news articles.)

## FINANCIAL RESULTS

The Company has adopted Indian Accounting Standards (Ind AS) from 1st April, 2017. The figures for the Year ended 31st March, 2019 are also Ind AS compliant.

The financial highlights are depicted below:

(₹ In Lacs)

PARTICULARS	Standalone		Consolidated	
	Year Ended 31.03.2019	Year Ended 31.03.2018	Year Ended 31.03.2019	Year Ended 31.03.2018
Revenue from operations	49,631.11	11,283.75	51,591.73	13,406.37
Other Income	427.41	61.18	447.50	91.91
Total Income	50,058.52	11,344.92	52,039.23	13,498.28
Total Expenditure	52,190.83	10,630.65	54,019.09	12,699.04
Profit / (Loss) before Finance Cost, Depreciation & Amortization and Tax Expenses	(2132.31)	714.27	(1979.86)	799.24
Finance Cost	4.48	0.84	13.38	11.18
Depreciation & Amortization	671.41	969.48	712.45	1023.56
Profit / (Loss) Before Tax	(2808.20)	(256.05)	(2705.69)	(235.50)
(i) Current Tax	-	-	49.00	3.02
(ii) Deferred Tax	879.68	(41.55)	(895.29)	60.16
(iii) Earlier period tax (written back)	-	-	5.55	21.91
Total Tax (i+ii)	879.68	(41.55)	(840.74)	85.09
Profit / (Loss) after Tax	(1928.52)	(297.59)	(1864.95)	(320.59)
Other Comprehensive Income	(2.11)	(19.39)	(2.11)	(19.39)
Items that will not be reclassified to profit and loss	0.66	5.99	0.66	5.99
Total Comprehensive Income (Comprising of Profit and Loss for the period)	(1929.97)	(310.99)	(1866.40)	(333.99)

Note: The above figures are extracted from the standalone and consolidated financial statements.

## PERFORMANCE HIGHLIGHTS

The key aspects of revenue and profits for the financial year 2018-19 from the Company's Standalone and Consolidated Results are as follows:

### REVENUE STANDALONE

Our total income on a Standalone basis increased to ₹49,631.11 lacs from ₹11,283.75 lacs in the previous year at a growth rate of 30% (approximately). Net loss for the year increased from ₹310.99 lacs to ₹1929.97 lacs in the current year.

### REVENUE CONSOLIDATED

Our total income on a consolidated basis increased to ₹51,591.73 lacs from ₹13,406.37 lacs in the previous year. Net loss for the year increased from ₹333.99 lacs to ₹1866.40 lacs in the current year.

### SUBSIDIARY/ JOINT VENTURE COMPANIES

Your Company has three wholly owned subsidiaries as on 31<sup>st</sup> March, 2019. The Board of Directors also reviewed the affairs of the subsidiary companies. In accordance with the provisions of Section 129(3) of the Companies Act, 2013, we have prepared Consolidated Financial Statements of the Company and its Subsidiaries, which forms part of this Annual Report. The accounts of Joint Venture i.e. AWN Agro Private Limited has not been consolidated for the current year. The reason for non-consolidation is due to discontinuation of control on the management and financial affairs of the Joint Venture Company.



Further a statement containing the salient features of the financial statements of our Subsidiary Companies and Joint Venture Company in the prescribed format **AOC-1** is appended as "**Annexure-A**" to the Board's report.

#### SHARE CAPITAL

The paid up Equity Share Capital of the Company as at March 31, 2019 stood at ₹6,00,99,000. During the year under review, the Company has neither issued any shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2019, none of the Directors of the Company hold any instruments convertible into equity shares of the Company.

#### DIVIDEND AND RESERVES

Your Directors express their inability to recommend any dividend for the year 2018-19 owing to accumulated losses of the Company. In view of this, your Company was unable to transfer any funds to the Reserves and Surplus Account.

#### FIXED DEPOSITS

The Company has neither invited nor accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 from the public during the year ended March 31, 2019. There were no unclaimed or unpaid deposits as on March 31, 2019.

#### PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188.

All related party transactions entered into during FY 2018-19 were on an arm's length basis and in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013 ('the Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All related party transactions are placed before the Audit Committee for review and approval of the Committee and also to the Board for approval. The policy on materiality of related party transactions and dealing with related party transactions as approved by the Board is available on the Company's website.

The details of related party transactions entered into by the Company are provided in Form **AOC-2** given as "**Annexure B**" of Directors' Report. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large. The Company has developed a Related Party Transactions Policy through Standard Operating Procedures for the purpose of identification and monitoring of such transactions.

#### MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENT RELATE AND THE DATE OF THE REPORT

The Company has entered into a Dry Lease Agreement with its Group Company viz. N K Proteins Private Limited on 15<sup>th</sup> April, 2019, the terms and conditions of such lease are laid down in the Agreement itself, whereby the Factory Premise of the Company has been given on lease to M/s. N K Proteins Private Limited.

This decision as to giving the factory premise on lease was taken owing to the huge losses and other market conditions as well as unavoidable fixed cost and expenses which the Company could not by any means was able to control. Therefore with this step we are now able to generate income without increasing the inadequate expenditures.

Apart from the above there are no other material changes that would affect the financial position of the Company.

#### CORPORATE GOVERNANCE

All the mandatory provisions of Corporate Governance as prescribed in Regulations 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are not applicable to the Company as it does not fall under the criteria of its applicability pursuant to Regulation 15 of SEBI Listing Regulations.

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORTS

In terms of the Regulation 34(e) read with Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, MDA covering details of Risks and Concerns, Internal Control Systems and their Adequacy, Discussion on Financial Performance with respect to Operational Performance etc. for the year under review is set out in this Annual Report as "**Annexure C**".

#### PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 of Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is annexed as "**Annexure D**"

Further no employee of the Company was employed during the year drawing remuneration exceeding the limits as prescribed under Rule 5(2) of the (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Hence the information under Rule 5(2) is not applicable.



#### BOARD DIVERSITY

The Company recognizes and embraces the benefits of having a diverse Board of Directors and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage in the complex business that it operates.

The Board of Directors has also adopted a policy on Board Diversity which sets out the approach to diversify the Board of Directors. The Board Diversity Policy is available at our website: <http://www.nkindustriesltd.com/governance.html>

#### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The Company has not given any loans or guarantees during the year under review within the purview of section 186 of the Companies Act, 2013. The details of the investments made by Company are given in the notes to investments in the financial statements.

#### DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declaration from each Independent Director of the Company under section 149 (7) of the Companies Act, 2013 that he/she meets the criteria of independence laid down in section 149 (6) of the Companies Act, 2013.

#### BOARD EVALUATION

The Companies Act, 2013 states that the formal annual evaluation needs to be made by Board of its own performance and that of its Committees and individual Directors, Schedule IV of the Companies Act, 2013 states that performance evaluation of the Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The evaluation of all the Directors and the entire Board was conducted based on the criteria and framework adopted by the Board.

The Board approved the evaluation results as allotted by the Nomination and remuneration committee. The Companies Act, 2013 states that the formal annual evaluation needs to be made by board of its own performance.

#### APPOINTMENT AND RESIGNATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Section 152(6) of the Companies Act and Articles of Association, Mr. Nimish K. Patel (DIN: 00240621) Chairman and Managing Director of the Company, shall retire by rotation and being eligible offers himself for reappointment at the ensuing Annual General Meeting of the Company.

Further during the year under review and upto the date of this report the following changes occurred in the composition of Board and Key Managerial Personnel of the Company:

1. Mr. Tushar Doshi was appointed as the Independent Director in the Annual General Meeting held on 16<sup>th</sup> June, 2018.
2. Mr. Hasmukh K. Patel has been re-appointed as the Whole Time Director of the Company w.e.f 1<sup>st</sup> June, 2019 by the Board of Directors in the Board Meeting held on 14<sup>th</sup> August, 2019.
3. Ms. Akanksha Srivastava resigned w.e.f 12<sup>th</sup> June, 2019 as the Company Secretary and Compliance Officer of the Company.
4. Ms. Trusha Shah has been appointed w.e.f 14<sup>th</sup> August, 2019 as the Company Secretary and Compliance Officer of the Company by the Board in the meeting held on 14<sup>th</sup> August, 2019.

Approval of members is required for the appointment of Mr. Hasmukh Patel as the Whole Time Director of the Company, which is made part of the notice convening the ensuing 31<sup>st</sup> Annual General Meeting of the Company.

#### BOARD MEETINGS/ DETAILS OF OTHER MEETINGS

The Board of the Company is endlessly focused for the growth, expansion of the Company. It is further involved to strategize the optimum utilization of the available resources and to reduce cost so as to improve the profitability of the Company and also to generate additional opportunities for better performance as a whole.

The Management of the Company is also striving towards becoming a 100% compliant entity and to improve its investor relations by sharing latest and correct information with its stakeholders and thereby creating a transparent atmosphere.

The Board met 5 times during the year under review viz. on 19<sup>th</sup> April, 2018, 28<sup>th</sup> April, 2018, 11<sup>th</sup> August, 2018, 3<sup>rd</sup> November, 2018 and 6<sup>th</sup> February, 2019. The Board held one meeting in each quarter and the gap between any two meetings was not more than one hundred and twenty days as prescribed under the Companies Act, 2013.



Details of the Directors, their positions, attendance record at Board meetings and last Annual General Meeting held and convened during the financial year are as follows:

Sr. No.	Name of directors	Designation	Number of Meetings Attended / Total Meetings held during the year 2018-19	Attended AGM on 16th June, 2018
1.	Mr. Nimish K. Patel	Chairman and Managing Director	4/5	✓
2.	Mr. Nilesh K. Patel	Managing Director	4/5	✓
3.	Mr. Hasmukh K. Patel	Whole Time Director	5/5	✓
4.	Mr. Bhawani Singh Yadav	Independent Director	5/5	✓
5.	Ms. Mridu Sharma	Independent Women Director	5/5	✓
6.	Mr. Tushar H. Doshi*	Independent Director	2/5	✓

\* Mr. Tushar H. Doshi (DIN: 08118621) appointed as an Independent Director of the Company w.e.f 16<sup>th</sup> June, 2018.

#### INDEPENDENT DIRECTORS' MEETING

As per Schedule IV of the Companies Act, 2013, a separate meeting of Independent Director was on 6<sup>th</sup> February, 2019 at 11.30 A.M. at registered office of the company situated at Ahmedabad to discuss the agenda items as required under the Companies Act, 2013.

#### COMMITTEES MEETING

As on 31<sup>st</sup> March, 2019 the Board had three committees i.e. Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. All committees are properly constituted with proper composition of Independent Directors as mentioned in relevant provisions of Companies Act, 2013.

During the under review, Mr. Tushar H. Doshi (DIN: 08118621) appointed as an Independent Director of the Company w.e.f 16<sup>th</sup> June, 2018, consequently, the Board reconstituted the committees of the Board in the Board Meeting held on 19<sup>th</sup> April, 2018.

##### A. AUDIT COMMITTEE AND ITS MEETINGS:

Audit Committee met 4 times during the year under review on 28<sup>th</sup> April, 2018, 11<sup>th</sup> August, 2018, 3<sup>rd</sup> November, 2018 and 6<sup>th</sup> February, 2019.

Constitution of Audit Committee was as per the following:

Sr. No.	Name of the Director	Status in Committee	Nature of Directorship	Total Meetings Attended/ Total Meetings Held
1.	Mr. Nilesh K. Patel	Member	Managing Director	3/4
2.	Mr. Bhawani S. Yadav	Chairman & Member	Independent Director	4/4
3.	Ms. Mridu Sharma	Member	Independent Director	4/4

##### B. NOMINATION AND REMUNERATION COMMITTEE AND ITS MEETINGS:

Nomination and Remuneration Committee met 1 time during the year under review on 28<sup>th</sup> April, 2018.

Constitution of Nomination and Remuneration Committee was as per the following:

Sr. No.	Name of the Director	Status in Committee	Nature of Directorship	Total Meetings Attended/ Total Meetings Held
1.	Mr. Nilesh K. Patel	Member	Managing Director	1/1
2.	Mr. Bhawani S. Yadav	Chairman & Member	Independent Director	1/1
3.	Ms. Mridu Sharma	Member	Independent Director	1/1

##### C. STAKEHOLDERS RELATIONSHIP COMMITTEE AND ITS MEETING:

Stakeholders Relationship Committee met 4 times during the year under review on 27th April, 2018, 10th August, 2018, 1<sup>st</sup> November, 2018 and 4<sup>th</sup> February, 2019.



Constitution of Stakeholders Relationship Committee was as per the following:

Sr. No.	Name of the Director	Status in Committee	Nature of Directorship	Total Meetings Attended/ Total Meetings Held
1.	Ms. Mridu Sharma	Member	Independent Director	4/4
2.	Mr. Bhawani S. Yadav	Chairman & Member	Independent Director	4/4
3.	Mr. Nilesh K. Patel	Member	Managing Director	4/4

**D. DISSOLUTION OF CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:**

The Board of Directors in its meeting held on 19<sup>th</sup> April, 2018 decided to dissolve the Corporate Social Responsibility Committee (CSR) as the provisions of Section 135 r.w. Schedule VII of the Companies Act, 2013 are not applicable to the Company as on date.

**E. OTHER INFORMATION RELATED TO BOARD COMMITTEES:**

Name of the Committee	Highlights of Duties, Responsibilities and Activities
Audit Committee	<ul style="list-style-type: none"> <li>All recommendations made by the audit committee during the year were accepted by the Board.</li> <li>The Company has adopted the Vigil mechanism for Directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the Company's Code of Conduct and Ethics.</li> <li>In accordance with the requirements of the Companies Act, 2013, the Company has formulated policies on related party transactions. The policies, including the Vigil Mechanism Policy, are available on our website:- <a href="http://www.nkindustriesltd.com/Governance.html">http://www.nkindustriesltd.com/Governance.html</a></li> </ul>
Nomination and Remuneration Committee	<ul style="list-style-type: none"> <li>The committee oversees and administers executive compensation, operating under a written charter adopted by our Board of Directors.</li> <li>The committee has designed and continuously reviews the compensation program for our Directors with business objectives and to link compensation with the achievement of measurable performance goals.</li> <li>The nomination and remuneration committee has framed the nomination and remuneration policy. The said policy is available on the website of the Company <a href="http://www.nkindustriesltd.com/Governance.html">http://www.nkindustriesltd.com/Governance.html</a></li> </ul>
Stakeholders Relationship Committee	<ul style="list-style-type: none"> <li>The Committee reviews and ensures to redress investor grievances.</li> <li>The Committee noted that all the grievances of the shareholders during the year have been resolved.</li> </ul>

**NOMINATION AND REMUNERATION POLICY**

The Policy of the Company on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, Independency of a Director and other matters provided under sub-section (3) of section 178 of The Companies Act, 2013, adopted by the board is available on the website i.e. <http://www.nkindustriesltd.com/governance.html>.

We affirm that the remuneration paid to the Directors is as per the term laid out in the Nomination and remuneration policy of the company.

**DIRECTOR'S RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Clause (c) of Sub-Section (3) of Section 134 of the Companies Act, 2013, which states that—

- in the preparation of the annual accounts for the year ending March 31, 2019, the applicable accounting standards have 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 and 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;



- d) the directors had prepared the annual accounts on a going concern basis;
- e) the Directors have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and
- f) The Directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

#### AUDITORS

##### i. Statutory Auditors

M/s Parikh and Majmudar, Chartered Accountants, (Firm Registration No: 107525W), were appointed as the Statutory Auditors of the Company for a consecutive period of 5 years from 26<sup>th</sup> AGM till the conclusion of 31<sup>st</sup> AGM subject to ratification at each AGM.

Moreover, as per the provisions of Section 139 of the Companies Act, 2013 an Auditors' Firm can be re-appointed for second consecutive term of five years. Therefore it will be within the limits of the provisions of Section 139 if M/s. Parikh and Majmudar are re-appointed for a second term of 4 years.

The Company has obtained written consent from them and a certificate to the effect that appointment if made at the ensuing 31st Annual General Meeting will be in accordance with the provisions of Section 139 of the Companies Act, 2013 and such conditions as may be prescribed.

The Board at their meeting held on 14<sup>th</sup> August, 2019 decided to re-appoint them for a further term of 4 years in accordance with the provisions of Section 139 of the Companies Act, 2013 and the rules made thereunder. Their appointment will be for a consecutive period of 4 (four years) i.e from 31<sup>st</sup> Annual General Meeting (F.Y. 2019-20) to the 35<sup>th</sup> Annual General Meeting (F.Y 2022-2023).

The members are requested to consider the matter of appointment of Auditors and also to fix their remuneration.

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

- i. 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 has filed petition before the Hon'ble Bombay High Court in June 2017. Besides this, the Company has also filed its objections against the attachment notification before the Designated Special MPID Court, Mumbai, and the matter is subjudice.
- ii. 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.
  - Further, the Directorate of Enforcement (hereinafter referred to as ED), Government of India had initiated proceedings of search/seizure on 30.05.2018 on the group company NKPL, the promoters of the company Shri Nilesh Patel and Shri Nimish Patel, one of the family member as well as on the company and thereafter on 29.06.2018, the ED, Government of India, had preferred an application u/s 17(4) of the Prevention of Money Laundering Act, 2002 before the Adjudicating Authority, New Delhi, vide it's Application No. OA/236 of 2018 against the company as well as group company NKPL and the promoters for retention of the seized properties and for continuation of order of freezing the properties, till finalization of the proceedings, of the properties mentioned in the application u/s 17(4) of the PMLA Act, 2002 Against the said action, the company along with Group Company and promoters challenged the show cause notice issued by the adjudicating authority New Delhi, before the Hon'ble High Court of Delhi and the Hon'ble High Court has set aside the said show cause notice. The Directorate of Enforcement has attached assets of the company, group company NKPL and the promoters of the company by issuing a fresh show cause notice dated 30/08/2018 and thereafter the company has filed an appeal before PMLA Appellate Tribunal, Delhi. In view of the above that the matter is subjudice.



iii. With respect to point no.3 of qualified opinion of Auditors Report, it is hereby clarified that The Government of Maharashtra, (at the instance of Economic wing offence Mumbai), has filed supplementary Charge sheet dated 25th December, 2018 under the various sections of IPC AND MPID Act against the company and its chairman Shri Nimish Patel. The Company has complied with all summons in this matter and the matter is adjourned to 2nd August,2019

In addition to the above, the Auditors have made observations under the head "Emphasis of Matter", reply to the said observations is as under:-

1. Though the net worth of the company is negative the company is making sincere efforts for the revival of the business of the company whereby it is making continues efforts to increase the volumes as well as to generate comprehensive margins and thereby revive the business.
2. During the year under review, the Income Tax Department has raised a demand of ₹86 Lacs on the Company for the Assessment Year 2014-15 making the demand of ₹ 133 crores in aggregate. The said matter being disputed is still pending before the Income Tax Authorities. In this regard, the Income Tax Authorities have also attached the properties of the Company against the said demand as mentioned in the Auditors in their Report.
3. With respect to the survey carried out u/s 133 of the income tax act in 1999 and in response to the orders passed by 1<sup>st</sup> Appellate authority and 2<sup>nd</sup> Appellate Authority subsequently with respect to survey proceedings the company preferred Application to the Hon'ble High Court of Gujarat which was disposed off by the Hon'ble Court vide its order dated 20/06/2016 after giving relief on certain ground and dismissing certain ground. The Said order was challenged on before the Hon'ble Supreme Court which was dismissed by the Hon'ble Supreme Court vide order dated 16<sup>th</sup> January, 2017. The company has already provided for interest and tax in earlier years towards the said demand. It is further stated that the Order of Hon'ble Gujarat High Court is pending to be received from the department. Once the order is passed the net effect will be a refund to the company and hence there is no need to make any further provision in the books of accounts.
4. The demand raised by the Sales Tax Authorities is explained vide Note No. 40. The said sales tax demand is disputed in view of the fact that the Company has preferred an appeal before the appellate authority and the Company has shown the said liability as Contingent Liability under Note No. 27 of the notes forming part of the Accounts. In this view the Company has not made any provision for the said disputed liability.
5. As explained by the Auditors in their report at point no. 5 the Company has sent letters obtaining confirmation of balances to various parties but due to non-receipt of replies the balances of parties, customers as well as various loans and advances given are still awaited.
6. As explained in the report, the company have not received any legal notice/communication of such proceedings against the company and that the company is having basic information about such suit filed as reflected on the website of the MCA.

The qualification made by the Auditors in their Consolidated Report for which the Board of Directors hereby give its comment/explanation as under:

iv. The National Spot Exchange Limited (NSEL) has initiated recovery proceedings against the Group Company N K Proteins Private Limited (Formerly known as 'N K Proteins Limited') who was a trading and clearing member at NSEL. As regards the said recovery proceedings initiated by NSEL and has made our Company a party to the said proceedings, the matter is subjudice and still pending before the Hon'ble High Court of Mumbai.

Their report on Consolidated Financial Statements emphasizes on some additional points which the management has to reply as under:

1. As explained earlier at point no. i above, N K Proteins Private Limited (N K Proteins Limited) was a trading cum clearing member of National Spot Exchange (NSEL). In the said matter NSEL has filed a recovery suit in Bombay High Court against N K Proteins Private Limited and others. N K Oil Mills Private Limited was neither a trading member nor a client of N K Proteins Private Limited. In this regard a Notice of Motion is filed before the Hon'ble Bombay High Court on behalf of N K Oil Mills Private Limited and the matter is sub-judice
2. The Home Department, Maharashtra has through notification under the Maharashtra Protection of Interest of Depositors Act, 1999, attached the properties of Banpal Oilchem Private Limited as mentioned by the Auditors. The Company has filed its detailed Objections against the said attachment Notification before the Designated Court at Mumbai and the matter is still subjudice.
3. The Directorate of Enforcement had through a provisional attachment order dated 27/08/2014, attached the assets of one of the Subsidiary Company viz. Banpal Oilchem Private Limited, however the Company has challenged the said attachment order before the PMLA Appellate Tribunal, New Delhi and the matter is sub-judice.
4. Income tax department has attached the properties as mentioned in the Emphasis of Matter against the outstanding tax demands pertaining to FY 2007-08 to FY 2012-13. With respect to the said outstanding demands it is stated



that all the demands are disputed demands and has been challenged by the company at various appellate forums. The subsidiary company is hopeful of obtaining favourable order from the appellate authorities. On receipt of the favorable order the demand would be deleted and attachment shall vacate.

5. In view of the fact that the Management of our Company do not have any control in the Joint Venture viz. AWN Agro Pvt. Ltd and as per the exemption provided under the provisions of the Companies Act, 2013 and the Accounting standard 21 & 27, consolidation of the accounts of AWN Agro Pvt. Ltd. is not required with our company.
6. The order was passed under section 143(3) r.w. Section 142(A) of the Income Tax Act, 1961(the IT Act) the said order is passed without appreciating the facts of the case. The subsidiary company viz. Tirupati Retail (India) Private Limited being aggrieved by the said order has preferred an appeal before CIT (Appeals). Also the orders u/s 179 of the Income Tax Act, 1961 are passed on the Directors of the Company, which is passed without appreciating the facts as the demand is contingent and highly debatable. The Directors are in the process of challenging the impugned order at appropriate forum. Further, the Company is hopeful of getting the favourable orders from the CIT (Appeals).

Clarification with regard to the remark in point no. (i)(c) of the CARO (Report) annexed with the Auditors Report on standalone financial statements.

- i. With reference to the said remark it is to be clarified that the Company is in process of transferring the properties as mentioned by the Auditors in their report in its name.

#### ii. Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed, M/s Riddhi Khaneja & Associates, Practicing Company Secretary (FCS- 10221, CP No. 17397) Ahmedabad to conduct a Secretarial Audit of the Company's Secretarial and related records for the year ended 31st March, 2019.

The Report on the Secretarial Audit for the year ended 31st March, 2019 is annexed herewith as "**Annexure E**" to this Board's Report. There were no qualifications/ observations in the report.

#### iii. Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules 2014, the Cost Audit records maintained by the Company are required to be audited by Cost Accountant. On the recommendations of the Audit Committee, the Board of Directors of the Company had appointed M/s. N D Birla & Co., Cost Accountants, Ahmedabad as the Cost Auditors of the Company to carry out audit of Cost Accounting Records of the Company which was filed by the Company within the stipulated time during the year 2018-19.

The Board of Directors on the recommendation of the Audit Committee has appointed M/s. N D Birla & Co., Cost Accountants, Ahmedabad as the Cost Auditors of the Company to carry out audit of cost accounting records of the Company for the financial year 2018- 19. As required under the Companies Act, 2013, a resolution seeking member's approval for the remuneration payable to the Cost Auditor forms part of the Notice convening this 31st Annual General Meeting.

### SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

1. An order dated 30/10/2018 was passed by Additional Senior Civil Judge, at Vadodara Special Civil Suit No.986 of 2000 filed by Vemag Engineers Pvt. Ltd against the Company. In this matter the Court has ordered the Company to pay the plaintiff an amount of ₹ 17,37,705.00 (Rupees Seventeen Lakhs Thirty Seven Thousand & Seven Hundred Five Only) along with the interest @24% from the date of institution of suit till realization of the amount. However, the Company has a right to file an appeal against the said order and that the Company is hopeful of getting a favorable order under the appeal.
2. Further the provisional attachment orders as passed by the Enforcement Directorate under the process of investigation were confirmed by the Adjudicating Authority under PMLA. In this process of investigation, further a search was carried out at the business premise and residence of the Directors on 30.05.2018, during which some additional movable assets were seized under PMLA. In this matter the adjudicating authority has allowed retention of said properties to the Enforcement Directorate for the purpose of further investigation. The Company has already filed an appeal against the said order before the PMLA Appellate Authority, New Delhi which is admitted and the next hearing of the matter is fixed on 26<sup>th</sup> August, 2019. The matter is still subjudice.

### EXTRACTS OF ANNUAL RETURN

The details forming part of the extracts of Annual return in form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as "**Annexure-F**" and forms integral part of this report.



## CORPORATE SOCIAL RESPONSIBILITY

As per the provisions of the Companies Act, 2013 "Corporate Social Responsibility" (CSR), was not applicable to the Company during the year under review. Therefore, the Board of Directors has dissolved the Corporate Social Responsibility Committee (CSR) in its meeting held on 19<sup>th</sup> April, 2018.

## VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has adopted a Vigil Mechanism/ Whistle Blower Policy to report genuine concerns or grievances. The Vigil Mechanism has been placed on the Website of the Company <http://www.nkindustriesltd.com/vigilmechanism.html>.

## INTERNAL FINANCIAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence the Company has appointed Independent Internal Auditor M/s. ADPRDP & Associates, Chartered Accountants to submit Internal Audit reports to the Audit Committee of the Board.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of Internal Auditor, Audit Committee undertakes corrective action, if any in their respective areas and thereby strengthens the controls. Significant audit observations and recommendations along with corrective actions, if any, thereon are presented to the Audit Committee of the Board.

## ENVIRONMENT, HEALTH AND SAFETY

The Company is conscious of the importance of environmentally clean and safe operations. The Company is committed to health and safety of its employees, contractors and visitors. The Company is conducting operations in such a manner so as to ensure safety of all concerned, compliances of environmental regulations and preservation of natural resources.

## DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

## INDUSTRIAL RELATIONS

The Company is committed to nurturing, enhancing and retaining top talent through superior Learning and Organizational Management. During the year under review, your Company enjoyed cordial relationship with workers and employees at all levels.

## STATUTORY INFORMATION

### i. Conservation of Energy:

- a) Company ensures that the manufacturing operations are conducted in the manner whereby optimum utilization and maximum possible savings of energy is achieved.
- b) No specific investment has been made in reduction in energy consumption.
- c) As the impact of measures taken for conservation and optimum utilization of energy are not quantitative, its impact on cost cannot be stated accurately.
- d) Since the Company does not fall under the list of industries, which should furnish this information in Form-A as annexed to the aforesaid Rules, the question of furnishing the same does not arise.

### ii. Technology Absorption:

Company's products are manufactured by using in-house know how and no outside technology is being used for manufacturing activities. Therefore no technology absorption is required.



### iii. Foreign Exchange Earning and Outgo:

During the period under review the foreign exchange earnings and outflow was as follows:

Year 2018-19	Amount in ₹
Foreign Earnings	-
Foreign Outflow	-

### CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company prepared in accordance with Indian Accounting Standards (Ind AS) 110 issued by the Ministry of Corporate Affairs, forms part of this Annual Report.

### PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

### RISK MANAGEMENT POLICY

All the mandatory provisions of Corporate Governance as prescribed in Regulations 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are not applicable to your Company as the Company does not fall under the criteria of its applicability pursuant to Regulation 15 of SEBI Listing Regulations. However, all the Provisions, Rules and Regulations under the Companies Act, 2013 related to the Corporate Governance are applicable to the extent and have been comply by the Company.

### ACKNOWLEDGEMENT

Your Directors would like to express their appreciation for the assistance and co-operation received from the Company's customers, vendors, bankers, auditors, investors and government bodies during the year under review.

Your Directors place on record their appreciation of the contributions made by employees at all levels.

**For and on behalf of the Board**

Date : 14<sup>th</sup> August, 2019  
Place : Ahmedabad

**Nimish K. Patel**  
**Chairman & Managing Director**  
**DIN: 00240621**



**ANNEXURE-A**

**Form AOC-1**

Statement containing salient features of the financial statements of subsidiaries/associate/joint ventures:

**PART "A": Subsidiaries**

1. <b>Subsidiary No. :</b>	<b>1</b>
2. Name of the Subsidiary:	<b>N K Oil Mills Private Limited</b>
3. Reporting period for the subsidiary concerned, if different from the holding Company's reporting period:	N.A
4. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries:	N.A
5. Share Capital:	5,61,680
6. Reserves & Surplus:	(13,86,11,287)
7. Total Assets:	3,29,58,656
8. Total Liabilities:	17,10,08,264
9. Investments:	7,64,609
10. Turnover:	19,50,26,451
11. Profit before Taxation:	1,57,27,099
12. Provision for Taxation:	53,51,352
13. Profit after taxation:	1,03,75,747
14. Proposed Dividend:	Nil
15. % of shareholding:	100%

1. <b>Subsidiary No. :</b>	<b>2</b>
2. Name of the Subsidiary:	<b>Banpal Oilchem Private Limited</b>
3. Reporting period for the subsidiary concerned, if different from the holding Company's reporting period:	N.A
4. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries:	N.A
5. Share Capital:	2,02,70,000
6. Reserves & Surplus:	(11,13,67,925)
7. Total Assets:	3,69,52,872
8. Total Liabilities:	12,80,50,798
9. Investments:	Nil
10. Turnover:	10,00,000
11. Profit before taxation:	(54,70,278)
12. Provision for taxation:	(14,56,611)
13. Profit\Loss after taxation:	(40,13,668)
14. Proposed Dividend:	Nil
15. % of shareholding:	100%



1.	<b>Subsidiary No. :</b>	<b>3</b>
2.	Name of the Subsidiary:	Tirupati Retail (India) Private Limited
3.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period.	N.A
4.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	N.A
5.	Share Capital:	10,00,000
6.	Reserves & Surplus:	(59,45,60,984)
7.	Total Assets:	15,60,45,14,593
8.	Total Liabilities:	16,19,80,75,578
9.	Investments:	60,000
10.	Turnover:	Nil
11.	Profit\Loss before taxation:	(5,750)
12.	Provision for taxation:	Nil
13.	Profit\Loss after taxation:	(5,750)
14.	Proposed Dividend:	Nil
15.	% of shareholding:	100%

**For and on behalf of the Board**

**Mr. Nimish K. Patel**  
Chairman & Managing Director  
DIN: 00240621

**Mr. Nilesh K. Patel**  
Managing Director  
DIN: 00244115

**Mr. Ashwin P. Patel**  
Chief Financial Officer

**Ms. Trusha Shah**  
Company Secretary

**PART "B": Associates and Joint Venture**

**Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

<b>Sr. No.</b>	<b>Name of Associates / Joint Ventures</b>	<b>Latest audited Balance Sheet Date</b>	<b>Shares of Associate/ Joint Ventures held by the Company on the year end</b>			<b>Description of how there is significant influence</b>	<b>Reason why the Associate / Joint Venture is not consolidated</b>	<b>Networth attributable to shareholding as per latest audited balance sheet</b>	<b>Profit/ (Loss) for the year</b>
			<b>No.</b>	<b>Amount of investment in Associates/ Joint Ventures</b>	<b>Extent of holding %</b>				
1	AWN Agro Private Limited	March 31, 2019	2,50,05,000	25,00,50,000	50%	N.A	* Refer note below	N.A	N.A

*\*Note: The reason for non consolidation is due to discontinuation of control of the management and financial affairs of the JV Company "AWN Agro Private Limited". The exemption for such discontinuation from consolidation of accounts is provided under the Accounting Standards 21 & 27.*

**For and on behalf of the Board**

**Mr. Nimish K. Patel**  
Chairman & Managing Director  
DIN: 00240621

**Mr. Nilesh K. Patel**  
Managing Director  
DIN: 00244115

**Mr. Ashwin P. Patel**  
Chief Financial Officer

**Ms. Trusha Shah**  
Company Secretary



**Form No. AOC-2**

(Pursuant to clause (h) of subsection (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements enter into by the company with related parties referred to in subsection (1) of section 188 of the companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangement or transactions not at arm's length basis: N.A.
2. Details of material contracts or arrangement or transactions at arm's length basis:

<b>Name(s) of related party and nature of relationship:</b>	N K Proteins Private Limited (Group Company)
<b>Nature of contracts/arrangement/transactions:</b>	Dry Lease Agreement
<b>Duration of contract/arrangement/transactions:</b>	For a Period of 1 year w.e.f 15th April, 2019.
<b>Salient terms of the contracts or arrangements or transactions including the value, if any:</b>	N. K. Industries has provided its factory premises located at Kadi factory to N K Proteins Private Limited on lease for a period of 1 years on monthly rent basis.
	-This Agreement is effective from 15th April, 2019.
<b>Date(s) of approval by the Board, if any :</b>	It was ratified and approved on 18.05.2019
<b>Amount paid as advances, if any:</b>	N.A.

**For or on behalf of the Board**

Date : 14<sup>th</sup> August, 2019  
Place : Ahmedabad

sd/-  
Nimish K. Patel  
Chairman & Managing Director  
DIN: 00240621

**ANNEXURE-C****MANAGEMENT DISCUSSION AND ANALYSIS REPORT****INDUSTRY OVERVIEW**

The global castor oil market reached a volume of more than 763 Kilotons in 2018. The market is further projected to reach a volume of 943.5 Kilotons by 2024, growing at a rate of 3.5% during 2019-2024. The global castor oil market has been segmented on the basis of end-use which mainly include pharmaceuticals, lubricants, paints and soaps. Currently, castor oil is extensively used in the pharmaceutical industry in the form of an anti-inflammatory agent.

Country's total export of castor oil during the year 2018-19 stood at 5.72 lakh metric tons as against 6.51 lakh metric tons for the year 2017-18. Further for the current Financial year i.e. 2019-20 upto the month of June 2019 it stood at 1.39 lakh metric tons.

Castor Oil being an export commodity has had a special importance for the country. Being one of the most expensive vegetable oils, it earns valuable foreign exchange and makes great business sense for the country. Further, with a low cost of production, lower requirement of water and care, castor seeds provide a stable revenue for the farmer. The government has, for the first time, come with an Agricultural Export Policy with a view to double its exports to over 60 billion USD by the year 2022 and to cross 100 billion USD in the next few years.

**GLOBAL CASTOR OIL MARKET DRIVERS/CONSTRAINTS**

- Castor oil is becoming an essential bio-based raw material which makes it ideal for various industrial applications. As a result, it is being increasingly used as a potential alternative to petroleum-based chemicals.
- On account of its distinctive chemical structure, castor oil acts as a major raw material which is used in the production of various end products such as biodiesel, polyurethane adhesives, machining oils, refrigeration lubricants, etc. This versatile nature of castor oil has been contributing towards the propelling growth of the market.
- As compared to other vegetable oils, castor oil is a healthier and less expensive alternative. Owing to this, food grade castor oil has gained a momentum in the food industry in the form of flavourings, mould inhibitor, food additives and packaging.
- The global castor oil market is being hindered by the unstable prices of castor beans which is the result of their fluctuating supply. This supply highly depends upon the weather conditions of the region and a long harvesting process of castor beans.

**REGIONAL INSIGHTS**

On a geographical basis, China represents the largest market for castor oil. This can be attributed to the rapid growth in the cosmetic, surface coating and pharmaceutical industries across the region. China is followed by Europe, India, the United States and Brazil.

**RISK AND CONCERNs**

The Company is exposed due to disparity resulting into pressure on margin. Moreover non-availability of funds due to sickness of the unit and poor market conditions affects the quick turnaround. However, the Management is aware of the said problems & therefore has designed the system to address the same.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has an adequate system of internal control across all functions such as purchase, sale and acquisitions of fixed assets, cash & bank. Job work is carried out within the time schedule. The Company has set up an Audit Committee comprising of Non-Executive Independent Directors. The Company has also appointed the firm of Chartered Accountants to carry out Internal Audit, Where one of their function is to review the Internal Control system regularly, with a view to further strengthen the same.



## STANDALONE PERFORMANCE

The analysis of standalone performance of the Company is given below:

The loss of the Company before providing for finance cost and depreciation was ₹ 2132.31 Lacs as against previous year profit of ₹ 714.27 Lacs.

### Other Income

The other income is higher at ₹ 427.41 Lacs as against ₹ 61.18 Lacs in the previous year.

**Finance Cost** is higher at ₹4.48 Lacs as against ₹0.84 Lacs in the previous year.

**Depreciation** (Including amortization) is lower at ₹ 671.41 Lacs as against ₹ 969.48 Lacs in the previous year.

**Other Comprehensive Income** is (1.45) Lacs as compared to (13.40) Lacs in the previous year.

**Net loss during the year** (After tax) stood at ₹ (1929.97) Lacs as against ₹ (310.99) Lacs in the previous year.

## CONSOLIDATED PERFORMANCE

The analysis of consolidated performance of the Company is given below:

The loss of the Company before providing for finance cost and depreciation was ₹ 1979.86 Lacs as against previous year profit of ₹ 799.24 Lacs.

### Other Income

The other income is higher at ₹ 447.49 Lacs as against ₹ 91.91 Lacs in the previous year.

**Finance Cost** is higher at ₹13.38 Lacs as against ₹11.17 Lacs in the previous year.

**Depreciation** (Including amortization) is lower at ₹ 712.45 Lacs as against ₹ 1023.56 Lacs in the previous year.

**Other Comprehensive Income** is (1.45) Lacs as compared to (13.40) Lacs in the previous year.

**Net loss during the year** (After tax) stood at ₹ (1866.41) Lacs as against ₹ (333.99) Lacs in the previous year.



**"ANNEXURE-D"**

**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

i. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 and the percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the Financial Year 2018-19:

<b>Sr. No.</b>	<b>Name of the Director/ KMP and Designation</b>	<b>Remuneration of Director/ KMP for the financial year 2018-19 (in ₹)</b>	<b>% increase in Remuneration in the Financial Year 2018-19</b>	<b>Ratio of remuneration of each Director to the median employee of the Company</b>
1	Mr. Nimish K. Patel (Chairman & Managing Director)	30,00,000	-	16:1
2	Mr. Nilesh K. Patel (Managing Director)	30,00,000	-	16:1
3	Mr. Hasmukh K. Patel (Whole Time Director)	8,07,792	-	4.3:1
4	Mr. Jaimin Modi (Independent Director)	Nil	-	N.A
5	Dr. Bharat J. Patel (Independent Director)	Nil	-	N.A
6	Ms. Mridu Sharma (Independent Director)	Nil	-	N.A
7	Mr. Bhawani Singh Yadav (Additional Director)	Nil	-	N.A
8	Mr. Ashwinbhai P. Patel (Chief Finance Officer)	6,00,000	-	N.A
9	Ms. Akanksha A. Srivastava (Company Secretary) (Company Secretary upto 12th June, 2019)	3,12,000	15.55%	N.A

ii. The median remuneration of employees of the Company during the year under review was ₹ 186384

iii. Increase in remuneration of Directors and Key Managerial Personnel during the financial year 2018-19 is as per the table above.

iv. The average percentage increase in the median remuneration of employees of the Company during the financial year: 19.89%

v. The number of permanent employees on the rolls of Company: 257 as on March 31, 2019.

vi. The explanation on the relationship between average increase in remuneration and Company performance: The increase in the remuneration of median employees of the Company is in relation with the industrial standards of similar field.

vii. Comparison of the remuneration of the key managerial personnel against the performance of the Company:  
Increase in the remuneration of KMP as per the existing industry standards.

viii. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

(In Lakhs)

<b>Particulars</b>	<b>As at 31/03/2019 (Current Year)</b>	<b>As at 31/03/2018 (Previous Year)</b>
Market Capitalization	2403.96	2878.74
Price Earnings Ratio	(1.25)	(9.68)



ix. Percentage increase over decrease in the market quotations of shares of the Company in comparison to the rate at which the Company came out with the last public offer: N.A.

x. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

There was no increase in the salary of employees of the Company as well as of Directors or KMP during the year under review.

xi. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company:

As the Company is having huge accumulated losses there was no increase in the remuneration of Key Managerial Personnel of the Company during the year under review.

xii. The key parameters for any variable component of remuneration availed by the Directors: N.A.

xiii. The median ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year: N.A

xiv. Affirmation that the remuneration is as per the Remuneration Policy of the Company: The Company affirms remuneration is as per the Nomination and Remuneration Policy of the Company.



ANNEXURE-E

## FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9  
of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

#### N K INDUSTRIES LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **N K INDUSTRIES LIMITED** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the N K INDUSTRIES LIMITED (books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit. We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31.03.2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by N K INDUSTRIES LIMITED ("the Company") for the financial year ended on 31.03.2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not Applicable during the Audit Period**);
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (**Not Applicable during Audit Period**);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not Applicable during Audit Period**);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable during the Audit Period**); and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable during the Audit Period**);
- (i) The Securities and Exchange Board of India (Listing Obligations and disclosure Requirement) Regulation, 2015;
- (j) Laws specifically applicable to the industry to which the company belongs, as identified by the management, that is to say:
  1. Food Safety and Standards Authority of India
  2. Prevention of Food and Adulteration Act, 1954
  3. The Edible Oils Packaging (Regulation) Order, 1998
  4. Essential Commodities Act, 1955 (in relation to food)
  5. Packaging and Labeling Regulations
  6. Weights and Measurement Act, 1976
  7. Legal Metrology Act, 2009



8. Gujarat Pollution Control Board (Environment Pollution Act)
9. Hazardous Waste (Management & Handling) Rules 1989
10. The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989
11. The Environment (Protection) Act, 1986

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges, - BSE Limited, National Stock Exchange of India Limited,

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. **We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period there were no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

Riddhi Pamnani  
Proprietor

Riddhi Khaneja & Associates  
M. No. 10221 C P No.: 17397

Place : Ahmedabad  
Date : 14<sup>th</sup> August, 2019

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

**'Annexure A'**

To,

The Members

**N K INDUSTRIES LIMITED**

Our Secretarial Audit Report of even date is to be read along with this letter.

**Management's Responsibility**

Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

**Auditor's Responsibility is limited to the following:**

1. We have followed the audit practices and process as considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification as done on test basis is to reasonably ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
2. In respect of Laws, Rules and Regulations other than those specifically mentioned in our report above, we have limited our review, analysis and reporting up to process and system adopted by the Company for compliance with the same and have not verified detailed compliance, submissions, reporting under such laws etc. nor verified correctness and appropriateness thereof including financial records and books of account of the Company.
3. Wherever required, we have obtained the management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
4. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

**Disclaimer**

1. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Riddhi Pamnani  
Proprietor

Riddhi Khaneja & Associates  
M. No. 10221 C P No.: 17397

Place : Ahmedabad  
Date : 14<sup>th</sup> August, 2019



## FORM NO. MGT-9

### EXTRACT OF ANNUAL RETURN

(As on the financial year ended on 31<sup>st</sup> March, 2019)

[Pursuant to section 92(3) of the *Companies Act, 2013* and rule 12(1) of the *Companies (Management and Administration) Rules, 2014*]

#### I. REGISTRATION AND OTHER DETAILS:

CIN:	L91110GJ1987PLC009905											
Foreign Company Registration Number/GLN	N.A											
Registration Date [DDMMYY]	19/08/1987											
Category of the Company	Public Company											
Sub Category of the Company	Limited by Shares											
Whether shares listed on recognized Stock Exchange(s) If yes, details of stock exchanges where shares are listed	<p>Yes</p> <table border="1"> <thead> <tr> <th>Sr. No.</th> <th>Stock Exchange Name</th> <th>Code</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Bombay Stock Exchange</td> <td>519494</td> </tr> <tr> <td>2</td> <td>National Stock Exchange</td> <td>NKIND</td> </tr> </tbody> </table>			Sr. No.	Stock Exchange Name	Code	1	Bombay Stock Exchange	519494	2	National Stock Exchange	NKIND
Sr. No.	Stock Exchange Name	Code										
1	Bombay Stock Exchange	519494										
2	National Stock Exchange	NKIND										
<b>AGM details:</b>												
Whether extension of AGM was granted – Yes / No. ( If yes, provide reference number , date of approval letter and the period upto which extension granted)	NO											
If Annual General Meeting was not held, specify the reasons for not holding the same	NA											

#### NAME AND REGISTERED OFFICE ADDRESS OF COMPANY:

Company Name	N K INDUSTRIES LIMITED		
Address	7 <sup>th</sup> Floor, Popular House, Ashram Road,		
Town / City	Ahmedabad		
State	Gujarat		
Pin Code:	380 009		
Country Name :	India		
Country Code			
Telephone (With STD Area Code Number)	91-79-66309999		
Fax Number :	91-79-66309913		
Email Address	nkil@nkproteins.com		
Website	www.nkindustriesltd.com		
Name of the Police Station having jurisdiction where the registered office is situated	Navrangpura, Police Station		
Address for correspondence, if different from address of registered office:	N.A		
Name and Address of Registrar & Transfer Agents (RTA):- Full address and contact details to be given.			
Registrar & Transfer Agents ( RTA ):-	Link Intime India Private Limited		
Address	506-508, Amarnath Business Centre, Near St. Xavier's College Corner, Off CG Road, Navrangpura.		
Town / City	Ahmedabad		
State	Gujarat		
Pin Code:	380009		
Telephone (With STD Area Code Number)	079-30002684		
Fax Number :	079-26465179		
Email Address	ahmedabad@linkintime.co.in		



**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	FSG Oil (Castor Oil)	15153090	69.32%
2	12 HSA	15153090	13.86%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of Shares Held	Applicable Section
1	AWN AGRO PRIVATE LIMITED	U15143GJ2011PTC064651	A Joint Venture Company	50%	2(6)
2	N K OIL MILLS PRIVATE LIMITED	U15201GJ1994PTC022669	Subsidiary Company	100%	2(87)(ii)
3	BANPAL OILCHEM PRIVATE LIMITED	U15201GJ1996PTC030702	Subsidiary Company	100%	2(87)(ii)
4	TIRUPATI RETAIL (INDIA) PRIVATE LIMITED	U52190GJ2007PTC050409	Subsidiary Company	100%	2(87)(ii)

**IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

i) **Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year - 2018				No. of Shares held at the end of the year-2019				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
<b>A. Promoter and Promoter Group</b>										
<b>[1] Indian</b>										
a) Individuals/ HUF	3139926	0.00	3139926	52.25	3139926	0.00	3139926	52.25	0.00	
b) Central Govt.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
c) State Govt.(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Any Other (Specify)</b>										
d) Bodies Corp.	902826	0.00	902826	15.02	1136778	0.00	1136778	18.92	3.90	
e) Banks / FI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
f) Any other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Total shareholding of Promoter(A) (1)</b>	<b>4042752</b>	<b>0.00</b>	<b>4042752</b>	<b>67.27</b>	<b>4276704</b>	<b>0.00</b>	<b>4276704</b>	<b>71.16</b>	<b>3.89</b>	
<b>[2] Foreign</b>										
a) Individuals (Non-Resident Individuals/ Foreign	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
b) Government	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
c) Institutions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
d) Foreign Portfolio Investor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	



Category of Shareholders	No. of Shares held at the beginning of the year - 2018				No. of Shares held at the end of the year-2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Any Other (Specify)									
<b>Sub Total (A) (2)</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total shareholding of Promoter and Promoter Group (A) (1) + (A) (2)</b>	<b>4042752</b>	<b>0.00</b>	<b>4042752</b>	<b>67.27</b>	<b>4276704</b>	<b>0.00</b>	<b>4276704</b>	<b>71.16</b>	<b>3.89</b>
<b>B. Public Shareholding</b>									
<b>[1] Institutions</b>									
a) Mutual Funds/UTI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b) Venture Capital Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c) Alternate Investment Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) Foreign Venture Capital Investors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e) Foreign Portfolio Investor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f) Financial Institutions/ Banks	0.00	1300	1300	0.02	0.00	1300	1300	0.02	0.00
g) Insurance Companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
h) Provident Funds/ Pension Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
i) Any Other (Specify)									
<b>Sub-total (B) (1)</b>	<b>0.00</b>	<b>1300</b>	<b>1300</b>	<b>0.02</b>	<b>0.00</b>	<b>1300</b>	<b>1300</b>	<b>0.02</b>	<b>0.00</b>
<b>[2] Central Government/ State Government (s) / President of India</b>									
<b>Sub-total (B) (2)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>[3] Non-Institutions</b>									
a) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹1 lakh.	471744	552684	1024428	17.04	478915	534484	1013399	16.86	-0.18



Category of Shareholders	No. of Shares held at the beginning of the year - 2018				No. of Shares held at the end of the year-2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh.	589089	34636	623725	10.37	399783	34636	434419	7.22	-3.15
b) NBFCs registered with RBI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c) Employee Trusts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) Overseas Depositories (holding DRs)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e) Any Other (Specify)									
Hindu Undivided Family	28154	0.00	28154	0.47	25883	0.00	25883	0.43	-0.04
Non Resident Indians (Non Repat)	752	0.00	752	0.01	762	0.00	762	0.01	0.00
Non Resident Indians (Repat)	3100	600	3700	0.06	3650	600	4250	0.07	0.01
Clearing Member	17048	0.00	17048	0.28	11904	0.00	11904	0.20	-0.09
Bodies Corporate	259041	9000	268041	4.46	232279	9000	241279	4.01	-0.45
<b>Sub-total (B) (3)</b>	<b>1368928</b>	<b>596920</b>	<b>1965848</b>	<b>32.71</b>	<b>1153176</b>	<b>578720</b>	<b>1731896</b>	<b>28.82</b>	<b>-3.89</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)</b>	<b>1368928</b>	<b>598220</b>	<b>1967148</b>	<b>32.73</b>	<b>1153176</b>	<b>580020</b>	<b>1733196</b>	<b>28.84</b>	<b>-3.89</b>
<b>Total (A)+(B)</b>	<b>5411680</b>	<b>598220</b>	<b>6009900</b>	<b>100.00</b>	<b>5429880</b>	<b>580020</b>	<b>6009900</b>	<b>100.00</b>	<b>0.00</b>
<b>C. Non Promoter-Non Public</b>									
[1] Custodian/ DR Holder	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
[2] Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total (A+B+C)</b>	<b>5411680</b>	<b>598220</b>	<b>6009900</b>	<b>100.00</b>	<b>5429880</b>	<b>580020</b>	<b>6009900</b>	<b>100.00</b>	<b>0.00</b>



ii) Shareholding of Promoters (Including Promoter Group)

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year - 2018			Share holding at the end of the year -2019			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Ashita Nilesh Patel	1273889	21.20	0.00	1273889	21.20	0.00	0.00
2	Sonalben Nimish Patel	1151570	19.16	0.00	1151570	19.16	0.00	0.00
3	NKPL Realty LLP	535524	8.91	0.00	769476	12.80	0.00	3.89
4	N K Proteins Private Limited	367302	6.11	0.00	367302	6.11	0.00	0.00
5	Nimish Keshavlal Patel	134123	2.23	0.00	134123	2.23	0.00	0.00
6	Priyanshi Nilesh Patel	106900	1.78	0.00	106900	1.78	0.00	0.00
7	Nilesh Keshavlal Patel (HUF)	104557	1.74	0.00	104557	1.74	0.00	0.00
8	Nimish Keshavlal Patel (HUF)	104557	1.74	0.00	104557	1.74	0.00	0.00
9	Priyam Nilesh Patel	84516	1.41	0.00	84516	1.41	0.00	0.00
10	Venushree Nimish Patel	84160	1.40	0.00	84160	1.40	0.00	0.00
11	Vedanshee Nimish Patel	73100	1.22	0.00	73100	1.22	0.00	0.00
12	Nileshi Keshavlal Patel	20954	0.35	0.00	20954	0.35	0.00	0.00
13	Darshanbhai Baldevbhai Patel	1600	0.03	0.00	1600	0.03	0.00	0.00
<b>TOTAL</b>		<b>4042752</b>	<b>67.27</b>	<b>0.00</b>	<b>4276704</b>	<b>71.16</b>	<b>0.00</b>	<b>3.89</b>

iii) Change in Promoters' (Including Promoter Group) Shareholding

Sr. No.	Name of Shareholder and type of Transaction	Shareholding at the beginning of the Year-2018		Transactions during the Year		Cumulative Shareholding at the end of the Year-2019	
		No. of shares held	% of total shares of the company	Date of transactions	No. of Shares	No. of shares	% of total shares of the company
1.	Ashita Nilesh Patel	1273889	21.20		0.00	0.00	21.20
	At the end of the Year	<b>1273889</b>	<b>21.20</b>		<b>0.00</b>	<b>0.00</b>	<b>21.20</b>
2.	Sonalben Nimish Patel	1151570	19.16		0.00	0.00	19.16
	At the end of the Year	<b>1151570</b>	<b>19.16</b>		<b>0.00</b>	<b>0.00</b>	<b>19.16</b>
3.	N. K. Proteins Private Limited	367302	6.11		0.00	0.00	6.11
	At the end of the Year	<b>367302</b>	<b>6.11</b>		<b>0.00</b>	<b>0.00</b>	<b>6.11</b>



Sr. No.	Name of Shareholder and type of Transaction	Shareholding at the beginning of the Year-2018		Transactions during the Year		Cumulative Shareholding at the end of the Year-2019	
		No. of shares held	% of total shares of the company	Date of transactions	No. of Shares	No. of shares	% of total shares of the company
4.	NKPL Realty LLP	535524	8.91	6th April, 2018 to 31st August, 2018	233952 (3.89%)	769476	12.80
	Transaction of Purchase	-	-		-		
	At the end of the Year	535524	8.91		233952 (3.89%)	769476	12.80
5.	Nimish Keshavlal Patel	134123	2.23	0.00	0.00	134123	2.23
	At the end of the Year	134123	2.23	0.00	0.00	134123	2.23
6.	Priyanshi Nilesh Patel	106900	1.78	0.00	0.00	106900	1.78
	At the end of the Year	106900	1.78	0.00	0.00	106900	1.78
7.	Nimishbhai Keshavlal Patel	104557	1.74	0.00	0.00	104557	1.74
	At the end of the Year	104557	1.74	0.00	0.00	104557	1.74
8.	Nilesh Keshavlal Patel	104557	1.74	0.00	0.00	104557	1.74
	At the end of the Year	104557	1.74	0.00	0.00	104557	1.74
9.	Priyam Nilesh Patel	84516	1.41	0.00	0.00	84516	1.41
	At the end of the Year	84516	1.41	0.00	0.00	84516	1.41
10.	Venushree Nimishbhai Patel	84160	1.40	0.00	0.00	84160	1.40
	At the end of the Year	84160	1.40	0.00	0.00	84160	1.40
11.	Vedanshee Nimishbhai Patel	73100	1.22	0.00	0.00	73100	1.22
	At the end of the Year	73100	1.22	0.00	0.00	73100	1.22
12.	Nileshbhai Keshavlal Patel	20954	0.35	0.00	0.00	20954	0.35
	At the end of the Year	20954	0.35	0.00	0.00	20954	0.35
13.	Darshanbhai Baldevbhai Patel	1600	0.03	0.00	0.00	1600	0.03
	At the end of the Year	1600	0.03	0.00	0.00	1600	0.03

iv) **Shareholding Pattern of top 10 shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company
1	<b>MEHTA SECURITIES LIMITED</b>				
	At the beginning of the year	149800	2.49	149800	2.49
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (Eg. Allotment/Transfer/ Bonus/Sweat Equity etc.)	500 equity shares were sold on 20th July, 2018 in the open market	0.01	149300	2.48
	At the end of the year	149300	2.48	149300	2.48



Sr. No.	Name of Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company
2	<b>SHAILESH BHANWARLAL BHANDARI</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (Eg. Allotment/Transfer/ Bonus/Sweat Equity etc.)				
	19/10/2018	6532		6532	0.11
	09/11/2018	86445		92977	1.55
	21/12/2018	4704		97681	1.63
	11/01/2019	31450		129131	2.15
	At the end of the year	129131	2.15	129131	2.15
3	<b>FRANY TUSHAR PATEL</b>				
	At the beginning of the year	81194	1.35	81194	1.35
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (Eg. Allotment/Transfer/ Bonus/Sweat Equity etc.)	-	-	-	-
	At the end of the year	81194	1.35	81194	1.35
4	<b>PRRATEK PATEL</b>				
	At the beginning of the year	53015	0.88	53,015	0.88
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (Eg. Allotment/Transfer/ Bonus/Sweat Equity etc.)	-	-	-	-
	At the end of the year	53015	0.88	53,015	0.88
5	<b>JAPRO ENGINEERING PRIVATE LIMITED</b>				
	At the beginning of the year	35850	0.60	35850	0.60
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (Eg. Allotment/Transfer/ Bonus/Sweat Equity etc.)	-	-	-	-
	At the end of the year	35850	0.60	35850	0.60
6	<b>MEHTA INTEGRATED FINANCE LTD</b>				
	At the beginning of the year	32271	0.54	32271	0.54
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (Eg. Allotment/Transfer/ Bonus/Sweat Equity etc.)	500 equity shares were purchased on 20th July, 2018 in open market	0.01	32771	0.55
	At the end of the year	32771	0.55	32771	0.55



Sr. No.	Name of Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company
7	<b>PRAVINBHAI DAYALJIBHAI THAKKAR</b>				
	At the beginning of the year	5000	0.08	5000	0.08
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (Eg. Allotment/Transfer/ Bonus/Sweat Equity etc.)	Date	No. of Shares	Cumulative during the year	Cumulative %
		13/04/2018	23000	28000	0.47
		08/02/2019	(51)	27949	0.47
	At the end of the year	27949	0.47	27949	0.47
8	<b>MAHENDRAKUMAR DEVISING DESAI</b>				
	At the beginning of the year	32900	0.55	32900	0.55
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (Eg. Allotment/Transfer/ Bonus/Sweat Equity etc.)	Date	No. of Shares	Cumulative during the year	Cumulative %
		30/06/2018	400	33300	0.55
		06/07/2018	(2)	33298	0.55
		31/08/2018	(4500)	28798	0.48
		16/11/2018	(706)	28092	0.47
		04/01/2019	(1257)	26835	0.45
		11/01/2019	(1)	26834	0.45
		18/01/2019	(800)	26034	0.43
	At the end of the year	26034	0.43	26034	0.43
9	<b>GOMTIBEN KALIDAS PATEL</b>				
	At the beginning of the year	22030	0.37	22030	0.37
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (Eg. Allotment/Transfer/ Bonus/Sweat Equity etc.)	-	-	-	-
	At the end of the year	22030	0.37	22030	0.37



Sr. No.	Name of Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company
<b>10</b>	<b>PRAHALLADBHAI KISHANCHAND SEWANI</b>				
	At the beginning of the year	41124	0.68	41124	0.68
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (Eg. Allotment/Transfer/ Bonus/Sweat Equity etc.)	Date	No. of Shares	Cumulative during the year	Cumulative %
	06/04/2018	(358)		40766	0.68
	13/04/2018	(2969)		37797	0.63
	20/04/2018	3051		40848	0.68
	27/04/2018	(300)		40548	0.67
	11/05/2018	3487		44035	0.73
	18/05/2018	(3837)		40198	0.67
	25/05/2018	(150)		40048	0.67
	08/06/2018	(867)		39181	0.65
	22/06/2018	(2000)		37181	0.62
	30/06/2018	(4118)		33063	0.55
	06/07/2018	(4610)		28453	0.47
	13/07/2018	(2288)		26165	0.43
	20/07/2018	(1640)		24525	0.41
	27/07/2018	890		25415	0.42
	10/08/2018	(143)		25272	0.42
	17/08/2018	(1000)		24272	0.40
	31/08/2018	(8110)		16162	0.27
	07/09/2018	(120)		16042	0.27
	29/09/2018	2951		18993	0.32
	05/10/2018	(1341)		17652	0.29
	12/10/2018	600		18252	0.30
	26/10/2018	(2200)		16052	0.27
	02/11/2018	(1716)		14336	0.24
	09/11/2018	(1096)		13240	0.22
	23/11/2018	(4852)		8388	0.14
	30/11/2018	(50)		8388	0.14
	07/12/2018	230		8568	0.14
	21/12/2018	23		8591	0.14
	31/12/2018	150		8741	0.15
	25/01/2019	2250		10991	0.18
	01/02/2019	(2000)		8991	0.15
	22/02/2019	(919)		8072	0.13
	08/03/2019	(2125)		5947	0.09
	15/03/2019	2000		7947	0.13
	22/03/2019	(1823)		6124	0.10
	29/03/2019	1110		7234	0.12
	At the end of the year	7234	0.12	7234	0.12



v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>NIMISH KESHAVLAL PATEL</b> (CHAIRMAN & MANAGING DIRECTOR)				
	<b>At the beginning of the year</b>				
	Individual Holding	134123	2.23	134123	2.23
	As a member of HUF	104557	1.74	104557	1.74
	<b>Total</b>	<b>238680</b>	<b>3.97</b>	<b>238680</b>	<b>3.97</b>
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	<b>At the end of the year</b>				
	Individual Holding	134123	2.23	134123	2.23
	As a member of HUF	104557	1.74	104557	1.74
	<b>Total</b>	<b>238680</b>	<b>3.97</b>	<b>238680</b>	<b>3.97</b>
2	<b>MR. NILESH KESHAVLAL PATEL</b> (MANAGING DIRECTOR)				
	<b>At the beginning of the year</b>				
	Individual Holding	20954	0.35	20954	0.35
	As a member of HUF	104557	1.74	104557	1.74
	<b>Total</b>	<b>125511</b>	<b>2.09</b>	<b>125511</b>	<b>2.09</b>
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	<b>At the end of the year</b>				
	Individual Holding	20954	0.35	20954	0.35
	As a member of HUF	104557	1.74	104557	1.74
	<b>Total</b>	<b>125511</b>	<b>2.09</b>	<b>125511</b>	<b>2.09</b>
3	<b>MR. HASMUKH K PATEL</b> (WHOLE TIME DIRECTOR)				
	<b>At the beginning of the year</b>	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	<b>At the end of the year</b>	-	-	-	-
4	<b>MS. MRIDU SHARMA</b> (INDEPENDENT WOMEN DIRECTOR)				
	<b>At the beginning of the year</b>	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	<b>At the end of the year</b>	-	-	-	-
5	<b>MS. MRIDU SHARMA</b> (INDEPENDENT WOMEN DIRECTOR)				
	<b>At the beginning of the year</b>	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	<b>At the end of the year</b>	-	-	-	-



Sr. No.	Name of Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6	<b>MR. TUSHAR DOSHI (INDEPENDENT DIRECTOR)</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	<b>At the end of the year</b>	-	-	-	-
7	<b>MR. ASHWINBHAI P PATEL (CHIEF FINANCE OFFICER)</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	<b>At the end of the year</b>	-	-	-	-
8	<b>MS. AKANKSHA SRIVASTAVA (COMPANY SECRETARY)</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	<b>At the end of the year</b>	-	-	-	-

**\*Note: Ms. Akanksha Srivastava Resigned as Company Secretary and Compliance Officer w.e.f 12th June, 2019.**

**V) Indebtedness of the Company including interest outstanding/ accrued but not due for payment**

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
I) Principal Amount	-	-	-	-
II) Interest due but not paid	-	-	-	-
III) Interest accrued but not due	-	-	-	-
Total (I+II+III)	-	-	-	-
Change in Indebtedness during the financial year	-	-	-	-
* Addition	-	-	-	-
* Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-



VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. *Remuneration to Managing Director, Whole-time Directors and/or Manager:*

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Nimish K. Patel	Nilesh K. Patel	Hasmukh K. Patel	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	30,00,000	30,00,000	8,07,792	68,07,792
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
Total (A)		30,00,000	30,00,000	8,07,792	68,07,792
Ceiling as per the Act		30,00,000	30,00,000	-	-

**Note:** The members of the Company in the meeting held on 16th June, 2019 approved the remuneration of managing directors at the rate of ₹5.00 Lacs p.m. However due to continuing losses of the Company remuneration at the rate of ₹2.50 Lacs p.m. was paid during the year under review.

B. *Remuneration to other directors*

SN.	Particulars of Remuneration	Name of Directors		Total Amount
		Ms. Mridu Sharma	Mr. B.S. Yadav	
1	Independent Directors			
	Fee for attending board committee meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (1)	-	-	-
2	Other Non-Executive Directors	-	-	-
	Fee for attending board committee meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)	-	-	-
Total (B)=(1+2)		-	-	-
Total Managerial Remuneration		-	-	-
Overall Ceiling as per the Act		-	-	-



**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		Company Secretary & Compliance Officer	Chief Executive Officer	Chief Financial Officer	Total
		Ms. Akanksha Srivastava*	Mr. Priyam Patel	Mr. Ashvin Patel	
1	Gross salary	3,12,000	12,00,000	6,00,000	21,12,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,12,000	12,00,000	6,00,000	21,12,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	3,12,000	12,00,000	6,00,000	21,12,000

\*Note: Ms. Akanksha Srivastava resigned w.e.f 12th June, 2019

**VII) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

**For and on behalf of the Board**

**Sd/-**

**Nimish K. Patel**

**Chairman & Managing Director**

**DIN: 00240621**

**Date : 14<sup>th</sup> August, 2019  
Place : Ahmedabad**



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF N.K INDUSTRIES LIMITED

#### Report on the Audit of the Standalone Financial Statements

##### Qualified Opinion

We have audited the accompanying standalone financial statements of **M/s N.K.INDUSTRIES LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for *Qualified Opinion* Section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting standards (Ind AS) specified under section 133 of the Act, of the state of affairs (financial Position ) of the Company as at March 31, 2019, and its losses (financial performance including other comprehensive income), its Cash flows and changes in equity for the year ended on that date.

##### Basis for 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 said transactions through National Spot Exchange Limited (NSEL) from the concerns other than the group concerns are subject to confirmations by the respective parties/NSEL and reconciliations/adjustments, if any. Further, NSEL has suspended the trading on 31.07.2013, as per the directions issued by the Government of India, Ministry of Consumer Affairs. NSEL has initiated recovery proceedings against the group company NKPL and also against the company by filing a civil suit in the Hon'ble High Court of Mumbai for an alleged amount of around Rs.937 crores plus interest 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 of Maharashtra before Hon'ble Gujarat High Court which was disposed off vides its order dated 29<sup>th</sup> March 2017. The company preferred a Special Leave Petition before the Hon'ble Supreme Court of India against the order of Hon'ble Gujarat High Court and 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, Mumbai, and as informed by the management, the company has filed petition before the Hon'ble Bombay High Court in June 2017 which is pending .Besides the above, the company has also filed its objections against the attachment notification before the Designated Special MPID Court, Mumbai.

In view of the above that the matter is subjudice, and the alleged liability /claim are not accepted by the company, we are unable to quantify the final liability and its impact if any, on the loss of the company for the Year ended on 31<sup>st</sup> March, 2019.(Refer note No 35 of Standalone financial statements)

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 against the order of Adjudicating Authority.

Further, the Director of Enforcement (hereinafter referred to as ED), Government of India had initiated proceedings of search/seizure on 30.05.2018 on the group company NKPL, the promoters of the company Shri Nilesh Patel and Shri Nimish Patel, one of the family member as well as on the company and thereafter on 29.06.2018, the ED, Government of India, had preferred an application u/s 17(4) of the Prevention of Money Laundering Act, 2002 before the Adjudicating Authority, New Delhi, vide it's a Application No. OA/236 of 2018 against the company as well as group company NKPL and the promoters for retention of the seized properties and for continuation of order of freezing the properties, till finalization of the proceedings, of the properties mentioned in the application u/s 17(4) of the PMLA Act, 2002. The company along with Group Company and promoters challenged the show cause notice issued by the adjudicating authority New Delhi, before the Hon'ble High Court of Delhi and the Hon'ble High Court has set aside the said show cause notice. The Director of Enforcement has attached assets of the company, group company NKPL and the promoters of the company by issuing a fresh show cause notice dated 30/08/2018 and the company has filed an appeal before PMLA Appellate Tribunal, Delhi .



In view of the above that the matter is subjudice, and the alleged liability/claim are not accepted by the company, we are unable to quantify the final liability and its impact if any, on the loss of the company for the Year ended on 31<sup>st</sup> March, 2019.(Refer note No 36 of Standalone financial statements)

3. The Government of Maharashtra, (at the instance of Economic wing offence Mumbai), has filed supplementary Charge sheet dated 25<sup>th</sup> December, 2018 under the various sections of IPC AND MPID Act. against the company and its chairman Shri Nimish Patel. Further MPID Court on the basis of above supplementary charge sheet has issued summons dated 19<sup>th</sup> March,2019 against the company asking them to remain present on 26<sup>th</sup> April, 2019. As informed to us by the Company has complied with the said summons and the matter is adjourned to 2<sup>nd</sup> August, 2019. Thus, in view of the fact that the said criminal proceedings which have been initiated, inter alia, against the company and its Chairman Shri Nimish Patel are pending, we are unable to ascertain/quantify the final liability, if any, that may arise from the said criminal proceedings and therefore we are unable to quantify its impact, if any, on the loss of the company for the year ended on 31.03.2019. (Refer note No 37 of Standalone financial statements)

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **Key Audit Matter:**

<b>Description of Key audit Matter</b>	<b>Our response and results</b>
<p><b>Litigations and claims</b> (Refer note 27) to the standalone financial statements)</p> <p>The cases are pending with multiple tax authorities like Income Tax, Sales tax etc. and there are claims against the company which have not been acknowledged as debt by the company.</p> <p>In normal course of business, financial exposures may arise from pending proceedings and from claims of the customers not acknowledged as debt by the company. Whether a claim needs to be recognized as liability or disclosed as contingent liability in the financial statements is dependent on a number of significant assumptions and judgments. The amounts involved are potentially significant and determining the amount, if any, to be recognised or disclosed in the financial statements, is inherently subjective.</p> <p>We have considered Litigations and claims, a Key Audit Matter as it requires significant management judgement, including accounting estimates that involves high estimation uncertainty.</p>	<p>Our audit procedures, inter alia, included following:</p> <ul style="list-style-type: none"> <li>- Discussed disputed litigation matters with the company's management.</li> <li>- Evaluated the management's judgment of tax risks, estimates of tax exposures, other claims and contingencies. Past and current experience with the tax authorities and management's correspondence/response including on the claims lodged by customers, were used to assess the appropriateness of management's best estimate of the most likely outcome of each uncertain contingent liability.</li> <li>- Critically assessed the entity's assumptions and estimates in respect of claims, included in the contingent liabilities disclosed in the financial statements. Also, assessed the probability of negative result of litigation and the reliability of estimates of related obligations.</li> </ul> <p><b>Conclusion:</b> Based on the procedures described above, we did not find any material exceptions to the management's assertions and treatment, presentation &amp; disclosure of the subject matter in the standalone financial statements.</p>

#### **Emphasis of Matter**

1. We draw attention to Note 32 to the Standalone Financial Statements and according to the same , the company is having accumulated losses (after taking into the account the balance of reserves) of Rs 335.07 Crores as at 31.3.2019 and the net worth of the company is negative However, as per the business plan and future cash flow projections submitted by the management to us and accepted by us. 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 no provision for the impairment has been made and accounts for the year have been prepared on "going concern basis." Further the above projections also contains business plan/ projected cash flow prepared by the management and accepted by us with respect to the subsidiaries company, the management is confident to also revive the operations of the loss making subsidiary companies, hence no provision for impairment in the fair value of the investment made in the said subsidiary companies has been made in the books of accounts.



2. Attention is invited to note 38 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 2011-12 & A.Y 12-13. The department had raised a demand of Rs 133 Crores (Rs 6.63 Crores for A.Y 10-11, Rs 57.07 crores for A.Y 11-12, Rs 60.33 Crores for A.Y 12-13, Rs 7.97 Crores for A.Y 2013-14& Rs.0.86 Crores for A.Y.2014-15) 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.
  - 603, 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 29 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 the company, the Hon'ble Income Tax Appellate Tribunal (ITAT), Ahmedabad has subsequently given partial relief to the extent of Rs. 28.84 Crores. The company had preferred an appeal before the Hon'ble High Court of Gujarat against the order of Hon'ble ITAT, Ahmedabad. The 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 already provided an amount of Rs 2.88 Crore against the grounds dismissed by Hon'ble ITAT, Ahmedabad 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 up to 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 the various orders of adjudicating authorities by the Income Tax Department, the Company is yet to provide final entries in its books of accounts even during the year under review. In view of non availability of order of the appeal effects from the Income Tax Department, we are unable to opine on the same.
4. Attention is invited to note 40 of the Standalone Financial Statements and according to which the Sales Tax Department has completed the assessment proceedings for various assessment years and raised demand of Rs. 3314.22 lacs (Net of recovery) for the earlier financial years. The company has not made any provision for the above demand raised by the sales tax authority in its books of accounts as in view of the Management, the said demand shall not withstand before the Appellate Authorities and the company has already preferred an appeal before the appellate authority which is still pending. In view of the above, the said amount has been shown as contingent liability under Note No. 27 of the notes forming part of accounts.
5. Attention is invited to Note 44 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, capital advances, 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.
6. As per the information obtained from the website of the Ministry of Corporate Affairs (MCA), a suit has been filed against the company and its officers u/s 383A (1A), 372A (9), 58A (6) (A) (I) of the Companies Act, 1956 for the year 2016. As informed by the management, the company is having basic information about such suit filed as reflected on the website of the MCA. However, the company does not have any communication of such proceedings against the company and its officers. As the matter is still subjudice, we are unable to quantify the final liability and its impact, if any, on the company and its officers. (Refer Note No 41 of the standalone financial statements)

**Our opinion is not qualified on the above matters.**

**Information other than the Financial Statements and Auditor's Report thereon**

The Company's Board of Directors is responsible for the other information. The other

Information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), Profit or loss(financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence; and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by section 197(16) of the Act, we report that the company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with schedule V to the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
3. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and except for the matters described in the Basis for Qualified opinion, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit,
  - b. Except for the possible effects of the matter described in the Basis for Qualified opinion, paragraph above, In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books,
  - c. The Balance Sheet, the Statement of Profit and Loss including other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. The matter described under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company
  - e. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - f. On the basis of written representations, received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
  - g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report express an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial control over financial reporting.
  - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in the standalone Financial Statements (Refer Note No 27 to the Standalone Financial Statements.)
    - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Parikh & Majmudar**  
Chartered Accountants  
FR No. 107525W

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

Place : Ahmedabad  
Date : 18/05/2019

**ANNEXURE A –TO THE INDEPENDENT AUDIT REPORT**
**OF EVEN DATE TO THE MEMBERS OF N.K.INDUSTRIES LIMITED ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment with effect from 1<sup>st</sup> April, 2008 onwards.
- (b) According to the information and explanations given to us, the Property, Plant & Equipment are verified by the management, during the year in a phased periodical manner which, in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us and the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising of the immovable properties of land and building which are freehold, are held in the name of the company as at the balance sheet date except the following properties whose titles have not been still conveyed in the name of the company having total carrying value of Rs. 18.86 lacs as at 31<sup>st</sup> March, 2019.

(₹ In lakhs)

Sr. No.	Description of the property	Status of ownership	Carrying value
1.	Premises located at Thirthjal Complex, Ahmedabad	Title of the property is in the name of the director and yet not conveyed in the name of the company. As stated by the management, as the cooperative society in which the property is held does not allow the company to hold the assets in its name.	5.38
2.	Land situated at Sr. No. 719, Vil, kadi Taluka Kadi, Dist. Mehsana in the State of Gujarat	In the subject land, Registered power of attorney of the land in question is in the name of Shri Ashwin Patel, CFO, on behalf of the company and necessary stamp duty has been fully paid, yet titles are to be conveyed in the name of the company.	5.49
3.	Land situated at Sr. No. 720, Vil, kadi. Taluka Kadi, Dist. Mehsana in the State of Gujarat	Unregistered Agreement to sale in the name of the company. Competent authority has ordered for payment of premium which is yet to be paid. Titles are not conveyed in the name of the company.	1.85
4.	Land situated at Sr. No. 721, Vil, kadi. Taluka Kadi, Dist. Mehsana in the State of Gujarat	In the subject land, Registered power of attorney of the land in question is in the name of Shri Ashwin Patel, CFO, on behalf of the company and necessary stamp duty has been fully paid, yet titles are to be conveyed in the name of the company.	3.19
5.	Land situated at Sr. No. 741, Vil, kadi. Taluka Kadi, Dist. Mehsana in the State of Gujarat	In the subject land, no agreement entered with the company. However, unregistered power of attorney is in the name of Mr Kamlesh Patel on behalf of the company. The titles have not been conveyed in the name of the company.	2.93
6.	Land situated at Sr. No. 742, Vil, kadi. Taluka Kadi, Dist. Mehsana in the State of Gujarat	In the subject land, no agreement entered with the company. However, unregistered power of attorney is in the name of Mr Kamlesh Patel, on behalf of the company. The titles have not been conveyed in the name of the company.	

- (ii) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. The discrepancies noticed on verification between physical stocks and the books of accounts are not material.
- (iii) During the year, the company has granted loans secured or unsecured to Companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.(the Act).
  - a) During the year the Company has granted interest bearing loan to two subsidiary companies covered in the register maintained u/s 189 of the Companies Act,2013(the Act). The terms of arrangements do not stipulate any repayment schedule and the loan is repayable on demand. Accordingly, paragraph 3(iii)(b) of the Order is not applicable to the company in respect of repayment of the principal amount.
  - b) In respect of the said loans, there are no overdue amounts



(iv). On the basis of Information and explanations given to us and also In view of the legal opinion obtained from an expert, the company has broadly complied with the provisions of Section 185 and 186 with respect to the investment made & Loans Given.(Please refer the note no.30b of the notes forming parts of the financial statements).

(v) The Company has not accepted any deposits from the public during the year.

(vi) We have broadly reviewed the books of accounts maintained by the company in respect of products where pursuance to the rules made by the Central Government of India, the maintenance of Cost records has been prescribed under sub section (1) of section 148 of Companies Act 2013 and we are of the opinion that *prima facie*, the prescribed accounts & records have been maintained. We have however, not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, ESIC, income-tax, sales tax, Goods & Service tax, value added tax, duty of customs, duty of excise, service tax, cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, ESIC, income tax, sales tax, Goods & Service tax, value added tax, duty of customs, duty of excise, service tax, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, there are no material due of duty of excise, service tax , Goods & Service Tax and duty of customs which have not been deposited with the appropriate authorities on account of any dispute. However, according to the information and explanations given to us, the following dues of income tax, sales tax & value added tax have not been deposited by the company on account of disputes.

<b>Name of the statute</b>	<b>Nature of Dues</b>	<b>Amount (₹) (Net of payment)</b>	<b>Financial year to which the amount relates</b>	<b>From where the dispute is pending</b>
Income Tax Act,1961	Corporate Tax	663.83 Lacs	FY 2009-10	Commissioner of Income Tax(Appeals) -IX
Income Tax Act,1961	Corporate Tax	5543.00 Lacs	FY 2010-11	Income Tax Appellate Tribunal Ahmedabad
Income Tax Act,1961	Corporate Tax	6033.00 Lacs	FY 2011-12	Income Tax Appellate Tribunal Ahmedabad
Income Tax Act,1961	Corporate Tax	797.60 Lacs	FY 2012-13	Commissioner of Income Tax(Appeals) -IX
Income Tax Act,1961	Corporate Tax	41.66 Lacs	FY 2005-06	Commissioner of Income Tax(Appeals) -IX
Income Tax Act,1961	Corporate Tax	86.00 Lacs	FY 2013-14	Commissioner of Income Tax(Appeals) -IX
Income Tax Act,1961	Corporate Tax (Penalty)	2625.03 Lacs	FY 2010-11	Commissioner of Income Tax(Appeals) -IX
Guj. Sales Tax	Sales Tax	130.88 Lacs	F.Y. 2008-09	Joint. Commissioner of Commercial Tax, Appeal-I, Ahmedabad
Guj. Sales Tax	Sales Tax	3314.22 Lacs	F.Y. 1989-90, 1990-91, 1997-98 to 2001-02, & 2006-07	Sales Tax Tribunal / Commercial Tax Officer
Guj. Sales Tax	Sales Tax	3080.51 Lacs	FY 2013-14	Joint. Commissioner of Commercial Tax, Appeal-I,

(viii) According to information & explanations given to us, The company does not have any borrowings from Banks, Financial institutions, Government or debenture holders during the year, Accordingly, paragraph 3 (viii) of the Order is not applicable.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.



- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Parikh & Majmudar**  
Chartered Accountants  
FR No. 107525W

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

Place : Ahmedabad  
Date : 18/05/2019



Annexure B to the Independent Auditor's Report of Even Date to the Members of N. K. INDUSTRIES LIMITED on the Standalone Financial Statements of the year ended on 31<sup>st</sup> March 2019

**Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the standalone financial statements of M/s N.K. INDUSTRIES LIMITED ("the Company") as at and for the year ended 31<sup>st</sup> March 2019, we have audited the internal financial controls over financial reporting of the company as of that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls over financial reporting and the Guidance Note issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For Parikh & Majmudar**  
Chartered Accountants

FR No. 107525W

[C.A (Dr) Hiten M. Parikh]

PARTNER

Membership No. 40230

Place : Ahmedabad  
Date : 18/05/2019



## Standalone Balance Sheet as at 31<sup>st</sup> March, 2019

Amt in ₹

S.No.	Particulars	Note No.	31-Mar-2019	31-Mar-2018
	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
a)	Property, Plant and Equipment	8	1 34 92 30 873	1 38 72 92 803
b)	Capital work-in-progress	8	5 34 25 548	5 42 22 773
c)	Investment Property			
d)	Goodwill			
e)	Other Intangible assets			
f)	Intangible assets	8	31 578	35 076
g)	Biological Assets other than bearer plants			
h)	Financial Assets			
(i)	Investments	9	1 76 85 854	1 88 38 854
(ii)	Trade receivables	10	-	-
(iii)	Loans	11	66 82 65 483	66 82 63 420
i)	Deferred tax assets (net)		22 06 01 086	13 25 66 333
j)	Other non-current assets	12	52 29 28 902	51 70 66 778
<b>2)</b>	<b>Current assets</b>			
a)	Inventories	13	23 58 46 317	4 73 27 049
b)	Financial Assets			
(i)	Investments			
(ii)	Trade receivables	14	32 36 39 408	39 46 13 459
(iii)	Cash and cash equivalents	15	5 87 60 410	36 12 589
(iv)	Bank balances other than (iii) above	16	48 28 574	44 15 416
(v)	Loans	17	2 04 71 289	2 68 31 372
(vi)	Others (to be specified)			
c)	Current Tax Assets (Net)			
d)	Other current assets	18	1 35 34 663	40 55 680
	<b>TOTAL ASSETS</b>		<b>3 48 92 49 986</b>	<b>3 25 91 41 601</b>
	<b>EQUITY &amp; LIABILITIES :</b>			
	<b>EQUITY:</b>			
a)	Equity Share capital	1	6 00 99 000	6 00 99 000
b)	Other Equity	2	(335 07 71 740)	(315 77 74 862)
	<b>LIABILITIES :</b>			
<b>1)</b>	<b>Non-Current Liabilities</b>			
a)	Financial Liabilities			
(i)	Borrowings			
(ii)	Trade payables	3		
	(a) Due to Micro and Small Enterprises			
	(b) Due to other than Micro and Small Enterprises		6 26 09 98 700	6 26 09 98 700
(iii)	Other financial liabilities			
b)	Provisions	4	3 06 88 934	2 71 92 203
c)	Deferred tax liabilities (Net)			
d)	Other non-current liabilities			
<b>2)</b>	<b>Current liabilities</b>			
a)	Financial Liabilities			
(i)	Borrowings			
(ii)	Trade payables	5		
	(a) Due to Micro and Small Enterprises		60 13 626	40 46 002
	(b) Due to other than Micro and Small Enterprises		46 65 70 219	4 65 48 093
(iii)	Other financial liabilities			
b)	Other current liabilities	6	96 28 824	1 16 50 684
c)	Provisions	7	60 22 424	63 81 781
d)	Current Tax Liabilities (Net)			
	<b>Total Equity and Liabilities</b>		<b>3 48 92 49 986</b>	<b>3 25 91 41 601</b>

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached.

For and on behalf of the Board of Directors of N K Industries Limited

For, PARIKH & MAJMUDAR

Nimish K. Patel

Nilesh K. Patel

Chartered Accountants

Chairman & Managing Director

Managing Director

Firm's Registration Number:107525W

Din-00240621

Din -00244115

CA DR HITEN PARIKH

Ashwin P. Patel

Akanksha Srivastava

Partner

Chief Financial Officer

Company Secretary

Membership No.040230

Ahmedabad

Ahmedabad

18<sup>th</sup> May, 2019

18<sup>th</sup> May, 2019



**Standalone Statement of Profit and Loss** for the Year Ended as on 31<sup>st</sup> March 2019

Amt in ₹

S. No.	PARTICULARS	NOTE NO.	For the Year ended on 31-Mar-2019	For the Year ended on 31-Mar-2018
I	Revenue from Operations	19	4 96 31 11 273	1 12 83 74 729
II	Other Income	20	4 27 40 719	61 17 658
III	Total Income (I + II)		5 00 58 51 992	1 13 44 92 387
IV	<b>EXPENSES</b>			
	Cost of Materials consumed	21	4 62 09 61 101	-
	Purchases of stock-in-trade	22	19 14 82 254	50 07 49 952
	Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	23	(11 81 28 701)	2 97 13 932
	Employee benefits expense	24	9 04 80 435	9 28 94 605
	Finance costs	25	4 47 896	84 133
	Depreciation and amortization expense	8	6 71 41 383	9 69 48 128
	Other expenses	26	43 42 87 975	43 97 06 189
	<b>Total expenses (IV)</b>		<b>5 28 66 72 343</b>	<b>1 16 00 96 939</b>
V	<b>Profit/(loss) before exceptional items and tax (I- IV)</b>		<b>(28 08 20 350)</b>	<b>(2 56 04 551)</b>
VI	Exceptional Items		-	-
VII	<b>Profit/(loss) before tax (V-VI)</b>		<b>(28 08 20 350)</b>	<b>(2 56 04 551)</b>
VIII	<b>Tax expense:</b>			
1	Current tax			
2	Deferred tax		8 79 68 833	( 41 54 747)
IX	<b>Profit (Loss) for the period from continuing operations (VII-VIII)</b>		<b>(19 28 51 517)</b>	<b>(2 97 59 298)</b>
X	<b>Profit/(loss) from discontinued operations</b>			
XI	Tax expense of discontinued operations			
XII	<b>Profit/(loss) from Discontinued operations (after tax) (X-XI)</b>			
XIII	<b>Profit/(loss) for the period (IX+XII)</b>		<b>(19 28 51 517)</b>	<b>(2 97 59 298)</b>
XIV	Other Comprehensive Income/(Expense)			
A(i)	Items that will not be reclassified to profit or loss		( 2 11 281)	( 19 38 554)
(ii)	Income tax relating to items that will not be reclassified to profit or loss		65 920	5 99 013
B(i)	Items that will be reclassified to profit or loss			
(ii)	Income tax relating to items that will be reclassified to profit or loss			
XV	<b>Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>		<b>(19 29 96 878)</b>	<b>(3 10 98 839)</b>
XVI	Earnings per equity share			
1	Basic:		(32.09)	(4.95)
2	Diluted:		(32.09)	(4.95)

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached.

For and on behalf of the Board of Directors of N K Industries Limited

For, PARIKH & MAJMUDAR

Nimish K. Patel

Nilesh K. Patel

Chartered Accountants

Chairman & Managing Director

Managing Director

Firm's Registration Number:107525W

Din-00240621

Din -00244115

CA DR HITEN PARIKH

Ashwin P. Patel

Akanksha Srivastava

Partner

Chief Financial Officer

Company Secretary

Membership No.040230

Ahmedabad

Ahmedabad

18<sup>th</sup> May, 2019

18<sup>th</sup> May, 2019

## Statement Showing Changes In Equity

Particulars	Amount
Balance as at 1st April, 2017	6,00,99,000
Changes during the year	-
Balance as at 31st March, 2018	6,00,99,000
Changes during the year	-
<b>Balance as at 31st March, 2019</b>	<b>6,00,99,000</b>

Other Equity							Amt in ₹
B	Particulars	Revaluation Reserve	Securities Premium	General Reserve	Retained Earnings	Capital Reserve	Total Equity Attributable to Equity Holders of the company
	<b>Balance as on April 1, 2017</b>	1,58,85,65,815	9,02,97,000	10,38,073	(4,98,05,79,348)	17,40,25,339	(3,12,66,53,121)
	Revaluation Surplus						-
	Net Income of the year				(3,10,98,839)		(3,10,98,839)
	Actuarial Gain or loss						-
	Income Tax effect						-
	Fair Value of Non current Investment						-
	<b>Balance as of April 1, 2018</b>	1,58,85,65,815	9,02,97,000	10,38,073	(5,01,17,01,089)	17,40,25,339	(3,15,77,74,862)
	<b>Revaluation Surplus</b>						-
	Net Income of the year				(19,29,96,878)		(19,29,96,878)
	Actuarial Gain or loss						-
	Income Tax effect						-
	Fair Value of Non current Investment						-
	<b>Balance as at 31st March 2019</b>	1,58,85,65,815	9,02,97,000	10,38,073	(5,20,46,97,967)	17,40,25,339	(3,35,07,71,740)





## Standalone Cash Flow Statement for the year ended on 31<sup>st</sup> March, 2019

(Amt in ₹)

Particulars	31-Mar-2019	31-Mar-2019	31-Mar-2018	31-Mar-2018
<b>A. CASH FLOW ARISING FROM ACTIVITIES:</b>				
Net Profit/(Loss) After Tax and Extra Ordinary Items		(28,10,31,631)		(2,75,43,105)
Adjustment for :				
Depreciation and Amortisation Expenses		6,71,41,383		9,69,48,128
Loss / (Gain) on Sale and Discard of Fixed Assets		-		5,30,098
Interest Income		(25,93,715)		(32,29,371)
Finance Cost		4,47,896		84,133
<b>Operating Profit/(Loss) before Working Capital Changes</b>		(21,60,36,067)		<b>6,67,89,883</b>
Adjustment for :				
(Increase)/Decrease in Trade and other receivables	6,78,55,150		(5,78,66,994)	
(Increase)/Decrease in Inventories	(18,85,19,269)		2,87,74,322	
Increase/(Decrease) in Trade Payables	42,31,05,263	30,24,41,145	3,54,33,709	63,41,036
Cash Generated from operating Activities		8,64,05,077		7,31,30,919
Income Tax Paid		-		-
<b>Net Cash Generated from Operating Activities</b>		<b>8,64,05,077</b>		<b>7,31,30,919</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Adjustment for :				
Acquisition of Fixed Assets	(2,82,78,730)		(10,74,90,495)	
Changes in non current assets	(58,64,187)		2,76,86,214	
Interest Income	25,93,715		32,29,371	
Proceeds from Sale of Fixed Assets	-		29,84,525	
Acquisition of Investment	11,53,000	(3,03,96,202)	(1,00,000)	(7,36,90,386)
<b>Net Cash used in Investing Activities</b>		<b>(3,03,96,202)</b>		<b>(7,36,90,386)</b>
<b>C. CASH FLOW ARIING FROM FINANCING ACTIVITIES:</b>				
Borrowing	-		-	
Interest Paid	(4,47,896)		(84,133)	
Net Cash used in Financial Activities		(4,47,896)		(84,133)
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>		<b>5,55,60,980</b>		<b>(6,43,600)</b>
Cash & Cash equivalent at the beginning of the year		80,28,005		86,71,604
<b>Cash &amp; Cash equivalent at the Close of the year</b>		<b>6,35,88,984</b>		<b>80,28,005</b>
Note: Cash and Cash Equivalents Includes:				
a) Cash on hand		91,255		29,405
b) Balance with Banks in Current account		5,86,69,155		35,83,183
c) Balance with Banks in fixed deposit less than 12 months		48,28,574		44,15,416
		<b>6,35,88,984</b>		<b>80,28,005</b>

These accompanying notes are an integral part of these financial Statements

### Notes:

1. The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (IndAS 7) statement of cash flows

This is the Cash flow Statement referred to in our report of even date.

As per our report of even date attached.

For and on behalf of the Board of Directors of N K Industries Limited

For, PARIKH & MAJMUDAR

Nimish K. Patel

Nilesh K. Patel

Chartered Accountants

Chairman & Managing Director

Managing Director

Firm's Registration Number:107525W

Din-00240621

Din -00244115

CA DR HITEN PARIKH

Ashwin P. Patel

Akanksha Srivastava

Partner

Chief Financial Officer

Company Secretary

Membership No.040230

Ahmedabad

Ahmedabad

18<sup>th</sup> May, 2019

18<sup>th</sup> May, 2019



## Notes to Standalone Financial Statements for the year ended on 31<sup>st</sup> March, 2019

### NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES

#### DISCLOUSER OF ACCOUNTING POLICIES

##### 1 CORPORATE INFORMATION

The company is incorporated under the Indian Companies Act, 1956/2013, having its registered office situated at 7th Floor, Popular House, Ashram Road, Ahmedabad. The company is engaged in manufacturing of castor oil and other allied products including its derivatives viz. 12 HAS, ricilonic acid, etc. and is also engaged in trading of castor oil derivatives, mainly Hydrogenated Caster Oil (HCO), which the company is getting done on job work basis through outside parties. As explained by the management, in manufacturing castor oil and its derivatives also the company is presently focusing on job work activities due to working capital crunch. As per the details given by the management, the company is having a crushing capacity of castor seeds of more than 27,000 MT per month and it is utilizing more than 75% of its capacity.

##### (a) APPLICATION OF NEW INDIAN ACCOUNTING STANDARDS

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Group has not applied as they are effective from April 1, 2019:

##### Recent accounting pronouncements

###### Ind AS 116 "Leases"

Ind AS 116 will replace the existing leases standard, Ind AS 17 "Leases" w.e.f. 1st April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effect on the Financial statements on adoption of Ind AS 116 is being evaluated by the Company.

###### Ind AS 12 Income taxes" (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.



#### **Ind AS 23 – “Borrowing Costs”**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

## **2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

### **A) Basis of preparation and compliance with Ind AS**

These Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

The Financial Statements have been prepared on the historical cost convention on accrual basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle. Accordingly, all assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Ind AS 1 – 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013.

Accounting policies have been consistently applied consistently to all the periods presented in the financial statements.

The financial statements are presented in Indian Rupees ('INR'). Where changes are made in presentation, the comparative figures of the previous year are regrouped and re-arranged accordingly.

### **B) USE OF ESTIMATES :**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

#### **a) Revenue Recognition**

Revenue comprises of all economic benefits that arises in the ordinary course of activities of the Company which result in increase in Equity other than increases relating to contributions from equity participants. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, volume rebates, outgoing sales taxes and other indirect taxes excluding excise duty.

Goods and service tax is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the Government. Accordingly, it is excluded from revenue.

Revenue from sales is recognized when all significant risks and rewards of ownership of the commodity sold are transferred to the customer, which generally coincides with delivery. Revenues from sale of by- products are included in revenue. Inter-transfers, other benefits passed on the customer in kind etc are expensed in statement of Profit and loss.

#### **b) Property, Plant and Equipment**

##### **a. Property, plant and equipment [PPE]**

All PPE are stated at original cost (net of tax/duty credit availed) less accumulated depreciation and impairment losses except freehold land which is carried at cost. Cost includes cost of acquisition, construction and installation, taxes, duties, freight, other incidental expenses relating to the acquisition, trial run expenses (net of revenue) and pre-operative expenses including attributable borrowing costs incurred during pre-operational period.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the statements of profit and loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized if the recognition criteria are met. Thus the policy of the company is that subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the entity and the cost of the same can be measured reliably.



When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit and loss as incurred.

Gains and losses on disposal of an item of property, plant and equipments are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/other expenses in statement of profit and loss.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed periodically and adjusted prospectively, if appropriate.

**b. Capital work in progress**

Assets in the course of construction are capitalized in capital work in progress account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalized when the asset is available for use but incapable of operating at normal levels until the period of commissioning has been completed. Revenue generated from production during the trial period is credited to capital work in progress.

**c. Depreciation**

Assets in the course of development or construction and freehold land are not depreciated.

Other property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its PPE as at 1st April, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the PPE.

Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a written down value basis over its expected useful life (determined by the management based on technical estimates), as follows:

The estimated useful lives of assets are as follows:

Buildings	30-60 Years
Plant & Equipments	15-40 Years
Furnitures & Fixtures	5-10 Years
Vehicles	8-10 Years
Office Equipments	5 Years

Major inspection and overhaul costs are depreciated over the estimated life of the economic benefit derived from such costs. The carrying amount of the remaining previous overhaul cost is charged to the statement of profit and loss if the next overhaul is undertaken earlier than the previously estimated life of the economic benefit.

When significant spare parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and changes in estimates, if any, are accounted for prospectively.

**c) Intangible assets**

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.



The useful lives of intangible assets are assessed as either finite or indefinite. The Company currently does not have any intangible assets with indefinite useful life. Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

**d) Financial instruments**

**Financial Assets:**

The company classifies its financial assets as those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and those to be measured at amortised cost.

The Company measures all equity instruments in subsidiaries at cost initially and also on subsequent recognition.

The company measures all quoted equity instruments other than in subsidiaries at fair value on initial and subsequent recognition. Changes in fair value of quoted instruments in equity shares are shown as profit/loss on fair valuation of investments in Statement of Profit and Loss. Currently there are no quoted investments.

Trade Receivables represents receivables for goods sold by the company upto to the end of the financial year. The amounts are generally unsecured and are usually received as per the terms of payment agreed with the customers. The amounts are presented as current assets where receivable is due within 12 months from the reporting date. They are recognized initially and subsequently measured at amortized cost.

The company assesses the expected credit losses associated with its assets carried at amortized cost. Trade receivables are impaired using the lifetime expected credit loss model under simplified approach. The Company uses a provision matrix to determine the impairment loss allowance based on its historically observed default rates over expected life of trade receivables and is adjusted for forward looking estimates. At every reporting date, the provision for such impairment loss allowance is determined and updated and the same is deducted from Trade Receivables with corresponding charge/credit to profit and loss.

A financial asset is derecognized only when the company has transferred the rights to receive cash flows from the financial asset, or when it has transferred substantially all the risks and rewards of the asset, or when it has transferred the control of the asset.

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as Non-Current /Long-term investments. Current investments are carried at lower of cost or market value on individual investment basis. Non-current investments are considered at cost, unless there is an "other than temporary" decline in value, in which case adequate provision is made for the diminution in the value of investments.

**Financial Liabilities:**

Borrowings are initially recognized and subsequently measured at amortized cost, net of transaction costs incurred. The transaction costs is amortized over the period of borrowings using the effective interest method in Capital Work in Progress upto the commencement of related plant, property and Equipment and subsequently under finance costs in profit and loss account.

Borrowings are removed from balance sheet when the obligations specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade payables represent liabilities for goods and services provided to the company upto the end of the financial year. The amounts are unsecured and are usually paid as per the terms of payment agreed with the vendors. The amounts are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially and subsequently measured at amortized cost.



Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**Equity:**

Equity shares are classified as equity.

Provision is made for the amount of any dividend declared and dividend distribution tax thereon, being appropriately authorized and no longer at the discretion of the entity on or before the end of the reporting period but not distributed at the end of the reporting period.

**e) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

**f) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences if any, to the extent regarded as an adjustment to the borrowing costs.

Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowings costs eligible for capitalisation.

**g) Impairment of Non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

**h) Inventories**

Inventories are valued at the lower of cost and net realisable value except scrap and by products which are valued at net realisable value.



Costs incurred in bringing the inventory to its present location and conditions are accounted for as follows:

- Stores & Spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Obsolete inventories are identified and written down to net realisable value. Slow moving and defective inventories are identified and provided to net realisable value.

**i) Accounting For Taxes On Income:**

Tax expenses comprise of current tax and deferred tax including applicable surcharge and cess.

Current Income tax is computed using the tax effect accounting method, where taxes are accrued in the same period in which the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable.

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profits against which the deductible temporary differences, and the carry forward unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it is become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognized in the statement of profit and loss, except to the extent that it relates to items recognized in other comprehensive income. As such, deferred tax is also recognized in other comprehensive income.

Deferred Tax Assets and Deferred Tax Liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the Deferred Tax Assets and Deferred Tax Liabilities relate to taxes on income levied by same governing taxation laws.

**j) Employee benefit schemes**

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

Post Employment and Retirement benefits in the form of Gratuity and Leave Encashment are considered as defined benefit obligations and is provided for on the basis of third party actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Every Employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of The Payment of Gratuity Act, 1972.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions of the defined benefit obligation are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Employee benefits in the form of Provident Fund is considered as defined contribution plan and the contributions to Employees' Provident Fund Organisation established under The Employees' Provident Fund and Miscellaneous Provisions Act 1952 is charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid.



**k) Provision for liabilities and charges, Contingent liabilities and contingent assets**

The assessments undertaken in recognising provisions and contingencies have been made in accordance with the applicable Ind AS.

Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the statement of profit and loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

Contingent assets are not recognized but disclosed in the financial statements when an inflow of economic benefits is probable.

Contingent liabilities are not provided for but are disclosed by way of Notes on Accounts. Contingent Liabilities are disclosed in case of a present obligation from past events (a) when it is not probable that an outflow of resources will be required to settle the obligation; (b) when no reliable estimate is possible; (c) unless the probability of outflow of resources is remote.

**l) Earnings per share**

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit and loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit and loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

**m) Prior Period items**

Under Ind AS 8, adjustments to material prior period errors are made retrospectively by restating the comparative amounts for the prior periods presented and restating retained earnings at the beginning of the earliest period presented, in the first set of financial statements after the error is discovered.

**n) Cash Flow Statement**

Cash flows are reported using indirect method as set out in Ind AS -7 "Statement of Cash Flows", whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**o) Use of Estimates and Judgments**

The preparation of the financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates under different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

The company made following estimates in accordance with Ind AS as at the date of transition as these were not required under previous GAAP. These are to be applied as and when the relevant item is recognized in the Financial Statements:

- (i) Quoted investments in Equity Shares carried at fair value through Profit and Loss;
- (ii) Derivative financial instruments if any carried at fair value
- (iii) Impairment of Trade Receivables based on expected credit loss model.

**p) Related Party Transactions:**

A related party is a person or entity that is related to the reporting entity preparing its financial statements.

- a) A person or a close member of that person's family is related to a reporting entity if that person; has control or joint control of the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.



(b) An entity is related to a reporting entity if any of the following conditions applies; (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); (iii) Both entities are joint ventures of the same third party; (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity; (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity; (vi) The entity is controlled or jointly controlled by a person identified in (a); (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Compensation includes all employee benefits i.e. all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered to the entity. It also includes such consideration paid on behalf of a parent of the entity in respect of the entity.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Disclosure of related party transactions as required by the accounting standard is furnished in the Notes on Financial Statements.

**q) Current And Non-Current Classification:**

The Normal Operating Cycle for the Company has been assumed to be of twelve months for classification of its various assets and liabilities into "Current" and "Non-Current".

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is current when it is (a) expected to be realised or intended to be sold or consumed in normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realised within twelve months after the reporting period; (d) Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

An liability is current when (a) it is expected to be settled in normal operating cycle; (b) it is held primarily for the purpose of trading; (c) it is due to be discharged within twelve months after the reporting period; (d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.



## Notes to Standalone Financial Statements

### 1 Share Capital

#### a Details of Share Capital

Particulars	31-Mar-2019		31-Mar-2018	
	Number	₹	Number	₹
<b>Authorized</b>				
<b>Preference Share Capital</b>				
500000 (P.Y.500000) Preference shares of ₹ 100 each	5 00 000	5 00 00 000	5 00 000	5 00 00 000
<b>Equity Share Capital</b>				
25000000 (P.Y 25000000) Equity Share of ₹ 10 Each	2 50 00 000	25 00 00 000	2 50 00 000	25 00 00 000
		30 00 00 000		30 00 00 000
<b>Issued, Subscribed &amp; Paid up</b>				
6009900 (P.Y 6009900 )Equity Share of ₹ 10 each	60 09 900	6 00 99 000	60 09 900	6 00 99 000
<b>Total</b>	<b>60 09 900</b>	<b>6 00 99 000</b>	<b>60 09 900</b>	<b>6 00 99 000</b>

#### b. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

##### Equity Shares

Particulars	31-Mar-2019		31-Mar-2018	
	Number	₹	Number	₹
At the beginning of the period	60 09 900	6 00 99 000	60 09 900	6 00 99 000
Issued during the period				
<b>Outstanding at the end of the period</b>	<b>60 09 900</b>	<b>6 00 99 000</b>	<b>60 09 900</b>	<b>6 00 99 000</b>

#### c. Terms/rights attached to equity shares

The Company has only one class of shares i.e. equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends, if any, in Indian rupees. The dividend, if proposed, by the Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### d. Share holding details of the Company as at Balance Sheet date and name of persons holding more than 5% shares.

Name of Shareholder/Company	31-Mar-2019		31-Mar-2018	
	No. of Shares held	%	No. of Shares held	%
<b>Names of person holding more than 5% shares</b>				
Ashita Nilesh Patel	12 73 889	21.20	12 73 889	21.20
Sonal Nimish Patel	11 51 570	19.16	11 51 570	19.16
N K Proteins Pvt. Ltd.	3 67 302	6.11	3 67 302	6.11
NKPL Realty LLP	7 69 476	12.80	5 35 524	8.91

#### e. The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares / disinvestment.

#### f. The Company for the period of five years immediately preceding the date of the Balance Sheet has not :

- Allotted any class of shares as fully paid pursuant to contract(s) without payment being received in cash.
- Allotted fully paid up shares by way of bonus share.
- Bought back any class of shares.



**2 Other Equity**

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
<b>OTHER RESERVES</b>		
<b>General Reserves</b>		
Opening Balance	10,38,073	10,38,073
Closing Balance	10,38,073	10,38,073
<b>Security Premium Reserve</b>		
Opening Balance	9,02,97,000	9,02,97,000
Closing Balance	9,02,97,000	9,02,97,000
<b>Capital Reserve</b>		
Opening Balance	17,40,25,339	17,40,25,339
Closing Balance	17,40,25,339	17,40,25,339
<b>Revaluation Reserve (Note Below)</b>		
Opening Balance	1,58,85,65,815	1,58,85,65,815
Deferred	-	-
Closing Balance	1,58,85,65,815	1,58,85,65,815
<b>Retained Earnings</b>		
Opening Balance	(5,01,17,01,089)	(4,98,06,02,250)
(+) Net Profit/(Net Loss) For the current year	(19,28,51,517)	(2,97,59,298)
Less: Other Comprehensive income arising from	(1,45,361)	(13,39,541)
Remeasurements of Defined Benefit Plans (Net of Tax)		
Closing Balance	(5,20,46,97,967)	(5,01,17,01,089)
<b>Total</b>	<b>(3,35,07,71,740)</b>	<b>(3,15,77,74,862)</b>

Note : Company has created Revaluation Reserve by revaluing its Land, Building and Plant & Machiery on 31/03/2012 of Total ₹ 194,47,14,794. Revaluation Reserve is not a free reserve. No dividend can be distributed out of such reserve.(Refer Note 31)

**3 Other Long-Term Liabilities**

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
Trade payables (Other than MSME) (Refer Note No 47)	6,26,09,98,700	6,26,09,98,700
<b>Total</b>	<b>6,26,09,98,700</b>	<b>6,26,09,98,700</b>

**4 Provisions**

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
<b>Provision for Employee Benefits</b>		
Provision For Leave Benefit Account	27,95,682	21,65,577
Provision For Gratuity Account	1,08,41,667	79,75,041
<b>Total (A)</b>	<b>1,36,37,349</b>	<b>1,01,40,618</b>
<b>Others</b>		
Interest Payable On Block Assessment	1,47,58,294	1,47,58,294
Provision- Income Tax - Block Assessment	22,93,291	22,93,291
<b>Total (B)</b>	<b>1,70,51,585</b>	<b>1,70,51,585</b>
<b>Total (A+B)</b>	<b>3,06,88,934</b>	<b>2,71,92,203</b>



**5 Current Trade Payables**

<b>Particulars</b>	<b>31-Mar-2019</b>	<b>31-Mar-2018</b>
	₹	₹
Trade Payables -Total outstanding dues of Micro, Small & Medium Enterprises*		
Total outstanding dues to Micro Enterprise and Small Enterprise	60,13,626	40,46,002
Total outstanding dues to Creditors Other Than Micro, Small & Medium Enterprises	46,65,70,219	4,65,48,093
(Refer Note No 46)		
<b>Total</b>	<b>47,25,83,845</b>	<b>5,05,94,095</b>

**6 Other Current Liabilities**

<b>Particulars</b>	<b>31-Mar-2019</b>	<b>31-Mar-2018</b>
	₹	₹
<b>Other payables</b>		
Expense payable	69,26,595	67,47,767
Statutory Liabilities	13,00,700	49,02,917
Advance Received from Customers	14,01,528	-
<b>Total</b>	<b>96,28,824</b>	<b>1,16,50,684</b>

**7 Provisions**

<b>Particulars</b>	<b>31-Mar-2019</b>	<b>31-Mar-2018</b>
	₹	₹
<b>Provision for employee benefits</b>		
Bonus	23,49,130	23,99,449
Gratuity	21,00,721	31,55,338
Leave Encashment	15,72,573	8,26,994
<b>Total</b>	<b>60,22,424</b>	<b>63,81,781</b>

Particulars	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computers	Computer software	TOTAL
<b>Cost of Assets</b>									
As at 1st April 2017	95,27,08,833	45,53,22,787	1,34,33,02,354	1,69,71,608	96,39,023	1,22,09,367	43,85,985	6,31,556	2,79,51,71,513
Addition	-	2,03,59,468	5,07,86,571	-	23,00,152	20,91,819	1,70,400	-	7,57,08,410
Disposal / Adjustments	-	-	37,71,669	-	-	-	-	-	37,71,669
As at 31st March 2018	95,27,08,833	47,56,82,255	1,39,03,17,256	1,69,71,608	1,19,39,175	1,43,01,186	46,47,826	6,31,556	2,86,71,99,695
Addition	-	79,57,226	1,98,52,101	-	11,67,716	14,950	83,962	-	2,90,75,955
Disposal / Adjustments	-	-	-	-	-	-	-	-	-
As at 31st March 2019	95,27,08,833	48,36,39,481	1,41,01,69,356	1,69,71,608	1,31,06,891	1,43,16,136	47,31,788	6,31,556	2,89,62,75,649
<b>Depreciation</b>									
As at 1st April 2017	-	14,69,32,726	1,20,47,51,033	90,73,126	74,16,804	1,02,17,623	41,96,650	5,92,772	1,38,31,80,734
Charge for the year	-	2,64,88,068	6,55,53,492	12,65,760	11,56,283	23,72,465	1,08,351	3,708	9,69,48,128
Disposal / Adjustments	-	-	2,57,046	-	-	-	-	-	2,57,046
As at 31st March 2018	-	17,34,20,795	1,27,00,47,479	1,03,38,886	85,73,087	1,25,90,088	43,05,001	5,96,480	1,47,98,71,816
Charge for the period	-	2,73,13,398	3,69,14,319	12,65,760	11,17,876	3,55,148	1,71,384	3,498	6,71,41,383
Disposal / Adjustments	-	-	-	-	-	-	-	-	-
As at 31st March 2019	-	20,07,34,192	1,30,69,61,798	1,16,04,646	96,90,963	1,29,45,236	44,76,385	5,99,978	1,54,70,13,199
<b>Net Block</b>									
As at 31st March 2018	95,27,08,833	30,22,61,460	12,02,69,777	66,32,722	33,66,088	17,11,098	3,42,825	35,076	1,38,73,27,879
As at 31st March 2019	95,27,08,833	28,29,05,289	10,32,07,558	53,66,962	34,15,928	13,70,900	2,55,404	31,578	1,34,92,62,451
<b>Capital work-in-progress</b>									
As at 31st March 2018								5,42,22,773	
As at 31st March 2019								5,34,25,548	



**9 Non Current Investments**

The policy statement of the company with respect of accounting of non current investments is disclosed at para No. (e) of the Significant Accounting policies.

**Summarized information of investments**

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
<b>Investment in Equity instruments-unquoted</b>		
Investment in Equity instruments	58,58,060	58,58,060
Investments in Equity of Joint Venture Company	25,00,50,000	25,00,50,000
Investments in Equity of Subsidiary Company	1,75,57,294	1,75,57,294
Investments in Government or Trust securities	23,500	23,500
<b>Total</b>	<b>27,34,88,854</b>	<b>27,34,88,854</b>
Less:		
Provision for diminution in the value of Investments	25,58,03,000	25,46,50,000
<b>Total</b>	<b>1,76,85,854</b>	<b>1,88,38,854</b>

**A Details of Other Investments - Unquoted**

Sr.	Name of the Body Corporate	No. of Shares		Amount (₹)	
		31-Mar-2019	31-Mar-2018	31-Mar-2019	31-Mar-2018
a	<b>Investment in Equity Instruments</b>				
	ACCURATE EXPORTS LTD. of ₹ 10 each	1,00,000	1,00,000	10,00,000	10,00,000
	FICON LEASE & FINANCE LTD. of ₹ 10 each	3,50,000	3,50,000	35,00,000	35,00,000
	HYTAISUN MAGNETICS LTD. of ₹ 10 each	10,000	10,000	1,00,000	1,00,000
		4,60,000	4,60,000	46,00,000	46,00,000
	Less:				
	Provision for diminution in the value of Investments	4,60,000	4,60,000	46,00,000	46,00,000
		-	-	-	-
	AHMEDABAD COMMODITY EXCHANGE LTD of ₹ 10 each	56,500	56,500	11,53,000	11,53,000
	THE BOMBAY COMMODITY EXCHANGE LTD of ₹ 10 each Share Application Money	500	500	5,000	5,000
	KALUPUR COMM.CO.OP.BANK of ₹ 10 each	6	6	60	60
	Tirupati Retail India Private Ltd of ₹ 10 each	1,00,000	1,00,000	1,00,000	1,00,000
	<b>Investments in Subsidiary Company</b>				
	Banpal Oil Chem Pvt. Ltd . of ₹ 100 each	2,02,700	2,02,700	1,75,01,126	1,75,01,126
	N.K.Oil Mills Pvt. Ltd. of ₹ 10 each	56,168	56,168	56,168	56,168
	<b>Joint Venture Investments</b>				
	AWN AGRO PVT. LTD. of ₹ 10 each	2,50,05,000	2,50,05,000	25,00,50,000	25,00,50,000
		<b>2,53,64,374</b>	<b>2,53,64,374</b>	<b>26,88,65,354</b>	<b>26,88,65,354</b>
	Less:				
	Provision for diminution in the value of Investments	2,50,05,000	2,50,05,000	25,12,03,000	25,00,50,000
	<b>Sub-Total</b>	<b>3,59,374</b>	<b>3,59,374</b>	<b>1,76,62,354</b>	<b>1,88,15,354</b>
b	Investments in Government or Trust securities				
	NATIONAL SAVINGS CERTIFICATE			23,500	23,500
	<b>Total</b>			<b>23,500</b>	<b>23,500</b>
	<b>Grand Total</b>			<b>1,76,85,854</b>	<b>1,88,38,854</b>



**10 Trade Receivable**

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
<b>Trade receivables</b>		
Unsecured, considered good	-	-
Unsecured, considered doubtful	39,32,55,840	56,81,20,747
	<b>39,32,55,840</b>	<b>56,81,20,747</b>
Less: Provision for doubtful debts	39,32,55,840	56,81,20,747
	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**11 Loans**

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
<b>Loans and advances to related parties</b>		
Long term Loans and advances to wholly owned subsidiary	11,11,41,913	11,11,41,913
<b>Total</b>	<b>11,11,41,913</b>	<b>11,11,41,913</b>
Less: Provision for doubtful advances	-	-
	<b>11,11,41,913</b>	<b>11,11,41,913</b>
<b>Loans and advances to others</b>		
Long term Loans and advances to others Unsecured, considered good	55,71,23,570	55,71,21,507
Long term Loans and advances to others -Doubtful	13,23,67,655	13,23,67,655
<b>Total</b>	<b>68,94,91,224</b>	<b>68,94,89,161</b>
Less: Provision for doubtful advances	13,23,67,655	13,23,67,655
Other loans and advances to others	55,71,23,570	55,71,21,507
<b>Total</b>	<b>66,82,65,483</b>	<b>66,82,63,420</b>

**12 Other Non-Current Assets**

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
<b>Security Deposits</b>		
Unsecured, considered goods	3,95,33,869	3,63,47,592
<b>Capex Advance</b>	<b>30,48,20,845</b>	<b>30,46,37,314</b>
Advance tax & Tds Receivable	6,92,69,980	6,67,77,664
Capital advances to wholly owned subsidiary	10,93,04,209	10,93,04,209
<b>Total</b>	<b>52,29,28,902</b>	<b>51,70,66,778</b>

**13 Inventories**

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
(As taken valued and Certified by Management)		
Raw Material	<b>6,74,43,585</b>	-
Finished/Traded Goods	11,81,28,701	-
Stores and Spares	5,02,74,031	4,73,27,049
<b>Total</b>	<b>23,58,46,317</b>	<b>4,73,27,049</b>



**14 Trade Receivable**

<b>Particulars</b>	<b>31-Mar-2019</b>	<b>31-Mar-2018</b>
	₹	₹
Unsecured, considered good Trade Receivable	32,36,39,408	39,46,13,459
<b>Total</b>	<b>32,36,39,408</b>	<b>39,46,13,459</b>

**15 Cash and Cash Equivalent**

<b>Particulars</b>	<b>31-Mar-2019</b>	<b>31-Mar-2018</b>
	₹	₹
Balances with banks	5,86,69,155	35,83,183
Cash on hand	91,255	29,405
<b>Total</b>	<b>5,87,60,410</b>	<b>36,12,589</b>

**16 Other Cash Balance**

<b>Particulars</b>	<b>31-Mar-2019</b>	<b>31-Mar-2018</b>
	₹	₹
Bank deposits upto 12 months maturity	48,28,574	44,15,416
<b>Total</b>	<b>48,28,574</b>	<b>44,15,416</b>

**17 Loans**

<b>Particulars</b>	<b>31-Mar-2019</b>	<b>31-Mar-2018</b>
	₹	₹
<b>Short Term Loans and advances to others</b>		
Unsecured, considered good	27,08,649	26,61,665
<b>Short Term Loans and advances to Wholly Owned Subsidiaries</b>		
Unsecured, considered good	1,77,62,640	2,41,69,707
<b>Total</b>	<b>2,04,71,289</b>	<b>2,68,31,372</b>

**18 Other Current Assets**

<b>Particulars</b>	<b>31-Mar-2019</b>	<b>31-Mar-2018</b>
	₹	₹
Prepaid expense	8,66,063	9,62,591
Accrued Interest	22,22,010	30,93,089
<b>Total</b>	<b>1,35,34,663</b>	<b>40,55,680</b>

**19 Revenue**

<b>Particulars</b>	<b>For the Year ended on 31-Mar-2019</b>	<b>For the Year ended on 31-Mar-2018</b>
	₹	₹
<b>Sale of products</b>		
<b>Domestic</b>		
Finished Goods	4,53,50,22,728	-
Traded Goods	27,15,64,050	54,76,17,532
	4,80,65,86,778	54,76,17,532
<b>Total of Sold products</b>	<b>4,80,65,86,778</b>	<b>54,76,17,532</b>
<b>Operating Revenues</b>		
Crushing Charges (TDS ₹31.94 (P.Y.₹116.15)Lacs)	15,65,24,495	58,07,57,197
<b>Total</b>	<b>15,65,24,495</b>	<b>58,07,57,197</b>
<b>Total</b>	<b>4,96,31,11,273</b>	<b>1,12,83,74,729</b>



**20 Other Income**

<b>Particulars</b>	<b>For the Year ended on 31-Mar-2019</b>	<b>For the Year ended on 31-Mar-2018</b>
Interest Income (TDS ₹ 2.60(P.Y.₹3.37)Lacs)	25,93,715	32,29,371
<b>Other non operating Income</b>		
Misc. Income	81,748	2,89,589
Soda Settlement -Sales	1,00,00,000	-
Scrap Sales	2,87,76,732	14,18,105
Office Rent (TDS ₹0.76Lakhs (P.Y. ₹0.67Lakhs)	12,88,526	11,80,593
<b>Total</b>	<b>4,27,40,719</b>	<b>61,17,658</b>

**21 Cost of Material Consumed**

<b>Particulars</b>	<b>For the Year ended on 31-Mar-2019</b>	<b>For the Year ended on 31-Mar-2018</b>
Inventory at the beginning of the year	83,43,031	-
Add: Purchases	4,68,98,14,783	-
	4,69,81,57,813	-
Less: inventory at the end of the year	7,71,96,713	-
<b>Cost of raw material and packing materials consumed</b>	<b>4,62,09,61,101</b>	<b>-</b>

**22 Purchase of Trading Goods**

<b>Particulars</b>	<b>For the Year ended on 31-Mar-2019</b>	<b>For the Year ended on 31-Mar-2018</b>
<b>Finished Goods</b>		
Edible Oil & Cakes	-	-
Non-Edible Oil & Cakes	54,30,750	-
	54,30,750	-
<b>Traded Goods</b>		
Edible Oil & Cakes	-	27,07,50,730
Non-Edible Oil & Cakes	18,60,51,504	22,99,99,222
	18,60,51,504	50,07,49,952
<b>Cost of Goods sold</b>	<b>19,14,82,254</b>	<b>50,07,49,952</b>

**Details imported & indigenous Trading Goods Purchased**

Amount in ₹

<b>Particulars</b>	<b>For the Year ended on 31-Mar-2019</b>		<b>For the year ended on 31-Mar-2018</b>	
	<b>₹</b>	<b>%</b>	<b>₹</b>	<b>%</b>
Imported Material Consumed	-	0.00%	-	0.00%
Indigenous Material Consumed	19,14,82,254	100.00%	50,07,49,952	100.00%
<b>Total Material Consumed</b>	<b>19,14,82,254</b>	<b>100.00%</b>	<b>50,07,49,952</b>	<b>100.00%</b>



**23 Change in Inventory**

Particulars	For the Year ended on 31-Mar-2019 ₹	For the Year ended on 31-Mar-2018 ₹
<b>FSG Castor Oil</b>		
Stock at the Beginning of the financial year	-	-
Stock at the End of the financial year	4,32,85,661	-
	(4,32,85,661)	-
<b>Spent Nickel Catalyst</b>		
Stock at the Beginning of the financial year	-	-
Stock at the End of the financial year	4,73,200	-
	(4,73,200)	-
<b>DOC</b>		
Stock at the Beginning of the financial year	-	-
Stock at the End of the financial year	1,12,85,149	-
	(1,12,85,149)	-
<b>Castor Commercial Oil</b>		
Stock at the Beginning of the financial year	-	-
Stock at the End of the financial year	2,40,22,728	-
	(2,40,22,728)	-
<b>Ricinolic Acid</b>		
Stock at the Beginning of the financial year	-	96,491
Stock at the End of the financial year	40,95,000	-
	(40,95,000)	96,491
<b>12HSA</b>		
Stock at the Beginning of the financial year	-	2,87,62,662
Stock at the End of the financial year	2,05,37,500	-
	(2,05,37,500)	2,87,62,662
<b>HCO Castor Oil</b>		
Stock at the Beginning of the financial year	-	-
Stock at the End of the financial year	47,37,589	-
	(47,37,589)	-
<b>Glycerin</b>		
Stock at the Beginning of the financial year	-	8,52,150
Stock at the End of the financial year	37,41,210	-
	(37,41,210)	8,52,150
<b>Solvent Castor Oil</b>		
Stock at the Beginning of the financial year	-	-
Stock at the End of the financial year	59,50,368	-
	(59,50,368)	-
<b>Fly Ash</b>		
Stock at the Beginning of the financial year	-	2,628
Stock at the End of the financial year	297	-
	(297)	2,628
<b>Total</b>	(11,81,28,701)	2,97,13,932



**24 Employee Benefits Expense**

<b>Employee Benefits Expense</b>	<b>For the Year ended on 31-Mar-2019 ₹</b>	<b>For the Year ended on 31-Mar-2018 ₹</b>
Salaries and incentives	8,15,85,846	8,39,84,323
Contributions to Provident Fund, FPF and other Funds	45,05,844	46,54,546
Gratuity fund contributions	18,89,440	14,77,675
Leave Encashment expenses	15,72,573	14,88,767
Staff welfare expenses	9,26,733	12,89,294
<b>Total</b>	<b>9,04,80,435</b>	<b>9,28,94,605</b>

As per Indian Accounting Standard 19 "Employee benefits", the disclosures as defined in the Ind AS are given below:

**I. Defined Contribution Plans:**

Employee benefits in the form of Provident Fund is considered as defined contribution plan and the contributions to Employees' Provident Fund Organisation established under The Employees' Provident Fund and Miscellaneous Provisions Act 1952 is charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

**(a) Provident Fund / Employees' Pension Fund**

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

<b>Particulars</b>	<b>31-Mar-2019</b>	<b>31-Mar-2018</b>
Employer's Contribution to Provident Fund / Employee's Pension Fund	45,05,844	46,54,546

**II. Defined Benefit Plans - Non Funded**

- (a) Provision for Gratuity Liability
- (b) Provision for Leave Encashment

In accordance with IND AS-19, relevant disclosures are as under:

**(A) Changes in Defined Benefit Obligation:**

<b>Particulars</b>	<b>Amount in ₹</b>	
	<b>31-Mar-2019</b>	<b>31-Mar-2018</b>
Defined Benefit Obligation as at 1st April	89,08,501	79,75,041
Current Service Cost	10,29,062	8,88,319
Interest Cost	8,60,378	5,89,356
Benefits Paid	(2,88,712)	(2,60,891)
Actuarial (gain) / loss on Obligations	(25,142)	(2,83,324)
Defined Benefit Obligation as at 31st March	1,04,84,087	89,08,501

**(B) Amount recognized in the Balance Sheet:**

<b>Particulars</b>	<b>Amount in ₹</b>	
	<b>31-Mar-2019</b>	<b>31-Mar-2018</b>
Defined Benefit Obligation as at 31st March	1,04,84,087	89,08,501
Fair Value of Plan Assets as at 31st March	-	-
Liability / (Asset) recognized in the Balance Sheet included in Current Liabilities and Provisions	1,04,84,087	89,08,501



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

Amount in ₹

Particulars	Gratuity	
	31-Mar-2019	31-Mar-2018
Current Service Cost	10,29,062	8,88,319
Interest Cost	8,60,378	5,89,356
Net actuarial (gain) / loss recognized in the period	(25,142)	(2,83,324)
Total Expenses recognized in the P & L Account included in Contribution to Provident and Other Funds	18,64,298	11,94,351

**(D) Actuarial Assumptions:**

In accordance with IND AS-19, actuarial valuation as at the year end was performed in respect of the aforesaid Defined Benefit Plans based on the following assumptions:

	31-Mar-2019	31-Mar-2018
(a) Discount rate [per annum]	7.76%	7.73%
(b) Expected Retirement age of employees [years]	58	58
(c) Rates of leaving service – 2% (P.Y. 2%)	2%	2%
(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.		

**(E) SENSITIVITY ANALYSIS**

	31-Mar-2019	31-Mar-2018
Projected Benefit Obligation on Current Assumptions	1,29,42,388	1,11,30,379
Delta effect of +1% change in rate of discounting	(7,82,961)	(7,61,198)
Delta effect of -1% change in rate of discounting	8,96,596	8,73,325
Delta effect of +1% change in rate of salary increase	9,12,566	8,88,626
Delta effect of -1% change in rate of salary increase	(8,09,384)	(7,86,655)
Delta effect of +1% change in rate of employee turnover	1,76,645	1,74,215
Delta effect of -1% change in rate of employee turnover	(1,98,650)	(1,95,687)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis the present value of the projected benefit obligation has been calculated using the unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

**(F) RISK ANALYSIS**

Gratuity is a defined benefit plan and following are the risks associated with defined benefit plan :

**Interest Rate risk**

A fall in the discount rates which is linked to the G. Sec. rate will increase the present value of the liability requiring higher provision.

**Salary Risk**

The present value of defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salaries of the members more than assumed level will increase the plan's liability.



**Asset Liability Matching Risk**

The plan faces the ALM risk as to the matching cash flow. Company has to manage pay-out based on pay as you go basis from owned funds.

**Mortality Risk**

Since the benefits under the plan are not payable for life time and payable till retirement age only, plan does not have any longevity risk.

**25 Finance Cost**

Particulars	For the Year ended on 31-Mar-2019 ₹	For the Year ended on 31-Mar-2018 ₹
Interest expense	3,72,756	4,058
Other borrowing costs	75,139	80,075
<b>Total</b>	<b>4,47,896</b>	<b>84,133</b>

**26 Other Expenses**

Particulars	For the Year ended on 31-Mar-2019 ₹	For the Year ended on 31-Mar-2018 ₹
<b>Manufacturing Expenses</b>		
Labour Charges	4,86,14,991	5,23,96,022
Loading-Unloading Expense	-	13,32,382
Power and Fuel	8,26,23,286	8,52,60,951
Repair to Plant and Machinery	83,32,948	1,29,62,095
Rates and taxes, excluding, taxes on income.	3,02,236	30,43,593
Consumption of Stores, Chemicals & Packing Materials	3,80,33,864	21,71,62,137
Other Manufacturing Expenses	29,16,065	36,16,933
<b>Total Manufacturing Expenses</b>	<b>18,08,23,389</b>	<b>37,57,74,113</b>
<b>Administrative Expenses</b>		
Loss on Sales of Fixed Assets	-	5,30,098
Bad Debts w/off	-	1,53,249
Telephone Expenses	4,83,600	4,49,476
Professional Fees	18,47,751	36,25,766
Auditors Remuneration*	1,00,000	1,18,000
Stationery and Printings	2,17,879	27,717
Travelling Expenses	1,55,781	1,82,330
Insurance	17,60,491	18,50,384
Provision for Doubtful Advances (Net)	-	4,09,57,125
Donation	12,600	1,500
Membership Fees	2,87,963	12,77,762
Repair and Maintenance - Others	11,86,647	7,25,216
Security Services	49,90,242	55,11,535
Vehicle Running-Repair Expense	21,32,377	14,93,935
Other Admin Expenses	65,03,503	64,23,561
<b>Total Administrative Expenses</b>	<b>1,96,78,835</b>	<b>6,33,27,654</b>



**26 Other Expenses**

Particulars	For the Year ended on 31-Mar-2019 ₹	For the Year ended on 31-Mar-2018 ₹
<b>Selling and Distribution Expenses</b>		
Transportation Expenses	86,11,400	4,05,285
Advertisement Expenses	250	1,80,350
Clearing Forwarding Expenses	-	16,899
VAT Expenses	22,40,21,100	1,888
Diminution in Value of investment	11,53,000	-
<b>Total Selling and Distribution Expenses</b>	<b>23,37,85,751</b>	<b>6,04,422</b>
<b>Total Other Expenses</b>	<b>43,42,87,975</b>	<b>43,97,06,189</b>

\*Auditors Remuneration Includes

Particulars	For the Year ended on 31-Mar-2019 ₹	For the Year ended on 31-Mar-2018 ₹
As auditors - Statutory audit	75,000	75,000
Tax Audit	25,000	25,000
Certification fees & Other Services	-	-
Reimbursement of Expenses	-	-
<b>Total</b>	<b>1,00,000</b>	<b>1,00,000</b>

**27 Other details to Balance Sheet**

**A Contingent Liabilities and Commitments**

Particulars	31-Mar-2019 (₹ In Lakhs)	31-Mar-2018 (₹ In Lakhs)
<b>Contingent Liabilities</b>		
a. Claims against the Company, not acknowledged as debts (including interest and penalty)	17401.03	17401.03
- Disputed Sales Tax Demand Matter under Appeal	6,525.61	8,634.94
- Other Claims (without considering interest liability)	1,333.31	1,333.31
- Disputed Income Tax Demand Matter under Appeal ( refer note 29 & 38)	15,790.12	15,790.12
- Provident Fund: The Honorable Supreme Court has passed a decision on 28th February, 2019 in relation to inclusion of certain allowances within the scope of "Basic wages" for the purpose of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The Company, based on legal advice, is awaiting further clarifications in this matter in order to reasonably assess the impact on its financial statements, if any. Accordingly, the applicability of the judgment to the Company, with respect to the period and the nature of allowances to be covered, and resultant impact on the past provident fund liability, cannot be reasonably ascertained, at present.	Amount not determinable	NIL
proceeding initiated by NSEL, Maharashtra Protection of Interest of Depositors (in financial establishments)-Act, and Directorate of Enforcement, Government of India ( refer note 35 & 36)	Amount not ascertainable	Amount not ascertainable

**Note:**

- It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above, pending resolution of the respective proceedings as it is determinable only on receipt of judgments/decisions pending with various forums/ authorities.
- The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

28 The Previous year's figures have been regrouped reworked, rearranged and reclassified wherever necessary to make them comparable with current year figures.



29 *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 ₹ 33.12 Crores vide the block assessment Order dt. 30.4.2001. In case of the company, the Hon'ble Income Tax Appellate Tribunal (ITAT), Ahmedabad has subsequently given partial relief to the extent of ₹ 28.84 Crores. The company had preferred an appeal before the Hon'ble High Court of Gujarat against the order of Hon'ble ITAT, Ahmedabad. The Hon'ble Gujarat High Court vide its order dated 20th 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 16th January, 2017 had dismissed the appeal of the Company. The Company had already provided an amount of Rs 2.88 Crore against the grounds dismissed by Hon'ble ITAT, Ahmedabad 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 up to 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 the various orders of adjudicating authorities by the Income Tax Department, the Company is yet to provide final entries in its books of accounts even during the year under review.*

30 a. No provision is made during the year for interest receivable on various advances amounting to Rs 3001.21 Lakhs (P.Y.Rs 3001.21 Lakhs ) as the same are considered doubtful.

b. The Company has obtained a legal opinion from an expert and in view of the said opinion as the money has been given as loans and advances prior to the commencement of Companies Act, 2013, the provisions of Section 186(7) of the Companies Act, 2013 is not applicable. Further, based on the said legal opinion, the Company has not provided any interest on the outstanding loans and advances of NK Oil Mills Pvt Ltd up to financial year 2017. This being a technical matter, Auditors have relied upon the opinion of the expert.

31 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 INDAS-108 on "Operating Segment " is not applicable.

32 *The company is having accumulated losses (after taking into account the balance of reserves) of Rs 335.07 Crores as at 31.3.2019 and the net worth of the company is negative. However, as per the business plan and future cash flow projections submitted by the management to us and accepted by us. 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 no provision for the impairment has been made and accounts for the year have been prepared on "going concern basis." Further the above projections also contains business plan/ projected cash flow prepared by the management and accepted by us with respect to the subsidiaries company, the management is confident to also revive the operations of the loss making subsidiary companies, hence no provision for impairment in the fair value of the investment made in the said subsidiary companies has been made in the books of accounts.*

33 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.

34 As per a guidance note to schedule II of the Companies Act 2013, Company has not transferred the amount equivalent to the additional depreciation on account of upward revaluation to general reserve, the whole amount will be transferred at the time of sale or disposal of the assets.

35 *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 said transactions through National Spot Exchange Limited (NSEL) from the concerns other than the group concerns are subject to confirmations by the respective parties/NSEL and reconciliations/adjustments, if any. Further, NSEL has suspended the trading on 31.07.2013, as per the directions issued by the Government of India, Ministry of Consumer Affairs. NSEL has initiated recovery proceedings against the group company NKPL and also against the company by filing a civil suit in the Hon'ble High Court of Mumbai for an alleged amount of around ₹937 crores plus interest. 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 of Maharashtra before Hon'ble Gujarat High Court which was disposed off vides its order dated 29th March 2017. The company preferred a Special Leave Petition before the Hon'ble Supreme Court of India against the order of Hon'ble Gujarat High Court and The Hon'ble Supreme Court of India had disposed off the Special Leave Petition on 17th April, 2017 with a observation to file an application before Hon'ble Bombay High Court, Mumbai, and as informed by the management, the company has filed petition before the Hon'ble Bombay High Court in June 2017 which is pending. Besides the above, the company has also filed its objections against the attachment notification before the Designated Special MPID Court, Mumbai.*



36 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 against the order of Adjudicating Authority. Further, The Director of Enforcement (hereinafter referred to as ED), Government of India had initiated proceedings of search/seizure on 30.05.2018 on the group company NKPL, the promoters of the company Shri Nilesh Patel and Shri Nimish Patel, one of the family member as well as on the company and thereafter on 29.06.2018, the ED, Government of India, had preferred an application u/s 17(4) of the Prevention of Money Laundering Act, 2002 before the Adjudicating Authority, New Delhi, vide it's a Application No. OA/236 of 2018 against the company as well as group company NKPL and the promoters for retention of the seized properties and for continuation of order of freezing the properties, till finalization of the proceedings, of the properties mentioned in the application u/s 17(4) of the PMLA Act, 2002. The company along with Group Company and promoters challenged the show cause notice issued by the adjudicating authority New Delhi, before the Hon'ble High Court of Delhi and the Hon'ble High Court has set aside the said show cause notice. The Director of Enforcement has attached assets of the company, group company NKPL and the promoters of the company by issuing a fresh show cause notice dated 30/08/2018 and the company has filed an appeal before PMLA Appellate Tribunal, Delhi.

37 The Government of Maharashtra, (at the instance of Economic wing offence Mumbai), has filed supplementary Charge sheet dated 25th December, 2018 under the various sections of IPC AND MPID Act. against the company and its chairman Shri Nimish Patel. Further MPID Court on the basis of above supplementary charge sheet has issued summons dated 19th March,2019 against the company asking them to remain present on 26th April 2019. The Company has complied with the said summons and the matter is adjourned to 2nd August,2019. Thus, in view of the fact that the said criminal proceedings which have been initiated, inter alia, against the company and its Chairman Shri Nimish Patel are pending.

38 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 A.Y 2011-12 & A.Y 12-13. The department had raised a demand of Rs 133 Crores (Rs 6.63 Crores for A.Y 10-11, Rs 57.07 crores for A.Y 11-12, Rs 60.33 Crores for A.Y 12-13, Rs 7.97 Crores for A.Y 2013-14 & ₹0.86 Crores for A.Y.2014-15) 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:

1. 803, Manas Complex, Opp Star Bazaar , Nr Jodhpur Cross road, Satellite, Ahmedabad 380015.
2. 603 Manas Complex, Opp Star Bazaar , Nr Jodhpur Cross road, Satellite, Ahmedabad 380015.
3. 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
4. Factory Building Situated at Survey No 745, Kadi Thol Road, Village Kadi Kasba , Taluka- Kadi, District Mehsana-382715

39 The company has received a notice from Income tax department for the attachment of its registered office at 7th Floor, Popular House, opp Sales India, Ashram Road, Ahmedabad 380009 with respect to demand raised by them as detailed in note 38 of the financial statements.

40 Sales Tax Department has completed the assessment proceedings for various assessment years and raised demand of ₹ 3314.22 lacs (net of recovery) for the earlier financial years. The company has not made any provision for the above demand raised by the sales tax authority in its books of accounts as in view of the Management, the said demand shall not withstand before the Appellate Authorities and the company has already preferred an appeal before the appellate authority which is still pending. In view of the above, the said amount has been shown as contingent liability under Note No. 27 of the notes forming part of accounts.

41 As per the information obtained from the website of the Ministry of Corporate Affairs (MCA), a suit has been filed against the company and its officers u/s 383A(1A), 372A(9), 58A(6)(A)(I) of the Companies Act, 1956 for the year 2016. As informed by the management, the company is having basic information about such suit filed as reflected on the website of the MCA. However, the company does not have any communication of such proceedings against the company and its officers. matter is still subjudice.



**42 Other Informations - Profit and Loss Statement**

**a Earnings per share**

Particulars	For the Year ended on 31-Mar-2019 ₹	For the Year ended on 31-Mar-2018 ₹
<b>Basic</b>		
Profit attributable to equity shareholders	₹ (19,28,51,517)	(2,97,59,298)
Nominal Value of equity share	₹ 10	10
Weighted average number of ordinary equity shares for Basic EPS	No. 60,09,900	60,09,900
Basic and Diluted EPS	₹ (32.09)	(4.95)

**43 Related party disclosures**

Note: Related Parties have been identified by the management

**A List of related parties**

<b><u>Key Managerial Personnel (KMP)</u></b>	
1	Nimish K. Patel
2	Nilesh K. Patel
3	Hasmukh K. Patel
4	Ashwin Patel
5	Priyam Patel
6	Akanksha Srivastava
<b><u>Independent Directors</u></b>	
1	Mridu Sharma
2	B.S.Yadav
<b><u>Name of Relatives of KMP/Directors</u></b>	
1	Nimish K. Patel
2	Nilesh K. Patel
<b><u>Firm/LLP in which directors/manager/his relative is a partner</u></b>	
1	NKPL Realty LLP
2	NKP Enterprise LLP
3	Nimish K. Patel HUF
4	Nilesh K. Patel HUF
<b><u>Private Company in which director/member or his relative is a member/director</u></b>	
1	Adrenal Advertising and Promotions Private Limited
2	N K Proteins Private Limited
3	Tirupati Proteins Private Limited
<b><u>Wholly owned Subsidiary Company of such Company</u></b>	
1	N K Oil Mills Private Limited
2	Banpal Oilchem Private Limited
3	Tirupati Retail (India) Private Limited



**B Details of transactions with related party**

(₹ in Lakhs)

Sr	Name of party	Nature of Transaction	2018-19	2017-18
1	Ashwin P. Patel	Remuneration	6.00	6.00
2	Banpal Oil Chem Pvt Ltd	Loan given	49.98	91.59
3	Banpal Oil Chem Pvt Ltd	Loan Interest Received	4.20	-
4	Banpal Oil Chem Pvt Ltd	Purchases/ Services	0.40	-
5	N K Oil Mills Pvt.Ltd	Loan given	28.21	150.10
6	N K Oil Mills Pvt.Ltd	Loan Interest Received	3.54	-
7	N K Oil Mills Pvt.Ltd	Purchases/ Services	51.07	-
8	N K Proteins Pvt. Ltd.	Purchases/ Services	20.21	5 569.51
9	N K Proteins Pvt. Ltd.	Purchases/ Goods	3 567.73	-
10	N K Proteins Pvt. Ltd.	Purchases/ Assets	14.75	-
11	N K Proteins Pvt. Ltd.	Sales/Job work charges	1 846.99	11 412.26
12	N K Proteins Pvt. Ltd.	Sales/Goods	39 985.32	-
13	N.K.P Enterprise LLP	Purchases/ Services	9.74	3.86
14	Nilesh K. Patel	Remuneration	30.00	30.00
15	Nimish K. Patel	Remuneration	30.00	30.00
16	Priyam Patel	Remuneration	12.00	9.70
17	Hasmukh Patel	Whole Time Director	8.08	8.08
18	Akanksha Srivastava	CS Remuneration	3.12	2.70

**C Details of Closing Balances - Receivable/(Payable)**

(₹ in Lakhs)

Sr	Name of party	31-Mar-2019	31-Mar-2018
1	N K Oil Mills Pvt.Ltd	1 142.82	1 261.52
2	N K Proteins Pvt. Ltd.	2 265.54	3 842.67
3	Banpal Oil Chem Pvt Ltd	1 239.27	1 284.37

44 The Company had entered into a joint venture arrangement by taking 50% Equity stake in AWN Agro Pvt. Ltd (JV Entity/ Company) and made an investment of ₹ 2500.50 Lacs towards Equity Share Capital. As informed to us, because of huge loss incurred by the said entity. The Company has shown an amount of ₹ 2500.50 Lacs invested in the share capital/ application money in the said joint venture company and ₹ 1748.65 Lacs as loans and advances to the said JV entity aggregating to ₹ 4249.15 lacs. and said amount has been considered as doubtful and the company has made provision for the same. On the basis of certificate received from the Management of the company, the company does not have any control on its joint Venture "AWN AGRO PRIVATE LIMITED".

45 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.

46 In the schedule of fixed assets, land and building have been shown in the name of the company. However, total carrying amount of ₹ 18.86 lakhs as on 31.03.2019, the title of the property has not been conveyed in the name of the company till the date of our audit.



#### 47 Micro, Small & Medium Enterprises

As per the Micro, Small & Medium Development Act, 2006 and to the extent of the information available, amounts unpaid as at the year end together with the interest paid / payable, is as follows:

<b>Particulars</b>	<b>31-03-19</b>	<b>31-03-18</b>
a) The Principal amount and Interest due there on remaining unpaid as at year end: Principal	60,13,626	40,46,002
b) Interest paid by the company in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	NIL	NIL
c) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	NIL	NIL
d) Interest accrued and remain unpaid as at year end	NIL	NIL
e) Further Interest remaining due and payable even in the succeeding year until such date when the interest dues as above are actually paid to the small enterprises	NIL	NIL

\*Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payment made during the year or on balance brought forward from previous year.

#### 48 Income Taxes

##### A Income taxes recognised in Statement of Profit and Loss

<b>Particulars</b>	<b>For the Year ended on 31-Mar-2019</b>	<b>For the Year ended on 31-Mar-2018</b>
<b>Current tax</b>		
In respect of the Current Year	-	-
(Excess)/Short provision for tax of earlier years	-	-
	-	-
Deferred tax(credit) /Charged	8,79,68,833	(41,54,747)
<b>Total income tax expense recognised in respect of continuing operations</b>	<b>8,79,68,833</b>	<b>(41,54,747)</b>

##### B Tax reconciliation

The income tax expense for the year can be reconciled to the accounting profit as follows:‐

<b>Particulars</b>	<b>For the Year ended on 31-Mar-2019</b>	<b>For the Year ended on 31-Mar-2018</b>
Profit before taxes		
Enacted tax rate in India	34.608%	34.608%
Expected income tax benefit/(expense) at statutory tax rate		
<b>Effect of:</b>		
Deferred tax(credit) /Charged	8,79,68,833	(41,54,747)
<b>Income taxes recognised in the Statement of Profit and Loss</b>	<b>8,79,68,833</b>	<b>(41,54,747)</b>

The tax rate used for the 2017-18 and 2016-17 reconciliations above is the corporate tax rate of 30% plus surcharge @ 12% and cess @ 3% payable by corporate entities in India on taxable profits under the Indian tax laws.



**C Income tax recognised in other comprehensive income**

Particulars	For the Year ended on 31-Mar-2019	For the Year ended on 31-Mar-2018
<b>Deferred tax</b>		
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation	65,920	5,99,013
<b>Total income tax recognised in other comprehensive income</b>	<b>65,920</b>	<b>5,99,013</b>
<b>Bifurcation of the income tax recognised in other comprehensive income into:-</b>		
Items that will not be reclassified to Statement of Profit and Loss	65,920	5,99,013
<b>Income tax recognised in other comprehensive income</b>	<b>65,920</b>	<b>5,99,013</b>

Note: Deferred tax liability has been calculated using effective tax rate of 29.12% (previous year 34.608%)

**D Components of deferred tax assets and liabilities**

Particulars	31-Mar-2019	31-Mar-2018
<b>(a) Deferred tax liabilities</b>		
Difference between book and tax depreciation	5,76,54,568	6,68,88,867
<b>Total Deferred tax liabilities</b>	<b>5,76,54,568</b>	<b>6,68,88,867</b>
<b>(b) Deferred tax assets</b>		
Disallowances of employee benefits u/s. 43B of the Income Tax, Unabsorbed loss etc	27,82,55,654	19,94,55,199
<b>Total Deferred tax assets</b>	<b>27,82,55,654</b>	<b>19,94,55,199</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>(22,06,01,086)</b>	<b>(13,25,66,333)</b>

**49 INDAS 115 DISCLOSURE ( SEPARATE SHEET)**

The Company has recognised the following amounts relating to revenue in the statement of profit or loss:

Particulars	For the Year ended on 31-Mar-2019	For the Year ended on 31-Mar-2018
Revenue from contracts with customers	4,96,31,11,273	1,12,83,74,729
<b>Total Revenue</b>	<b>4,96,31,11,273</b>	<b>1,12,83,74,729</b>

Revenue is recognized upon transfer of control of products to customers

**(a) Disaggregation of revenue from contract with customers**

Revenue from sale of products represents revenue generated from external customers which is attributable to the company's country of domicile i.e. India and external customers outside India as under:

Particulars	For the Year ended on 31-Mar-2019	For the Year ended on 31-Mar-2018
<b>Revenue from</b>		
-Outside India	-	-
-In India	4,96,31,11,273	1,12,83,74,729

Company's significant revenues (more than 90%) are derived from major 1 entity. The total revenue from such entities amounted to ₹41832.31 Lakhs in 2018-19



**(b) Contract assets and liabilities**

The Company has recognised the following revenue-related contract assets and liabilities

Particulars	For the Year ended on 31-Mar-2019	For the Year ended on 31-Mar-2018
Contract Assets	32,36,39,408	39,46,13,459
<b>Total Contract Assets</b>	<b>32,36,39,408</b>	<b>39,46,13,459</b>
Contract Liabilities	14,01,528	-
<b>Total Contract Liabilities</b>	<b>14,01,528</b>	-

**(c) Performance obligations**

The performance obligation is satisfied upon delivery of the finished goods and payment is generally due within 1 to 3 months from delivery. The performance obligation to deliver the finished goods is started after receiving of sales order. The customer can pay the transaction price upon delivery of the finished goods within the credit period, as mentioned in the contract with respective customer.

50 The financial statements were authorized for issue by the directors on 18th May 2019.

51 Pursuant to Dry Lease Agreement dated 15th April 2019 entered in to between " N.K.INDUSTRIES LTD" ( here in after referred to as the company) and "N.K.PROTEINS PVT LTD ( here in after referred to as Group company).The Company has given its manufacturing unit, located at kadi, Gujarat on rent to Group company w.e.f 15th April 2019.

As per our report of even date attached.

For, PARIKH & MAJMUDAR

Chartered Accountants

Firm's Registration Number:107525W

CA DR HITEN PARIKH

Partner

Membership No.040230

Ahmedabad

18<sup>th</sup> May, 2019

For and on behalf of the Board of Directors of N K Industries Limited

Nimish K. Patel

Chairman & Managing Director

Din-00240621

Nilesh K. Patel

Managing Director

Din -00244115

Akanksha Srivastava

Company Secretary

Ahmedabad

18<sup>th</sup> May, 2019



N. K.  
Industries Ltd.

## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Members of N.K.INDUSTRIES LIMITED

Report on the Audit of the Consolidated Financial Statements

### Qualified Opinion

We have audited the accompanying Consolidated Financial statements of M/s N.K.INDUSTRIES LIMITED ("the Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated balance sheet as at March 31, 2019, and the Consolidated statement of profit and loss (including other comprehensive income), Consolidated statement of changes in equity and Consolidated statement of cash flows for the year then ended, and summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion Section of our report, and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting standards (Ind AS) specified under section 133 of the Act, of the Consolidated state of affairs (Consolidated financial Position )of the Group as at March 31, 2019, and its Consolidated losses (Consolidated financial performance including other comprehensive income), its Consolidated Cash flows and Consolidated changes in equity for the year ended on that date.

### Basis for 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 said transactions through National Spot Exchange Limited (NSEL) from the concerns other than the group concerns are subject to confirmations by the respective parties/NSEL and reconciliations/adjustments, if any. Further, NSEL has suspended the trading on 31.07.2013, as per the directions issued by the Government of India, Ministry of Consumer Affairs. NSEL has initiated recovery proceedings against the group company NKPL and also against the Holding company by filing a civil suit in the Hon'ble High Court of Mumbai for an alleged amount of around ₹937 crores plus interest 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 Holding company located at Kadi , Gujarat. The Holding company had challenged the notification issued by Home department of Maharashtra before Hon'ble Gujarat High Court which was disposed off vides its order dated 29<sup>th</sup> March 2017. The Holding company preferred a Special Leave Petition before the Hon'ble Supreme Court of India against the order of Hon'ble Gujarat High Court and 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, Mumbai, and as informed by the management, the Holding company has filed petition before the Hon'ble Bombay High Court in June 2017 which is pending.Besides the above, the Holding company has also filed its objections against the attachment notification before the Designated Special MPID Court, Mumbai. In view of the above that the matter is subjudice, and the alleged liability /claim are not accepted by the company we are unable to quantify the final liability and its impact if any, on the loss of the Holding company for the Year ended on 31<sup>st</sup> March , 2019. (Refer Note No 36 of notes forming part of Consolidated accounts)
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 Holding 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 against the order of Adjudicating Authority.



Further, The Director of Enforcement (hereinafter referred to as ED), Government of India had initiated proceedings of search/seizure on 30.05.2018 on the group company NKPL, the promoters of the Holding company Shri Nilesh Patel and Shri Nimish Patel, one of the family member as well as on the Holding company and thereafter on 29.06.2018, the ED, Government of India, had preferred an application u/s 17(4) of the Prevention of Money Laundering Act, 2002 before the Adjudicating Authority, New Delhi, vide it's a Application No. OA/236 of 2018 against the company as well as group company NKPL and the promoters for retention of the seized properties and for continuation of order of freezing the properties, till finalization of the proceedings, of the properties mentioned in the application u/s 17(4) of the PMLA Act, 2002. The Holding company along with Group Company and promoters challenged the show cause notice issued by the adjudicating authority New Delhi, before the Hon'ble High Court of Delhi and the Hon'ble High Court has set aside the said show cause notice. The Director of Enforcement has attached assets of the Holding company, group company NKPL and the promoters of the Holding company by issuing a fresh show cause notice dated 30/08/2018 and the Holding company has filed an appeal before PMLA Appellate Tribunal, Delhi. In view of the above that the matter is subjudice, and the alleged liability/claim are not accepted by the company we are unable to quantify the final liability and its impact if any, on the loss of the Holding company for the Year ended on 31<sup>st</sup> March, 2019. (Refer Note No 37 of notes forming part of Consolidated accounts)

3. The, Government of Maharashtra, (at the instance of Economic wing offence Mumbai), has filed supplementary Charge sheet dated 25<sup>th</sup> December, 2018 under the various sections of IPC AND MPID Act. Against the Holding Company and its Chairman Shri Nimish Patel. Further MPID Court on the basis of above supplementary charge sheet has issued summons dated 19<sup>th</sup> March, 2019 against the holding Holding company asking them to remain present on 26<sup>th</sup> April 2019. The Holding Company has complied with the said summons and the matter is adjourned to 2<sup>nd</sup> August, 2019. Thus, in view of the fact that the said criminal proceedings which have been initiated, inter alia, against the holding company and its Chairman Shri Nimish Patel are pending, we are unable to ascertain/quantify the final liability, if any, that may arise from the said criminal proceedings and therefore we are unable to quantify its impact, if any, on the loss of the Holding company for the year ended on 31.03.2019 (Refer Note No 37A of notes forming part of Consolidated accounts)
4. The Subsidiary Company Tirupati Retail (India) Pvt Ltd had entered into financial arrangement with National Spot Exchange Ltd (NSEL) through trading and Clearing Member, N.K. Proteins private Limited 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 (now reflected under long term liabilities & other noncurrent assets) 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 initiated recovery proceedings against the group company viz. N.K. Proteins private Limited and Holding Company viz. N K Industries limited and also against the subsidiary Companies and the said proceedings are pending as on date. In view of the fact that the matter is sub-judice, and the alleged liability/Claim are not accepted by the said subsidiary company, we are unable to quantify the final liability and its impact if any, on the loss of the Consolidated Accounts. (Refer Note No 47 of notes forming part of Consolidated accounts)

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred in of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Key Audit Matter:**

<b>Description of Key audit Matter</b>	<b>Our response and results</b>
<p><b>Litigations and claims</b>            (Refer note 27) to the Consolidated financial statements)            The cases are pending with multiple tax authorities like Income Tax, Sales tax etc. and there are claims against the Holding company &amp; its subsidiary company which have not been acknowledged as debt by the company. In normal course of business, financial exposures may arise from pending proceedings and from claims of the customers not acknowledged as debt by the company. Whether a claim needs to be recognized as liability or disclosed as contingent liability in the financial statements is dependent on a number of significant assumptions and judgments. The amounts involved are potentially significant and determining the amount, if any, to be recognised or disclosed in the Consolidated financial statements, is inherently subjective.            We have considered Litigations and claims, a Key Audit Matter as it requires significant management judgement, including accounting estimates that involves high estimation uncertainty.</p>	<p>Our audit procedures, inter alia, included following:</p> <ul style="list-style-type: none"> <li>- Discussed disputed litigation matters with the management.</li> <li>- Evaluated the management's judgment of tax risks, estimates of tax exposures, other claims and contingencies. Past and current experience with the tax authorities and management's correspondence/response including on the claims lodged by customers, were used to assess the appropriateness of management's best estimate of the most likely outcome of each uncertain contingent liability.</li> <li>- Critically assessed the entity's assumptions and estimates in respect of claims, included in the contingent liabilities disclosed in the financial statements. Also, assessed the probability of negative result of litigation and the reliability of estimates of related obligations.</li> </ul> <p><b>Conclusion:</b>            Based on the procedures described above, we did not find any material exceptions to the management's assertions and treatment, presentation &amp; disclosure of the subject matter in the Consolidated financial statements.</p>

**Emphasis of Matter**

1. We draw attention to Note 33 to the Consolidated financial statements which states that the Consolidated accounts reflects accumulated losses of Rs 336.75 Crores as at 31.3.2019 and the net worth of the Consolidated accounts as well as Holding Company and Subsidiary Companies as at 31.03.2019 is negative. However, as per the business plan and future cash flow projections submitted by the management of the holding company to us and accepted by us. 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 management of the said subsidiary companies is also making sincere efforts to revive the business and the management of the said Subsidiary companies is 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 companies and in the consolidated accounts and accounts of the Holding and Subsidiary Companies as well as consolidated accounts for the year have been prepared on " going concern basis."
2. A) Attention is invited to note 38 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 A.Y2010-11, A.Y 2011-12, A.Y 2012-13 ,A.Y 2013-14 & A.Y 2014-15. The department had raised a demand of Rs 133 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 & Rs 86.00 lacs for A.Y 2014-15 ) 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. 23 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.
  - 603, 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. B) Attention is invited to note 30 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 ₹ 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 ₹ 28.84 Crores. The Holding company had preferred an 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 the various orders of adjudicating authorities by the Income Tax Department, the Holding Company is yet to provide final entries in its books of accounts even during the year under review. In view of non availability of order of the appeal effects from the Income Tax Department, we are unable to opine on the same.

3. Attention is invited to note 42 of the Consolidated Financial Statements, NSEL has initiated recovery proceedings against the group company N. K. Proteins Private Ltd and has made one of 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 41 of the Consolidated Financial Statements which states that Sales Tax Department has completed the assessment for various assessment years and raised demand of ₹ 3314.22 lacs for the earlier years. The Holding company has not made any provision for the above demand raised by the sales tax authority as in view of the Management, the said demand shall not withstand before the Appellate Authorities and the said Holding company has preferred an appeal before the appellate authority. The said amount has been shown as contingent liability under Note No. 27 of the notes forming part of consolidated Financial Statements.

5. Attention is invited to Note 48 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.

6. Attention is invited to Note No 40 of the Consolidated Financial Statements, where in case of one the Subsidiary Company viz. Banpal Oil Chem Pvt Ltd , The Home Department, Government of Maharashtra has issued Notification dated 22.06.2015 under the Maharashtra Protection of Interest of Depositors (in financial establishments)-Act, 1999 (MPID Act) for attaching the Factory Plant, Land, Building & Machinery of the company located at plot No. 144/64 of Chandigar Industrial Area. GIDC Mauje chandigar, Taluka-Palanpur, Dist- Banaskantha, Gujarat. As explained to us, The Company has filed its detailed Objections against the said attachment Notification before the Designated Court at Mumbai and as stated by the Management, the matter is subjudice.

7. Attention is invited to Note No 44 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 Chandigar Industrial Area. GIDC Mauje chandigar, 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 loss of the consolidated accounts.

8. Attention is invited to Note No 45 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 Chandigarh Industrial Area. GIDC Mauje chandigarh, Taluka-Palanpur, Dist-Banaskantha,
- Plot of land bearing Plot No 144/65, of Chandigarh Industrial Area. GIDC Mauje chandigarh, Taluka-Palanpur, Dist-Banaskantha,
- Plot of land bearing Plot No 144/66, of Chandigarh Industrial Area. GIDC Mauje chandigarh, Taluka-Palanpur, Dist-Banaskantha,

9. Attention is invited to Note 34 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.

10. Attention is invited to note 49 of the Consolidated Financial Statements which states that the Income Tax Department had carried out Assessment Proceedings u/s 143(3) r.w.s 142(A) of the Income tax Act ,1961( the IT Act) for AY 2014-15 in respect of one of the Subsidiary Company viz. Tirupati Retail India Pvt Ltd. The department has raised a demand of Rs 821.93 Crores on the said subsidiary company for the said assessment year and the said demand has been disputed by the said subsidiary company and the said subsidiary company has initiated appellate proceedings before appropriate authorities. The said amount has been shown as contingent liability under Note No. 27 of the notes forming part of consolidated financial statement accounts. Further, Income tax department has passed an order u/s 179 of the Income tax Act, 1961 in the name of the Directors of the said Subsidiary company.

11. As per the information obtained from the website of the Ministry of Corporate Affairs (MCA), a suit has been filed against the Holding company and its officers u/s 383A(1A), 372A(9), 58A(6)(A)(I) of the Companies Act, 1956 for the year 2016. As informed by the management, the Holding company is having basic information about such suit filed as reflected on the website of the MCA. However, the Holding company does not have any communication of such proceedings against the Holding company and its officers. As the matter is still subjudice, we are unable to quantify the final liability and its impact, if any, on the Holding company and its officers. (Refer Note No 29 of the Consolidated financial statements)

Our opinion is not modified in the above matters

#### **Information other than the Consolidated Financial Statements and Auditor's Report thereon**

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated Profit or loss(consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors /management of the companies included in the Group covered under the Act are



responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Group's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence; and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the



matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **OTHER MATTER**

We did not audit the financial statements of two subsidiaries, whose financial statements reflect Total assets of Rs 1563.74 crores, as at 31<sup>st</sup> March 2019 and total revenues of ₹ 19.50 crores & net cash outflows amounting to ₹ 0.45 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the work done & the reports of the others auditors and financial information certified by the management of the Holding company.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by section 197(16) of the Act, based on our audit and on the consideration of the reports of other auditors, referred to in separate financial statements of the subsidiaries, we report that the Holding company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with schedule V to the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us. Further, we report that the provisions of Section 197 read with schedule V to the Act are not applicable to three subsidiary companies, covered under the Act, since none of such companies is a public company as defined under section 2(71) of the Act.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:
  - a. We have sought and except for the matters described in the Basis for Qualified opinion, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements,
  - b. Except for the possible effects of the matter described in the Basis for Qualified opinion, paragraph above, In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and the report of the other auditors,
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. The matter described under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Group
  - e. In our opinion, the aforesaid Consolidated financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - f. On the basis of written representations, received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding and the reports of the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies, none of the directors of the Group companies, are disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
  - g. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, & its subsidiary covered under the Act, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report express an unmodified opinion on the adequacy and operating effectiveness of the Holding Company & its Subsidiary's internal financial control over financial reporting.



h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us & based on the consideration of the report of the other auditors on separate financial statement as also the other financial information of the subsidiaries :

- i. The Consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group ( Refer Note No 27 to the Standalone Financial Statements.)
- ii. The Group did not have any material foreseeable losses on long term contracts including derivative contracts .
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company during the year ended 31<sup>st</sup> March 2019.

**For Parikh & Majmudar**  
Chartered Accountants  
FR No. 107525W

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

Place : Ahmedabad  
Date : 18/05/2019



**Annexure A to the Independent Auditor's Report off Even Date to the Members of N.K.Industries Limited on the Consolidated financial Statements for the year ended on 31<sup>st</sup> March,2019**

**Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the Consolidated financial statements of M/s N.K. INDUSTRIES LIMITED ("the Holding Company") and its subsidiaries (the Holding company and its subsidiaries together referred to as the Group) as at and for the year ended 31<sup>st</sup> March 2019, We have audited the internal financial controls over financial reporting of the Holding company and its subsidiaries ,which are companies covered under the Act, as at that date.

**Management's Responsibility for Internal Financial Controls**

The Respective Board of Directors of the Holding Company and its subsidiary companies incorporated in India,which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's' Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding company and its subsidiary companies as aforesaid,based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls over financial reporting and the Guidance Note issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors in terms of their reports referred to in the Other matter paragraph below, is sufficient is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding company and its subsidiaries as aforesaid.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.



Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, and based on the consideration of the reports of the other auditors on the internal financial controls over financial reporting, of the Holding Company and its subsidiaries which are companies covered under the Act, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2019, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiaries as aforesaid, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### Other Matter

Our aforesaid reports under section 143(3)(i) of the act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to two subsidiary companies, incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

**For Parikh & Majmudar**  
Chartered Accountants  
FR No. 107525W

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

Place : Ahmedabad  
Date : 18/05/2019



## Consolidated Balance Sheet as at March 31, 2019

Amt in ₹

S.No.	Particulars	Note No.	31-Mar-2019	31-Mar-2018
	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
a)	Property, Plant and Equipment	8	1 38 12 97 577	1 42 34 63 573
b)	Capital work-in-progress	8	5 34 25 548	5 42 22 773
c)	Investment Property			
d)	Goodwill	8	82 36 24 384	82 36 24 384
e)	Other Intangible assets			
f)	Intangible assets under development	8	31 577	35 076
g)	Biological Assets other than bearer plants			
h)	Financial Assets			
(i)	Investments	9	8 53 169	20 06 169
(ii)	Trade receivables	10	15 21 80 02 105	15 21 80 02 105
(iii)	Loans	11	2 67 16 279	2 66 37 344
(iv)	Other Financial Assets			
i)	Deferred tax assets (net)		22 97 77 833	14 01 82 366
j)	Other non-current assets	12	43 39 12 444	37 77 36 585
<b>2)</b>	<b>Current assets</b>			
a)	Inventories	13	23 85 57 023	5 11 99 261
b)	Financial Assets			
(i)	Investments			
(ii)	Trade receivables	14	35 32 35 598	40 81 81 956
(iii)	Cash and cash equivalents	15	6 05 30 002	67 92 795
(iv)	Bank balances other than (iii) above	16	48 28 574	44 15 416
(v)	Loans	17	1 58 61 220	1 43 26 045
(vi)	Others (to be specified)			
c)	Current Tax Assets (Net)			
d)	Other current assets	18	51 51 118	58 42 183
	<b>TOTAL ASSETS</b>		<b>18 84 58 04 450</b>	<b>18 55 66 68 030</b>
	<b>EQUITY &amp; LIABILITIES :</b>			
	<b>EQUITY:</b>			
a)	Equity Share capital	1	6 00 99 000	6 00 99 000
b)	Other Equity	2	(3 36 75 13 167)	(3 18 08 72 618)
	<b>LIABILITIES :</b>			
<b>1)</b>	<b>Non-Current Liabilities</b>			
a)	Financial Liabilities			
(i)	Borrowings			
(ii)	Trade payables	3		
	(a) Due to Micro and Small Enterprises			
	(a) Due to other than Micro and Small Enterprises		21 54 65 60 043	21 57 43 92 513
(iii)	Other financial liabilities	3	16 86 213	16 86 213
b)	Provisions	4	3 06 88 934	2 71 92 203
c)	Deferred tax liabilities (Net)			
d)	Other non-current liabilities			
<b>2)</b>	<b>Current liabilities</b>			
a)	Financial Liabilities			
(i)	Borrowings			
(ii)	Trade payables	5		
	(a) Due to Micro and Small Enterprises			12 79 728
	(a) Due to other than Micro and Small Enterprises		47 03 57 559	4 66 49 373
(iii)	Other financial liabilities			
b)	Other current liabilities	6	9 45 65 577	1 92 39 102
c)	Provisions	7	66 44 188	70 02 517
d)	Current Tax Liabilities (Net)	7	13 03 151	-
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18 84 58 04 450</b>	<b>18 55 66 68 030</b>

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached.

For and on behalf of the Board of Directors of N K Industries Limited

For, PARIKH & MAJMUDAR

Chartered Accountants

Firm's Registration Number:107525W

Nimish K. Patel

Chairman & Managing Director

Din-00240621

Nilesh K. Patel

Managing Director

Din -00244115

CA DR HITEN PARIKH

Partner

Membership No.040230

Ashwin P. Patel

Chief Financial Officer

Akanksha Srivastava

Company Secretary

Ahmedabad

18<sup>th</sup> May, 2019

Ahmedabad

18<sup>th</sup> May, 2019



## Consolidated Statement of Profit & Loss for the year ended on March 31, 2019

Amt in ₹

S. No.	PARTICULARS	NOTE NO.	For the Year ended on 31-Mar-2019	For the Year ended on 31-Mar-2018
I	Revenue from Operations	19	5 15 91 73 050	1 34 06 37 342
II	Other Income	20	4 47 49 721	91 90 687
III	Total Income (I + II)		5 20 39 22 771	1 34 98 28 029
IV	<b>EXPENSES</b>			
	Cost of Materials consumed	21	4 61 88 87 699	
	Purchases of stock-in-trade	22	20 80 88 464	50 07 49 952
	Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	23	(11 76 55 502)	2 97 13 932
	Employee benefits expense	24	12 86 35 500	12 54 82 843
	Finance costs	25	13 38 069	11 17 849
	Depreciation and amortization expense	8	7 12 45 449	10 23 55 848
	Other expenses	26	56 39 52 373	61 39 57 879
	<b>Total expenses (IV)</b>		<b>5 47 44 92 051</b>	<b>1 37 33 78 303</b>
V	<b>Profit/(loss) before exceptional items and tax (I- IV)</b>		<b>(27 05 69 280)</b>	<b>(2 35 50 274)</b>
VI	Exceptional Items			-
VII	<b>Profit/(loss) before tax (V-VI)</b>		<b>(27 05 69 280)</b>	<b>(2 35 50 274)</b>
VIII	<b>Tax expense:</b>		<b>(8 40 74 092)</b>	<b>85 09 046</b>
1	Current tax		49 00 000	3 02 000
2	Deferred tax		(8 95 29 547)	60 16 405
3	Earlier Written back Income Tax		5 55 455	21 90 641
IX	<b>Profit (Loss) for the period from continuing operations (VII-VIII)</b>		<b>(18 64 95 188)</b>	<b>(3 20 59 320)</b>
X	<b>Profit/(loss) from discontinued operations</b>		-	-
XI	<b>Tax expense of discontinued operations</b>		-	-
XII	<b>Profit/(loss) from Discontinued operations (after tax) (X-XI)</b>		-	-
XIII	<b>Profit/(loss) for the period (IX+XII)</b>		<b>(18 64 95 188)</b>	<b>(3 20 59 320)</b>
XIV	<b>Other Comprehensive Income / (Expense)</b>		<b>(1 45 361)</b>	<b>(13 39 541)</b>
A (i)	Items that will not be reclassified to profit or loss		(2 11 281)	(19 38 554)
(ii)	Income tax relating to items that will not be reclassified to profit or loss		65 920	5 99 013
B(i)	Items that will be reclassified to profit or loss		-	-
(ii)	Income tax relating to items that will be reclassified to profit or loss		-	-
XV	<b>Total Comprehensive Income for the period (XIII+XIV)(Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>		<b>(18 66 40 549)</b>	<b>(3 33 98 861)</b>
XVI	<b>Earnings per equity share (for continuing operation):</b>			
1	Basic:		(31.06)	(5.56)
2	Diluted:		(31.06)	(5.56)
XVII	<b>Earnings per equity share (for discontinued operation):</b>			
1	Basic:		(31.06)	(5.56)
2	Diluted:		(31.06)	(5.56)
XVIII	<b>Earnings per equity share(for discontinued &amp; continuing operations)</b>			
1	Basic:		(31.06)	(5.56)
2	Diluted:		(31.06)	(5.56)

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached.

For and on behalf of the Board of Directors of N K Industries Limited

For, PARIKH & MAJMUDAR

Chartered Accountants

Firm's Registration Number:107525W

Nimish K. Patel

Chairman & Managing Director

Din-00240621

Nilesh K. Patel

Managing Director

Din -00244115

CA DR HITEN PARIKH

Partner

Membership No.040230

Ashwin P. Patel

Chief Financial Officer

Akanksha Srivastava

Company Secretary

Ahmedabad

Ahmedabad

18<sup>th</sup> May, 2019

18<sup>th</sup> May, 2019

## STATEMENT SHOWING CHANGES IN EQUITY

Particulars		Amount				
Balance as at 1st April, 2017		6,00,99,000				
Changes during the year		-				
Balance as at 31st March, 2018		6,00,99,000				
Changes during the year		-				
Balance as at 31st March, 2019		6,00,99,000				
Particulars		Amt in ₹				
Particulars		Revaluation Reserve	Securities Premium	General Reserve	Retained Earnings	Capital Reserve
<b>Balance as on April 1, 2017</b>		1,58,85,65,815	9,02,97,000	10,38,073	(5,00,16,58,104)	17,40,25,339
Revaluation Surplus						2,58,120
Net Income of the year					(3,33,98,861)	(3,14,74,73,757)
Actuarial Gain or loss						
Income Tax effect						
Fair Value of Non current Investment						
<b>Balance as of 31ST March 2018</b>		1,58,85,65,815	9,02,97,000	10,38,073	(5,03,49,89,023)	17,40,25,339
Revaluation Surplus						2,58,120
Net Income of the year					(18,66,40,549)	(3,18,08,72,618)
<b>Actuarial Gain or loss</b>						
Income Tax effect						
Fair Value of Non current Investment						
<b>Balance as of 31ST March 2019</b>		1,58,85,65,815	9,02,97,000	10,38,073	(5,22,16,29,572)	17,40,25,339
Revaluation Surplus						2,58,120
Net Income of the year						(3,36,75,13,167)
<b>Actuarial Gain or loss</b>						
Income Tax effect						
Fair Value of Non current Investment						



## Consolidated Cash Flow Statement for the year ended on 31st March, 2019

(Amt in ₹)

Particulars	31-Mar-2019	31-Mar-2019	31-Mar-2018	31-Mar-2018
<b>A . CASH FLOW ARISING FROM OPERATING ACTIVITIES:</b>				
Net Profit/(Loss) After Tax and Extra Ordinary Items		(27,07,80,561)		(2,54,88,828)
<b>Adjustment for :</b>				
Depreciation and Amortisation Expenses		7,12,45,449		10,23,55,848
Loss / (Gain) on Sale and Discard of Fixed Assets		-		5,30,098
Interest Income		(30,54,872)		(35,35,511)
Finance Cost		13,38,069		11,17,849
<b>Operating Profit/(Loss) before Working Capital Changes</b>		(20,12,51,915)		<b>7,49,79,456</b>
<b>Adjustment for :</b>				
(Increase)/Decrease in Trade and other receivables	5,41,02,249		(8,38,53,910)	
(Increase)/Decrease in Inventories	(18,73,57,762)		2,87,40,623	
Increase/(Decrease) in Trade Payables	47,22,80,239	33,90,24,725	3,04,56,375	(2,46,56,912)
<b>Cash Generated from Operations</b>		<b>13,77,72,810</b>		<b>5,03,22,544</b>
Income Tax Paid		(54,55,455)		(24,92,641)
<b>Net Cash Generated from Operating Activities</b>		<b>13,23,17,355</b>		<b>4,78,29,903</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
<b>Adjustment for :</b>				
Acquisition of Fixed Assets	(2,82,78,730)		(70,17,74,187)	
Changes in non current assets	(5,62,54,795)		(14,62,64,80,012)	
Interest Income	30,54,872		35,35,511	
Proceeds from Sale of Fixed Assets	-		29,84,525	
Acquisition of Investment	11,53,000	(8,03,25,653)	(60,000)	(15,32,17,94,164)
<b>Net Cash used in Investing Activities</b>		<b>(8,03,25,653)</b>		<b>(15,32,17,94,164)</b>
<b>C. CASH FLOW ARISING FROM FINANCING ACTIVITIES:</b>				
Proceed from Long Term Liabilities	34,96,731		15,27,52,56,701	
Interest Paid	(13,38,069)		(11,17,849)	
<b>Net Cash used in Financial Activities</b>		<b>21,58,662</b>		<b>15,27,41,38,853</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>		<b>5,41,50,365</b>		<b>1,74,592</b>
Cash & Cash equivalent at the beginning of the year		1,12,08,211		1,10,33,619
Cash & Cash equivalent at the Close of the year		6,53,58,575		1,12,08,211
<b>Note: Cash and Cash Equivalents Includes:</b>				
a) Cash on hand		4,39,431		5,85,799
b) Balance with Banks in Current account		6,00,90,570		62,06,996
c) Balance with Banks in fixed deposit less than 12 months		48,28,574		44,15,416
		<b>6,53,58,575</b>		<b>1,12,08,211</b>

These accompanying notes are an integral part of these financial statements

**Notes:**

1. The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (IndAS 7) statement of cash flows

This is the Cash flow Statement referred to in our report of even date.

As per our report of even date attached.

For and on behalf of the Board of Directors of N K Industries Limited

For, PARikh & MAJMUDAR

Chartered Accountants

Firm's Registration Number:107525W

Nimish K. Patel

Chairman & Managing Director

Din-00240621

Nilesh K. Patel

Managing Director

Din -00244115

CA DR HITEN PARikh

Partner

Membership No.040230

Ashwin P. Patel

Chief Financial Officer

Akanksha Srivastava

Company Secretary

Ahmedabad

18<sup>th</sup> May, 2019

Ahmedabad

18<sup>th</sup> May, 2019



# SIGNIFICANT ACCOUNTING POLICIES

## DISCLOSURE OF ACCOUNTING POLICIES

### 1. CORPORATE INFORMATION:

The company is incorporated under the Indian Companies Act, 1956/2013, having its registered office situated at 7th Floor, Popular House, Ashram Road, and Ahmedabad. The company is engaged in manufacturing of castor oil and other allied products including its derivatives viz. 12 HAS, ricinolic acid, etc. and is also engaged in trading of castor oil derivatives, mainly Hydrogenated Caster Oil (HCO), which the company is getting done on job work basis through outside parties. As explained by the management, in manufacturing castor oil and its derivatives also the company is presently focusing on job work activities due to working capital crunch. As per the details given by the management, the company is having a crushing capacity of castor seeds of more than 27,000 MT per month and it is utilizing more than 75% of its capacity.

NKIL is a part of the N.K. group which among others consists of other key players such as N.K.Oil Mills, Banpal Oil-Chem Pvt. Ltd. and Tirupati Retail Private Limited (TRPL) .The N.K. group is involved in the manufacturing and marketing of edible oils and is one of the market leaders in this industry in the state of Gujarat. The principle refining plant is located on the Kadi-Thor road, Dist Mehsana in the state of Gujarat. In addition, the group as a whole has three more refining plants at Changodar, Rajkot and Tramba in Gujarat, one in Rajasthan and one in Maharashtra.

### (a) APPLICATION OF NEW INDIAN ACCOUNTING STANDARDS

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Group has not applied as they are effective from April 1, 2019:

#### Recent accounting pronouncements

##### Ind AS 116 "Leases"

Ind AS 116 will replace the existing leases standard, Ind AS 17 "Leases" w.e.f. 1st April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effect on the Financial statements on adoption of Ind AS 116 is being evaluated by the Company.

##### Ind AS 12 Income taxes" (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.



The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

#### **Ind AS 23 – “Borrowing Costs”**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

## **2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

### **A) Basis of preparation and compliance with Ind AS**

These Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

The Financial Statements have been prepared on the historical cost convention on accrual basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle. Accordingly, all assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Ind AS 1 – 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013.

Accounting policies have been consistently applied consistently to all the periods presented in the financial statements.

The financial statements are presented in Indian Rupees ('INR'). Where changes are made in presentation, the comparative figures of the previous year are regrouped and re-arranged accordingly.

### **(b) USE OF ESTIMATES :**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

- i. These financial statements were approved for issue by the Board of Directors on May 18, 2019.

### **B) Basis of consolidation**

- i. NKL consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company, its subsidiaries . Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Group Companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain/loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Company, are excluded.



Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the acquisition date. The Group's investment in associates includes goodwill identified on acquisition.

**ii. Companies included in Consolidation:**

The Group's consolidated Financial Statements includes financial statements of the holding company N K Industries Limited as well as its three wholly owned subsidiaries which are as follows:

- o N K Oil Mills
- o Banpal Oil-Chem Private Limited
- o Tirupati Retail Private Limited

**C) Estimates and Judgments**

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates under different assumptions and conditions.

**D) Basis of measurement**

The Ind AS Financial Statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities, including derivative financial instruments which have been measured at fair value as described below and defined benefit plans which have been measured at actuarial valuation as required by relevant Ind ASs.

**Fair value measurement**

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Fair value for measurement and /or disclosure purpose in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36, if any.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**E) Functional and presentation currency**

These Ind AS Financial Statements are prepared in Indian Rupee which is the Company's functional currency.

All financial information presented in Rupees has been presented in full figures.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The Company has applied following accounting policies to all periods presented in the Ind AS Financial Statement.

**a) Revenue Recognition**

Revenue comprises of all economic benefits that arises in the ordinary course of activities of the Company which result in increase in Equity other than increases relating to contributions from equity participants. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, volume rebates, outgoing sales taxes and other indirect taxes excluding excise duty.

Goods and service tax is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the Government. Accordingly, it is excluded from revenue.



Revenue from sales is recognized when all significant risks and rewards of ownership of the commodity sold are transferred to the customer, which generally coincides with delivery. Revenues from sale of by- products are included in revenue. Inter-transfers, other benefits passed on the customer in kind etc are expensed in P&L Account.

**b) Property, Plant and Equipment**

**a. Property, plant and equipment [PPE]**

All PPE are stated at original cost (net of tax/duty credit availed) less accumulated depreciation and impairment losses except freehold land which is carried at cost. Cost includes cost of acquisition, construction and installation, taxes, duties, freight, other incidental expenses relating to the acquisition, trial run expenses (net of revenue) and pre-operative expenses including attributable borrowing costs incurred during pre-operational period.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the statements of profit and loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized if the recognition criteria are met. Thus the policy of the company is that subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the entity and the cost of the same can be measured reliably.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit and loss as incurred.

Gains and losses on disposal of an item of property, plant and equipments are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/other expenses in statement of profit and loss.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed periodically and adjusted prospectively, if appropriate.

**b. Capital work in progress**

Assets in the course of construction are capitalized in capital work in progress account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalized when the asset is available for use but incapable of operating at normal levels until the period of commissioning has been completed. Revenue generated from production during the trial period is credited to capital work in progress.

**c. Depreciation**

Assets in the course of development or construction and freehold land are not depreciated.

Other property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its PPE as at 1st April, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the PPE.

Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a written down value basis over its expected useful life (determined by the management based on technical estimates), as follows:

The estimated useful lives of assets are as follows:

Buildings	30-60	Years
Plant and equipments	15-40	Years
Furniture and fixtures	5-10	Years
Vehicles	8-10	Years
Office equipments	5	Years

Major inspection and overhaul costs are depreciated over the estimated life of the economic benefit derived from such costs. The carrying amount of the remaining previous overhaul cost is charged to the statement of profit and loss if the next overhaul is undertaken earlier than the previously estimated life of the economic benefit.



When significant spare parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and changes in estimates, if any, are accounted for prospectively.

**c) Intangible assets**

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. The Company currently does not have any intangible assets with indefinite useful life. Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

**d) Financial instruments**

**• Financial Assets:**

The company classifies its financial assets as those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and those to be measured at amortized cost.

The Company measures all equity instruments in subsidiaries at cost initially and also on subsequent recognition.

The company measures all quoted equity instruments other than in subsidiaries at fair value on initial and subsequent recognition. Changes in fair value of quoted instruments in equity shares are shown as profit/loss on fair valuation of investments in Statement of Profit and Loss. Currently there are no quoted investments.

Trade Receivables represents receivables for goods sold by the company up to the end of the financial year. The amounts are generally unsecured and are usually received as per the terms of payment agreed with the customers. The amounts are presented as current assets where receivable is due within 12 months from the reporting date. They are recognized initially and subsequent measured at amortized cost.

The company assesses the expected credit losses associated with its assets carried at amortized cost. Trade receivables are impaired using the lifetime expected credit loss model under simplified approach. The Company uses a provision matrix to determine the impairment loss allowance based on its historically observed default rates over expected life of trade receivables and is adjusted for forward looking estimates. At every reporting date, the provision for such impairment loss allowance is determined and updated and the same is deducted from Trade Receivables with corresponding charge/credit to profit and loss.

A financial asset is derecognized only when the company has transferred the rights to receive cash flows from the financial asset, or when it has transferred substantially all the risks and rewards of the asset, or when it has transferred the control of the asset.

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as Non-Current/Long-term investments. Current investments are carried at lower of cost or market value on individual investment basis. Non-current investments are considered at cost, unless there is an "other than temporary" decline in value, in which case adequate provision is made for the diminution in the value of investments.

**• Financial Liabilities**

Borrowings are initially recognized and subsequently measured at amortized cost, net of transaction costs incurred. The transaction costs is amortized over the period of borrowings using the effective interest method in Capital Work in Progress upto the commencement of related plant, property and Equipment and subsequently under finance costs in profit and loss account.



Borrowings are removed from balance sheet when the obligations specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade payables represent liabilities for goods and services provided to the company up to the end of the financial year. The amounts are unsecured and are usually paid as per the terms of payment agreed with the vendors. The amounts are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially and subsequently measured at amortized cost.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

- **Equity**

Equity shares are classified as equity incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Provision is made for the amount of any dividend declared and dividend distribution tax thereon, being appropriately authorized and no longer at the discretion of the entity on or before the end of the reporting period but not distributed at the end of the reporting period.

**e) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

**f) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences if any, to the extent regarded as an adjustment to the borrowing costs.

Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowings costs eligible for capitalization.

**g) Impairment of Non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.



An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

**h) Inventories**

Inventories are valued at the lower of cost and net realisable value except scrap and by products which are valued at net realisable value.

Costs incurred in bringing the inventory to its present location and conditions are accounted for as follows:

- Stores and Spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Obsolete inventories are identified and written down to net realisable value. Slow moving and defective inventories are identified and provided to net realisable value.

**i) Accounting For Taxes On Income:**

Tax expenses comprise of current tax and deferred tax including applicable surcharge and cess.

Current Income tax is computed using the tax effect accounting method, where taxes are accrued in the same period in which the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable.

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profits against which the deductible temporary differences, and the carry forward unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it is become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognized in the statement of profit and loss, except to the extent that it relates to items recognized in other comprehensive income. As such, deferred tax is also recognized in other comprehensive income.

Deferred Tax Assets and Deferred Tax Liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the Deferred Tax Assets and Deferred Tax Liabilities relate to taxes on income levied by same governing taxation laws.

**j) Employee benefit schemes**

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

Post Employment and Retirement benefits in the form of Gratuity and Leave Encashment are considered as defined benefit obligations and are provided for on the basis of third party actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Every Employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of The Payment of Gratuity Act, 1972.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of reporting period on government bonds that have terms approximating to the terms of the related obligation.



The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions of the defined benefit obligation are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Employee benefits in the form of Provident Fund is considered as defined contribution plan and the contributions to Employees' Provident Fund Organization established under The Employees' Provident Fund and Miscellaneous Provisions Act 1952 is charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid.

**k) Provision for liabilities and charges, Contingent liabilities and contingent assets**

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with the applicable Ind AS.

Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the statement of profit and loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

Contingent assets are not recognized but disclosed in the financial statements when an inflow of economic benefits is probable.

Contingent liabilities are not provided for but are disclosed by way of Notes on Accounts. Contingent Liabilities are disclosed in case of a present obligation from past events (a) when it is not probable that an outflow of resources will be required to settle the obligation; (b) when no reliable estimate is possible; (c) unless the probability of outflow of resources is remote.

**l) Earnings per share**

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit and loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit and loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

**m) Prior Period items**

Under Ind AS 8, adjustments to material prior period errors are made retrospectively by restating the comparative amounts for the prior periods presented and restating retained earnings at the beginning of the earliest period presented, in the first set of financial statements after the error is discovered.

**n) Cash Flow Statement**

Cash flows are reported using indirect method as set out in Ind AS -7 "Statement of Cash Flows", whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**o) Use of Estimates and Judgments**

The company made following estimates in accordance with Ind AS as at the date of transition as these were not required under previous GAAP. These are to be applied as and when the relevant item is recognized in the Financial Statements:

- (i) Quoted investments in Equity Shares carried at fair value through Profit and Loss;
- (ii) Derivative financial instruments if any are carried at fair value
- (iii) Impairment of Trade Receivables based on expected credit loss model.



**p) Related Party Transactions:**

A related party is a person or entity that is related to the reporting entity preparing its financial statements

- a) A person or a close member of that person's family is related to a reporting entity if that person; has control or joint control of the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies; (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); (iii) Both entities are joint ventures of the same third party; (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity; (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity; (vi) The entity is controlled or jointly controlled by a person identified in (a); (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Compensation includes all employee benefits i.e. all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered to the entity. It also includes such consideration paid on behalf of a parent of the entity in respect of the entity.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Disclosure of related party transactions as required by the accounting standard is furnished in the Notes on Financial Statements.

**q) Current And Non-Current Classification:**

The Normal Operating Cycle for the Company has been assumed to be of twelve months for classification of its various assets and liabilities into "Current" and "Non-Current".

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is current when it is (a) expected to be realised or intended to be sold or consumed in normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realised within twelve months after the reporting period; (d) Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

An liability is current when (a) it is expected to be settled in normal operating cycle; (b) it is held primarily for the purpose of trading; (c) it is due to be discharged within twelve months after the reporting period; (d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.



## Notes to Consolidated Financial Statements

### 1 Share Capital

#### a Details of Share Capital

Particulars	31-Mar-2019		31-Mar-2018	
	Number	₹	Number	₹
<b>Authorized</b>				
<b>Preference Share Capital</b>				
500000 (P.Y.500000) Preference shares of ₹ 100 each	5,00,000	5,00,00,000	5,00,000	5,00,00,000
<b>Equity Share Capital</b>				
25000000 (P.Y 25000000) Equity Share of ₹ 10 Each	2,50,00,000	25,00,00,000	2,50,00,000	25,00,00,000
		30,00,00,000		30,00,00,000
<b>Issued, Subscribed &amp; Paid up</b>				
6009900 (P.Y 6009900 )Equity Share of ₹ 10 each	60,09,900	6,00,99,000	60,09,900	6,00,99,000
<b>Total</b>	<b>60,09,900</b>	<b>6,00,99,000</b>	<b>60,09,900</b>	<b>6,00,99,000</b>

#### b. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

##### Equity Shares

Particulars	31-Mar-2019		31-Mar-2018	
	Number	₹	Number	₹
At the beginning of the period	60,09,900	6,00,99,000	60,09,900	6,00,99,000
Issued during the period			-	-
<b>Outstanding at the end of the period</b>	<b>60,09,900</b>	<b>6,00,99,000</b>	<b>60,09,900</b>	<b>6,00,99,000</b>

#### c. Terms/rights attached to equity shares

The Company has only one class of shares i.e. equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends, if any, in Indian rupees. The dividend, if proposed, by the Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### d. Share holding details of the Company as at Balance Sheet date and name of persons holding more than 5% shares.

Name of Shareholder/Company	31-Mar-2019		31-Mar-2018	
	No. of Shares held	%	No. of Shares held	%
<b>Names of person holding more than 5% shares</b>				
Ashita Nilesh Patel	12,73,889	21.20	12,73,889	21.20
Sonal Nimish Patel	11,51,570	19.16	11,51,570	19.16
N K Proteins Pvt. Ltd.	3,67,302	6.11	3,67,302	6.11
NKPL Realty LLP	7 69 476	12.80	5,35,524	8.91

#### e. The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares / disinvestment.

#### f. The Company for the period of five years immediately preceding the date of the Balance Sheet has not :

- Allotted any class of shares as fully paid pursuant to contract(s) without payment being received in cash.
- Allotted fully paid up shares by way of bonus share.
- Bought back any class of shares.



**2 Other Equity**

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
<b>OTHER RESERVES</b>		
<b>General Reserves</b>		
Opening Balance	10,38,073	10,38,073
Closing Balance	10,38,073	10,38,073
<b>Security Premium Reserve</b>		
Opening Balance	9,02,97,000	9,02,97,000
Closing Balance	9,02,97,000	9,02,97,000
<b>Capital Reserve</b>		
Opening Balance	17,40,25,339	17,40,25,339
Capital Reserve due to Consolidation	-	-
Closing Balance	17,40,25,339	17,40,25,339
<b>Capital redemption Reserve</b>		
Opening Balance	2,58,120	2,58,120
	-	-
Closing Balance	2,58,120	2,58,120
<b>Revaluation Reserve (Note Below)</b>		
Opening Balance	1,58,85,65,815	1,58,85,65,815
	-	-
Closing Balance	1,58,85,65,815	1,58,85,65,815
<b>Retained Earnings</b>		
Opening Balance	(5,03,50,56,965)	(5,00,16,58,104)
(+) Net Profit/(Net Loss) For the current year	(18,64,95,188)	(3,20,59,320)
Less: Other Comprehensive income arising from	(1,45,361)	(13,39,541)
Remeasurements of Defined Benefit Plans (Net of Tax)		
Closing Balance	(5,22,16,97,514)	(5,03,50,56,965)
<b>Total</b>	<b>(3,36,75,13,167)</b>	<b>(3,18,08,72,618)</b>

**3 (TRADE PAYABLES/ OTHER FINANCIAL LIABILITIES)**

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
Trade Payables	21,54,65,60,043	21,57,43,92,513
Security Deposit (Refer Note No. 51)	16,86,213	16,86,213
<b>Total</b>	<b>21,54,82,46,256</b>	<b>21,57,60,78,726</b>

**4 Provisions**

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
<b>Provision for Employee Benefits</b>		
Provision For Leave Benefit Account	27,95,682	21,65,577
Provision For Gratuity Account	1,08,41,667	79,75,041
<b>Total</b>	<b>1,36,37,349</b>	<b>1,01,40,618</b>
<b>Others</b>		
Interest Payable On Block Assessment	1,47,58,294	1,47,58,294
Provision- Income Tax - Block Assessment	22,93,291	22,93,291
<b>Total</b>	<b>1,70,51,585</b>	<b>1,70,51,585</b>
<b>Total (A+B)</b>	<b>3,06,88,934</b>	<b>2,71,92,203</b>



5 Current Trade Payables

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
Trade Payables		
Total outstanding dues of Micro Enterprise and Small Enterprise	14,12,954	12,79,728
Total outstanding dues of creditors other than Micro Enterprise and Small Enterprise	47,03,57,559	4,66,49,373
(Refer Note No 51)		
<b>Total</b>	<b>47,17,70,513</b>	<b>4,79,29,101</b>

6 Other Current Liabilities

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
<b>Other payables</b>		
Expense payable	1,69,33,448	1,33,85,481
Statutory Liabilities	5,00,48,983	58,53,621
Advance Received from Customers	2,75,83,147	-
	9,45,65,577	1,92,39,102
<b>Total</b>	<b>9,45,65,577</b>	<b>1,92,39,102</b>

7 Provisions

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
<b>Provision for employee benefits</b>		
Bonus	29,70,894	30,20,185
Gratuity	21,00,721	31,55,338
Leave Encashment	15,72,573	8,26,994
<b>Total</b>	<b>66,44,188</b>	<b>70,02,517</b>





## 9 Non Current Investments

The policy statement of the company with respect of accounting of non current investments is disclosed at para No. (e) of the Significant Accounting policies.

### Summarized information of investments

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
<b>Investment in Equity instruments - Unquoted</b>		
Investment in Equity instruments	59,37,930	59,37,930
Investments in Government or Trust securities	6,68,239	6,68,239
Investments in Equity of Joint Venture Company	25,00,50,000	25,00,50,000
<b>Total</b>	<b>25,66,56,169</b>	<b>25,66,56,169</b>
Less:		
Provision for diminution in the value of Investments	25,58,03,000	25,46,50,000
<b>Total</b>	<b>8,53,169</b>	<b>20,06,169</b>

### A Details of Other Investments - Unquoted

Sr.	Name of the Body Corporate	No. of Shares		Amount (₹)	
		31-Mar-2019	31-Mar-2018	31-Mar-2019	31-Mar-2018
a	Investment in Equity Instruments				
	ACCURATE EXPORTS LTD. of ₹ 10 each	1,00,000	1,00,000	10,00,000	10,00,000
	FICON LEASE & FINANCE LTD. of ₹ 10 each	3,50,000	3,50,000	35,00,000	35,00,000
	HYTAISUN MAGNETICS LTD. of ₹ 10 each	10,000	10,000	1,00,000	1,00,000
	Reliance Natural Resources Ltd.	20	20	38	38
	Reliance Industries Ltd.	162	162	2,792	2,792
	Reliance Energy Ltd.	6	6	392	392
	Reliance Communications Ltd	81	81	2,078	2,078
	Reliance Capital Ltd.	4	4	70	70
	Punjab Fibers Ltd.	100	100	30,000	30,000
	Hytaisun Magnetics Ltd.	1,300	1,300	1,30,000	1,30,000
	Powerflow Ltd.	200	200	5,000	5,000
	Meltron Semiconductor Ltd.	100	100	9,500	9,500
		<b>4,61,973</b>	<b>4,61,973</b>	<b>47,79,870</b>	<b>47,79,870</b>
	Less:				
	Provision for diminution in the value of Investments	4,61,973	4,61,973	46,00,000	46,00,000
		-	-	1,79,870.00	1,79,870.00
	THE BOMBAY COMMODITY EXCHANGE LTD of ₹ 10 each	500	500	5,000	5,000
	AHMEDABAD COMMODITY EXCHANGE LTD of ₹ 10 each	56,500	56,500	11,53,000	11,53,000
	KALUPUR COMM.CO.OP.BANK of ₹ 10 each	6	6	60	60
	<b>Joint Venture Investments</b>				
	AWN AGRO PVT. LTD. of ₹ 10 each	2,50,05,000	2,50,05,000	25,00,50,000	25,00,50,000
		<b>2,50,61,506</b>	<b>2,50,61,506</b>	<b>25,13,87,930</b>	<b>25,13,87,930</b>
	Less:				
	Provision for diminution in the value of Investments	2,50,05,000	2,50,05,000	25,12,03,000	25,00,50,000
	<b>Sub-Total</b>	<b>56,506</b>	<b>56,506</b>	<b>1,84,930</b>	<b>13,37,930</b>
b	Investments in Government or Trust securities				
	NATIONAL SAVINGS CERTIFICATE			6,68,239	6,68,239
	<b>Total</b>			<b>6,68,239</b>	<b>6,68,239</b>
	<b>Grand Total</b>			<b>8,53,169</b>	<b>20,06,169</b>



**10 Trade Receivable**

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
<b>Trade receivables</b>		
Unsecured, considered good	15,21,80,02,105	15,21,80,02,105
Unsecured, considered doubtful	39,77,55,840	57,26,20,747
	<b>39,77,55,840</b>	<b>57,26,20,747</b>
Less: Provision for doubtful debts	39,77,55,840	57,26,20,747
	-	-
<b>Total</b>	<b>15,21,80,02,105</b>	<b>15,21,80,02,105</b>

**11 Loans**

Details of Long Term Loans and Advances

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
<b>Advance to employees</b>	<b>2,26,497</b>	<b>1,47,562</b>
Long-term Loans and advances to others		
Long term Loans and advances to others Unsecured, considered goods	2,64,89,782	2,64,89,782
Long term Loans and advances to others -Doubtful	13,23,67,655	13,23,67,655
<b>Total</b>	<b>15,88,57,437</b>	<b>15,88,57,437</b>
Less: Provision for doubtful advances	13,23,67,655	13,23,67,655
Other loans and advances to others (Unsecured considered good)	2,64,89,782	2,64,89,782
<b>Total</b>	<b>2,67,16,279</b>	<b>2,66,37,344</b>

**12 Other Non-Current Assets**

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
<b>Security Deposits</b>		
Unsecured, considered goods	4,05,41,325	3,72,90,951
Capaex Advance	30,22,73,345	30,46,37,314
Balance with government authorities	5,69,05,181	2,06,524
Bank deposit with more than 12 months maturity	21,59,389	18,67,288
Advance tax & TDS Receivable	3,20,33,204	3,37,34,507
<b>Total</b>	<b>43,39,12,444</b>	<b>37,77,36,585</b>

**13 Inventories**

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
(As taken valued and Certified by a Director)		
Traded Material	<b>18,55,72,286</b>	-
Spare Parts	4,32,31,610	4,28,56,231
Chemical Goods	97,53,128	83,43,031
<b>Total</b>	<b>23,85,57,023</b>	<b>5,11,99,261</b>



14 Trade Receivable

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
Unsecured, considered good Trade Receivable	35,32,35,598	40,81,81,956
<b>Total</b>	<b>35,32,35,598</b>	<b>40,81,81,956</b>

15 Cash and Cash Equivalent

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
Balances with banks	6,00,90,570	62,06,996
Cash on hand	4,39,431	5,85,799
<b>Total</b>	<b>6,05,30,002</b>	<b>67,92,795</b>

16 Other Cash Balance

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
Bank deposits upto 12 months maturity	48,28,574	44,15,416
<b>Total</b>	<b>48,28,574</b>	<b>44,15,416</b>

17 Loans

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
Advance tax & TDS	-	-
<b>Short Term Loans and advances to others</b>		
Unsecured, considered good	1,58,61,220	1,43,26,045
<b>Total</b>	<b>1,58,61,220</b>	<b>1,43,26,045</b>

18 Other Current Assets

Particulars	31-Mar-2019 ₹	31-Mar-2018 ₹
Prepaid expense	27,05,698	23,97,182
Accured Interest	24,45,420	34,45,001
<b>Total</b>	<b>51,51,118</b>	<b>58,42,183</b>



**19 Revenue**

<b>Particulars</b>	<b>For the Year ended on 31-Mar-2019 ₹</b>	<b>For the Year ended on 31-Mar-2018 ₹</b>
<b>Sale of products</b>		
<b>Domestic</b>		
Finished Goods	4,53,50,58,055	-
Traded Goods	27,15,64,050	54,76,17,532
	<b>4,80,66,22,105</b>	<b>54,76,17,532</b>
<b>Operating Revenue</b>		
Sale of Services	19,50,26,451	19,60,65,274
Commission income	-	-
	<b>5,00,16,48,556</b>	<b>74,36,82,806</b>
Crushing Charges (TDS ₹73.50 (P.Y.₹70.11)Lacs)	15,75,24,495	59,69,54,536
<b>Total</b>	<b>15,75,24,495</b>	<b>59,69,54,536</b>
<b>Total</b>	<b>5,15,91,73,050</b>	<b>1,34,06,37,342</b>

<b>Particulars</b>	<b>For the Year ended on 31-Mar-2019 ₹</b>	<b>For the Year ended on 31-Mar-2018 ₹</b>
<b>Details of Products Sold (Domestic)</b>		
Finished Goods	4,535,058,055	-
Non-Edible Oil	-	-
	<b>Total -[A]</b>	<b>4,535,058,055</b>
<b>Traded Goods Domestic</b>		
Edible Oil	-	278,063,222
Non-Edible Oil	271,564,050	266,702,833
Others	-	2,851,477
	<b>Total-[B]</b>	<b>271,564,050</b>
	<b>Total(A+B)</b>	<b>4,806,622,105</b>
		<b>547,617,532</b>

**20 Other Income**

<b>Particulars</b>	<b>For the Year ended on 31-Mar-2019 ₹</b>	<b>For the Year ended on 31-Mar-2018 ₹</b>
Interest Income (TDS ₹ 1.01(P.Y.₹2.78)Lacs)	30,54,872	35,35,511
<b>Other non Operating Revenue</b>		
Long term capital gain	-	1,878
Misc. Income	1,16,29,592	17,54,600
Scrap Sales	2,87,76,732	27,18,105
Office Rent	12,88,526	11,80,593
<b>Total</b>	<b>4,47,49,721</b>	<b>91,90,687</b>



21 Cost of Material Consumed

Particulars	For the Year ended on 31-Mar-2019 ₹	For the Year ended on 31-Mar-2018 ₹
Inventory at the beginning of the year	83,43,031	-
Add: Purchases	4,68,98,14,783	-
	4,69,81,57,813	-
Less: inventory at the end of the year	7,92,70,115	-
<b>Cost of raw material and packing materials consumed</b>	<b>4,61,88,87,699</b>	-

Details of Raw material and packing materials consumed

Particulars	For the Year ended on 31-Mar-2019 ₹	For the Year ended on 31-Mar-2018 ₹
Edible Oil/cakes and seeds	-	-
Non Edible Oil and seeds	4,47,20,04,021	-
Packing material consumed	1,16,14,859	-
Chemicals and others	13,52,68,819	-
	<b>4,61,88,87,699</b>	-

22 Purchase of Trading Goods

Particulars	For the Year ended on 31-Mar-2019 ₹	For the Year ended on 31-Mar-2018 ₹
<b>Finished Goods</b>		
Edible Oil & Cakes	-	-
Non-Edible Oil & Cakes	54,30,750	-
	54,30,750	-
<b>Traded Goods</b>		
Edible Oil & Cakes	-	27,07,50,730
Non-Edible Oil & Cakes	20,26,57,714	22,99,99,222
	20,26,57,714	50,07,49,952
<b>Cost of Goods sold</b>	<b>20,80,88,464</b>	<b>50,07,49,952</b>

Details imported & indigenous Trading Goods Purchased

Amount in ₹

Particulars	For the Year ended on 31-Mar-2019		For the year ended on 31-Mar-2018	
	₹	%	₹	%
Imported Material Consumed	-	0.00%	-	0.00%
Indigenous Material Consumed	20,80,88,464	100.00%	50,07,49,952	100.00%
<b>Total Material Consumed</b>	<b>20,80,88,464</b>	<b>100.00%</b>	<b>50,07,49,952</b>	<b>100.00%</b>



**23 Change in Inventory**

Particulars	For the Year ended on 31-Mar-2019 ₹	For the Year ended on 31-Mar-2018 ₹
<b>FSG Castor Oil</b>		
Stock at the Begining of the financial year	-	-
Stock at the End of the financial year	4,32,85,661	-
	(4,32,85,661)	-
<b>DOC</b>		
Stock at the Begining of the financial year	-	-
Stock at the End of the financial year	1,12,85,150	-
	(1,12,85,150)	-
<b>Castor Commercial Oil</b>		
Stock at the Begining of the financial year	-	-
Stock at the End of the financial year	2,40,22,728	-
	(2,40,22,728)	-
<b>Ricinolic Acid</b>		
Stock at the Begining of the financial year	-	96,491
Stock at the End of the financial year	40,95,000	-
	(40,95,000)	96,491
<b>12HSA</b>		
Stock at the Begining of the financial year	-	2,87,62,662
Stock at the End of the financial year	2,05,37,500	-
	(2,05,37,500)	2,87,62,662
<b>HCO Castor Oil</b>		
Stock at the Begining of the financial year	-	-
Stock at the End of the financial year	47,37,589	-
	(47,37,589)	-
<b>Glycerine</b>		
Stock at the Begining of the financial year	-	8,52,150
Stock at the End of the financial year	37,41,210	-
	(37,41,210)	8,52,150
<b>Solvent Castor Oil</b>		
Stock at the Begining of the financial year	-	-
Stock at the End of the financial year	59,50,368	-
	(59,50,368)	-
<b>Fly Ash</b>		
Stock at the Begining of the financial year	-	2,628
Stock at the End of the financial year	297	-
	(297)	2,628
<b>Total</b>	(11,76,55,502)	2,97,13,932



24 Employee Benefits Expense

Employee Benefits Expense	For the Year ended on 31-Mar-2019 ₹	For the Year ended on 31-Mar-2018 ₹
Salaries and incentives	11,21,93,436	10,90,92,867
Contributions to Provident Fund, FPF and other Funds	45,90,951	48,24,281
Gratuity fund contributions	18,89,440	14,77,675
Leave Encashment expenses	15,72,573	14,88,767
Staff welfare expenses	83,89,101	85,99,253
<b>Total</b>	<b>12,86,35,500</b>	<b>12,54,82,843</b>

As per Indian Accounting Standard 19 "Employee benefits", the disclosures as defined in the Ind AS are given below:

**I. Defined Contribution Plans:**

Employee benefits in the form of Provident Fund is considered as defined contribution plan and the contributions to Employees' Provident Fund Organisation established under The Employees' Provident Fund and Miscellaneous Provisions Act 1952 is charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

**(a) Provident Fund / Employees' Pension Fund**

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

Particulars	31-Mar-2019	31-Mar-2018
Employer's Contribution to Provident Fund / Employee's Pension Fund	45,90,951	48,24,281

**II. Defined Benefit Plans - Non Funded**

- (a) Provision for Gratuity Liability
- (b) Provision for Leave Encashment

In accordance with IND AS-19, relevant disclosures are as under:

**(A) Changes in Defined Benefit Obligation:**

Particulars	Amount in ₹	
	31-Mar-2019	31-Mar-2018
Defined Benefit Obligation as at 1st April	89,08,501	79,75,041
Current Service Cost	10,29,062	8,88,319
Interest Cost	8,60,378	5,89,356
Benefits Paid	(2,88,712)	(2,60,891)
Actuarial (gain) / loss on Obligations	(25,142)	(2,83,324)
Defined Benefit Obligation as at 31st March	1,04,84,087	89,08,501

**(B) Amount recognized in the Balance Sheet:**

Particulars	Amount in ₹	
	31-Mar-2019	31-Mar-2018
Defined Benefit Obligation as at 31st March	1,04,84,087	89,08,501
Fair Value of Plan Assets as at 31st March	-	-
Liability / (Asset) recognized in the Balance Sheet included in Current Liabilities and Provisions	1,04,84,087	89,08,501



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

Amount in ₹

Particulars	Gratuity	
	31-Mar-2019	31-Mar-2018
Current Service Cost	10,29,062	8,88,319
Interest Cost	8,60,378	5,89,356
Net actuarial (gain) / loss recognized in the period	(25,142)	(2,83,324)
Total Expenses recognized in the P & L Account included in Contribution to Provident and Other Funds	18,64,298	11,94,351

**(D) Actuarial Assumptions:**

In accordance with IND AS-19, actuarial valuation as at the year end was performed in respect of the aforesaid Defined Benefit Plans based on the following assumptions:

	31-Mar-2019	31-Mar-2018
(a) Discount rate [per annum]	7.76%	7.73%
(b) Expected Retirement age of employees [years]	58	58
(c) Rates of leaving service – 2% (P.Y. 2%)	2%	2%
(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.		

**(E) SENSITIVITY ANALYSIS**

	31-Mar-2019	31-Mar-2018
Projected Benefit Obligation on Current Assumptions	1,29,42,388	1,11,30,379
Delta effect of +1% change in rate of discounting	(7,82,961)	(7,61,198)
Delta effect of -1% change in rate of discounting	8,96,596	8,73,325
Delta effect of +1% change in rate of salary increase	9,12,566	8,88,626
Delta effect of -1% change in rate of salary increase	(8,09,384)	(7,86,655)
Delta effect of +1% change in rate of employee turnover	1,76,645	1,74,215
Delta effect of -1% change in rate of employee turnover	(1,98,650)	1,95,687

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis the present value of the projected benefit obligation has been calculated using the unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

**(F) RISK ANALYSIS**

Gratuity is a defined benefit plan and following are the risks associated with defined benefit plan :

**Interest Rate risk**

A fall in the discount rates which is linked to the G. Sec. rate will increase the present value of the liability requiring higher provision.

**Salary Risk**

The present value of defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salaries of the members more than assumed level will increase the plan's liability.



#### Asset Liability Matching Risk

The plan faces the ALM risk as to the matching cash flow. Company has to manage pay-out based on pay as you go basis from owned funds.

#### Mortality Risk

Since the benefits under the plan are not payable for life time and payable till retirement age only, plan does not have any longevity risk.

#### 25 Finance Cost

Particulars	For the Year ended on 31-Mar-2019 ₹	For the Year ended on 31-Mar-2018 ₹
Interest expense	12,48,137	9,13,259
Other borrowing costs	89,931	2,04,590
<b>Total</b>	<b>13,38,069</b>	<b>11,17,849</b>

#### 26 Other Expenses

Particulars	For the Year ended on 31-Mar-2019 ₹	For the Year ended on 31-Mar-2018 ₹
<b>Manufacturing Expenses</b>		
Labour Charges	4,86,41,011	5,35,49,532
Loading-Unloading Expense	1,50,025	17,85,272
Power and Fuel	12,53,41,337	16,15,06,479
Vat Reversal	-	-
Repair to Plant and Machinery	84,84,758	1,33,27,032
Rates and taxes, excluding, taxes on income.	20,59,660	36,47,230
Consumption of Stores, Chemicals & Packing Materials	4,06,41,278	22,47,80,586
Other Manufacturing Expenses	29,16,065	36,27,083
<b>Total Manufacturing Expenses</b>	<b>22,82,34,134</b>	<b>46,22,23,214</b>
<b>Administrative Expenses</b>		
Loss on Sales of Fixed Assets	-	5,30,098
Telephone Expenses	5,67,604	5,78,350
Professional Fees	13,95,900	32,92,166
Auditors Remuneration*	1,85,750	2,09,150
Stationery and Printings	4,13,543	1,61,408
Travelling Expenses	2,38,684	2,79,033
Insurance	54,38,044	50,11,287
Provision for Doubtful Advances (Net)	-	4,09,57,125
Donation	12,600	1,500
Membership Fees	2,87,963	12,77,762
Repair and Maintenance - Others	12,42,607	7,96,723
Security Services	69,12,310	74,18,694
Vehicle Running-Repair Expense	2,19,51,401	2,66,64,205
Other Admin Expenses	23,27,26,553	89,54,635
Vehicle hire charges	3,65,31,960	3,73,83,519
Diminution in Value of investment	11,53,000	-
<b>Total Administrative Expenses</b>	<b>30,90,57,919</b>	<b>13,35,15,654</b>



**26 Other Expenses**

Particulars	For the Year ended on 31-Mar-2019 ₹	For the Year ended on 31-Mar-2018 ₹
<b>Selling and Distribution Expenses</b>		
Transportation Expenses	2,66,60,070	1,80,21,762
Advertisement Expenses	250	1,80,350
Clearing Forwarding Expenses	-	16,899
<b>Total Selling and Distribution Expenses</b>	<b>2,66,60,320</b>	<b>1,82,19,011</b>
<b>Total Other Expenses</b>	<b>56,39,52,373</b>	<b>61,39,57,879</b>

\*Auditors Remuneration Includes

Particulars	For the Year ended on 31-Mar-2019 ₹	For the Year ended on 31-Mar-2018 ₹
As auditors - Statutory audit	1,34,500	1,34,500
Tax Audit	50,000	50,000
Certification fees & Other Services	-	-
Reimbursement of Expenses	-	-
<b>Total</b>	<b>1,84,500</b>	<b>1,84,500</b>

**27 Other details to Balance Sheet**

**A Contingent Liabilities and Commitments**

Particulars	31-Mar-2019 (₹ In Lakhs)	31-Mar-2018 (₹ In Lakhs)
<b>Contingent Liabilities</b>		
a. Claims against the Company, not acknowledged as debts (including interest and penalty)	17401.03	17401.03
- Disputed Sales Tax Demand Matter under Appeal	6,981.18	8,634.94
- Other Claims (without considering interest liability)	1,333.31	1,333.31
- Disputed Income Tax Demand Matter under Appeal (refer note 26 & 34)	98,116.10	98,141.47
- proceeding initiated by NSEL, Maharashtra Protection of Interest of Depositors (in financial establishments)-Act, and Directorate of Enforcement, Government of India ( refer note 32 & 33)	Amount not ascertainable	Amount not ascertainable
Provident Fund: The Honorable Supreme Court has passed a decision on 28th February, 2019 in relation to inclusion of certain allowances within the scope of "Basic wages" for the purpose of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The Company, based on legal advice, is awaiting further clarifications in this matter in order to reasonably assess the impact on its financial statements, if any. Accordingly, the applicability of the judgment to the Company, with respect to the period and the nature of allowances to be covered, and resultant impact on the past provident fund liability, cannot be reasonably ascertained, at present.	Amount not determinable	NIL

**Note:**

- It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above, pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums/ authorities.
- The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

**28** In the schedule of fixed assets, land and building have been shown in the name of the Holding company. However, total carrying amount of ₹ 18.86 lakhs as on 31.03.2017, the title of the property has not been conveyed in the name of the Holding company till the date of our audit.

29 As per the information obtained from the website of the Ministry of Corporate Affairs (MCA), a suit has been filed against the Holding company and its officers u/s 383A(1A), 372A(9), 58A(6)(A)(I) of the Companies Act, 1956 for the year 2016. As informed by the management, the Holding company is having basic information about such suit filed as reflected on the website of the MCA. However, the Holding company does not have any communication of such proceedings against the Holding company and its officers. As the matter is still subjudice, we are unable to quantify the final liability and its impact, if any, on the Holding company and its officers.

30 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 ₹ 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 ₹ 28.84 Crores. The Holding company had preferred an 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 20th 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 16th 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 the various orders of adjudicating authorities by the Income Tax Department, the Holding Company is yet to provide final entries in its books of accounts even during the year under review.

31 No provision is made during the year for interest receivable in the books of Holding Company on various advances amounting to ₹ 3001.21 Lacs (P.Y. ₹ 3001.21 lacs) as the same are considered doubtful.

32 The Holding 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 INDAS-108 "Operating Segment" is not applicable.

33 The Consolidated financial statements which states that the Consolidated accounts reflects accumulated losses of Rs 336.75 Crores as at 31.3.2019 and the net worth of the Consolidated accounts as well as Holding Company and Subsidiary Companies as at 31.03.2019 is negative. However, as per the business plan and future cash flow projections submitted by the management of the holding company to us and accepted by us. 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 management of the said subsidiary companies is also making sincere efforts to revive the business and the management of the said Subsidiary companies is 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 companies and in the consolidated accounts and accounts of the Holding and Subsidiary Companies as well as consolidated accounts for the year have been prepared on "going concern basis."

34 On the basis of certificate received from the Management of the Holding company, the holding company does not have any control on its joint Venture "AWN AGRO PRIVATE LIMITED" and hence the accounts of the said Joint Venture has not been Consolidated.

35 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.

36 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 said transactions through National Spot Exchange Limited (NSEL) from the concerns other than the group concerns are subject to confirmations by the respective parties/NSEL and reconciliations/adjustments, if any. Further, NSEL has suspended the trading on 31.07.2013, as per the directions issued by the Government of India, Ministry of Consumer Affairs. NSEL has initiated recovery proceedings against the group company NKPL and also against the Holding company by filing a civil suit in the Hon'ble High Court of Mumbai for an alleged amount of around ₹937 crores plus interest 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 Holding company located at Kadi, Gujarat. The Holding company



had challenged the notification issued by Home department of Maharashtra before Hon'ble Gujarat High Court which was disposed off vides its order dated 29th March 2017. The Holding company preferred a Special Leave Petition before the Hon'ble Supreme Court of India against the order of Hon'ble Gujarat High Court and The Hon'ble Supreme Court of India had disposed off the Special Leave Petition on 17th April, 2017 with a observation to file an application before Hon'ble Bombay High Court, Mumbai, and as informed by the management, the Holding company has filed petition before the Hon'ble Bombay High Court in June 2017 which is pending. Besides the above, the Holding company has also filed its objections against the attachment notification before the Designated Special MPID Court, Mumbai. In view of the above that the matter is subjudice, and the alleged liability /claim are not accepted by the company.

37 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 Holding 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 against the order of Adjudicating Authority. Futher, The Director of Enforcement (hereinafter referred to as ED), Government of India had initiated proceedings of search/seizure on 30.05.2018 on the group company NKPL, the promoters of the Holding company Shri Nilesh Patel and Shri Nimish Patel, one of the family member as well as on the Holding company and thereafter on 29.06.2018, the ED, Government of India, had preferred an application u/s 17(4) of the Prevention of Money Laundering Act, 2002 before the Adjudicating Authority, New Delhi, vide it's a Application No. OA/236 of 2018 against the company as well as group company NKPL and the promoters for retention of the seized properties and for continuation of order of freezing the properties, till finalization of the proceedings, of the properties mentioned in the application u/s 17(4) of the PMLA Act, 2002. The Holding company along with Group Company and promoters challenged the show cause notice issued by the adjudicating authority New Delhi, before the Hon'ble High Court of Delhi and the Hon'ble High Court has set aside the said show cause notice. The Director of Enforcement has attached assets of the Holding company, group company NKPL and the promoters of the Holding company by issuing a fresh show cause notice dated 30/08/2018 and the Holding company has filed an appeal before PMLA Appellate Tribunal, Delhi . In view of the above that the matter is subjudice, and the alleged liability /claim are not accepted by the company.

37A The, Government of Maharashtra, (at the instance of Economic wing offence Mumbai ), has filed supplementary Charge sheet dated 25th December, 2018 under the various sections of IPC AND MPID Act. Against the Holding Company and its Chairman Shri Nimish Patel. Further MPID Court on the basis of above supplementary charge sheet has issued summons dated 19th March,2019 against the holding Holding company asking them to remain present on 26th April 2019. The Holding Company has complied with the said summons and the matter is adjourned to 2nd August,2019. Thus, in view of the fact that the said criminal proceedings which have been initiated, inter alia, against the holding company and its Chairman Shri Nimish Patel are pending, we are unable to ascertain/quantify the final liability, if any, that may arise from the said criminal proceedings and therefore we are unable to quantify its impact, if any, on the loss of the Holding company for the year ended on 31.03.2019.

38 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 & A.Y 2014-15. The department had raised a demand of Rs 133 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 & Rs 86.00 lacs for AY 2014-15 ) 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. 23 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.
- 603, 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

39 The Holding company has received a notice from Income tax department for the attachment of its registered office at 7th Floor ,Popular house, opp sales india ,Ashram Road ,Ahmedabad 380009 with respect to demand raised by them as detailed in note 34 of the consolidated financial statements.

40 In case of one the Subsidiary Company viz. Banpal Oil Chem Pvt Ltd , The Home Department, Government of Maharashtra has issued Notification dated 22.06.2015 under the Maharashtra Protection of Interest of Depositors (in financial



establishments)-Act, 1999 (MPID Act) for attaching the Factory Plant, Land, Building & Machinery of the company located at plot No. 144/64 of Chandigarh Industrial Area. GIDC Mauje chandigarh, Taluka-Palanpur, Dist- Banaskantha, Gujarat. As explained to us, The Company has filed its detailed Objections against the said attachment Notification before the Designated Court at Mumbai and as stated by the Management, the matter is subjudice.

41 Sales Tax Department has completed the assessment for various assessment years and raised demand of ₹ 3314.22 lacs for the earlier years. The Holding company has not made any provision for the above demand raised by the sales tax authority as in view of the Management, the said demand shall not withstand before the Appellate Authorities and the said Holding company has preferred an appeal before the appellate authority. The said amount has been shown as contingent liability under Note No. 27 of the notes forming part of consolidated Financial Statements.

42 NSEL has initiated recovery proceedings against the group company N. K. Proteins Private Ltd and has made one of the Subsidiary Company viz. N. K. Oil Mills Pvt Ltd., a party to the said proceedings and these proceeding are pending as on date.

43 Other Informations - Profit and Loss Statement

a Earnings per share

Particulars	For the Year ended on 31-Mar-2019 ₹	For the Year ended on 31-Mar-2018 ₹
<b>Basic</b>		
Profit attributable to equity shareholders	₹ (18,64,95,188)	(3,20,59,320)
Nominal Value of equity share	₹ 10	10
Weighted average number of ordinary equity shares for Basic EPS	No. 60,09,900	60,09,900
Basic and Diluted EPS	₹ (31.06)	(5.56)

44 In 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 Chandigarh Industrial Area. GIDC Mauje chandigarh, 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

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

45 In view of the fact that the holding Company has challenged the assessment proceeding,The said amount has been shown as contingent liability under Note No. 23 of the notes forming part of consolidated financial statements.

46 Related party disclosures

Note: Related Parties have been identified by the management

A List of related parties

<b>Key Managerial Personnel (KMP)</b>	
1	Nimish K. Patel
2	Nilesh K. Patel
3	Hasmukh K. Patel
4	Ashwinbhai Patel
5	Akansha Srivastava
6	Priyam Patel
	Chairman & Managing Director
	Managing Director
	(Whole Time Director)
	(Chief Finance Officer)
	(Company Secretary )
	(Chief Executive officer)



**Key Managerial Person( Ex -director one of Subsidiary company)**

1	Harjibhai Patel
2	Shri N.P.Bhatol

**Independent Directors**

1	Mridu Sharma
2	B.S.Yadav

**Name of Relatives of KMP/Directors**

1	Nimish K. Patel	Mrs. Sonalben N. Patel
		Mrs. Venushree N. Patel
		Mr. Amar Dhaduk
		Ms. Vedanshee N. Patel
2	Nilesh K. Patel	Mrs.Ashitaben Patel
		Mr.Priyam Patel
		Mrs.Panna P. Patel
		Mrs.Priyanshi Patel
		Mr. Deep Vadodaria
3	Kamlesh L. Patel	Mrs.Truptiben K. Patel

**Firm/LLP in which directors/manager/his relative is a partner**

1	NKPL Realty LLP
2	NKP Enterprise LLP
3	Nimish K. Patel HUF
4	Nilesh K. Patel HUF

**Private Company in which director/member or his relative is a member/director**

1	N K Proteins Private Limited
2	Tirupati Proteins Private Limited
3	Adrenal Advertising and Promotions Private Limited

**B Details of transactions with related party**

(₹ in Lakhs)

Sr	Name of party	Nature of Transaction	2018-19	2017-18
1	Ashwin P. Patel	Remuneration	6.00	6.00
2	Adrenal Advertisment Pvt Ltd	Purchases/ Services	-	-
3	N K Proteins Pvt. Ltd.	Purchases/ Services	5,569.51	5,569.51
4	N.K.P Enterprise LLP	Purchases/ Services	3.86	3.86
5	N.K.P Enterprise	Purchases/ Services	-	-
6	N K Proteins Pvt. Ltd.	Sales/Jobwork charges	11,412.26	11,412.26
7	Nilesh K. Patel	Remuneration	30.00	30.00
8	Nimish K. Patel	Remuneration	30.00	30.00
9	Hasmukhbhai Patel	Remuneration	7.28	7.28
10	Monica Surjani	Remuneration	-	-
11	Heena Jain	Remuneration	-	-
12	Akanksha Srivastava	Remuneration	2.70	2.70
13	Harjibhai Patel	Remuneration	-	-
14	Priyam Patel	Remuneration	9.70	9.70
15	Shri N.P.Bhatol	Repayment of Loan	-	-
16	Shri Vijay Trading Co	Security Deposit	-	-
17	Bhagwati Oil Mill	Job work	-	-
18	Vijay Harjibhai Patel	Repayment of Loan	-	-

**C Details of Closing Balances - Receivable/(Payable)**

(₹ in Lakhs)

Sr	Name of party	31-Mar-2019	31-Mar-2018
1	N K Oil Mills Pvt.Ltd	-	-
2	N K Proteins Pvt. Ltd.	2,557.81	4,074.41



47 The Subsidiary Company Tirupati Retail (India) Pvt Ltd had entered into financial arrangement with National Spot Exchange Ltd (NSEL) through trading and Clearing Member, N.K. Proteins private Limited 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 (now reflected under long term liabilities & other noncurrent assets) 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 initiated recovery proceedings against the group company viz. N.K. Proteins private Limited and Holding Company viz. N K Industries limited and also against the subsidiary Companies and the said proceedings are pending as on date. In view of the fact that the matter is sub-judice, and the alleged liability/Claim are not accepted by the said subsidiary company.

48 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.

49 The Income Tax Department had carried out Assessment Proceedings u/s 143(3) r.w.s 142(A) of the Income tax Act, 1961( the IT Act) for AY 2014-15 in respect of one of the Subsidiary Company viz. Tirupati Retail India Pvt Ltd. The department has raised a demand of Rs 821.93 Crores on the said subsidiary company for the said assessment year and the said demand has been disputed by the said subsidiary company and the said subsidiary company has initiated appellate proceedings before appropriate authorities. The said amount has been shown as contingent liability under Note No. 27 of the notes forming part of consolidated financial statement accounts. Further, Income tax department has passed an order u/s 179 of the Income tax Act, 1961 in the name of the Directors of the said Subsidiary company.

#### 50 Previous years comparatives

The Previous year's figures are regrouped and rearranged where ever necessary to make them comparable with the current years figures.

#### 51 Micro, Small & Medium Enterprises

As per the Micro, Small & Medium Development Act, 2006 and to the extent of the information available, amounts unpaid as at the year end together with the interest paid / payable, is as follows:

Particulars	31-03-19	31-03-18
a) The Principal amount and Interest due there on remaining unpaid as at year end: Principal	14,12,954	12,79,728
b) Interest paid by the company in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	NIL	NIL
c) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	NIL	NIL
d) Interest accrued and remain unpaid as at year end	NIL	NIL
e) Further Interest remaining due and payable even in the succeeding year until such date when the interest dues as above are actually paid to the small enterprises	NIL	NIL

\*Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payment made during the year or on balance brought forward from previous year.



**52 STATEMENT OF NET ASSETS AND PROFIT OR LOSS ATTRIBUTABLE TO OWNERS AND MINORITY INTEREST**

Name of the Entity	% holding	Net Assets i.e total assets minus total liabilities		Share in profit or loss	
		% of Consolidated Net Assets	Amount	As % of consolidated profit and loss	Amount
NK Industries limited		80.00%	(3,29,06,72,740)	103.41%	(19,29,96,878)
<b>Indian Subsidiaries</b>					
Banpal Oil chem Private Limited	100%	2.21%	(9,10,97,925)	2.15%	(40,13,668)
NK Oil Mills Pvt Limited	100%	3.36%	(13,80,49,607)	-5.56%	1,03,75,747
Tirupati Retail India Pvt Ltd.	100%	14.43%	(59,35,60,984)	0.00%	(5,750)
Minority interest-	Nil				
<b>Total</b>		<b>100</b>	<b>(4,11,33,81,257)</b>	<b>100</b>	<b>(18,66,40,549)</b>
Less : Adjustment arising out of consolidation			(80,59,67,089)		0
<b>Consolidated Net Assets / Profit after tax</b>			<b>(3,30,74,14,167)</b>		<b>(18,66,40,549)</b>

**53 Income Taxes**

**A Income taxes recognised in Statement of Profit and Loss**

Particulars	For the Year ended on 31-Mar-2019	For the Year ended on 31-Mar-2018
<b>Current tax</b>		
In respect of the Current Year	-	-
(Excess)/Short provision for tax of earlier years	-	-
	-	-
Deferred tax(credit) /Charged	(8,95,29,547)	60,16,405
<b>Total income tax expense recognised in respect of continuing operations</b>	<b>(8,95,29,547)</b>	<b>60,16,405</b>

**B Tax reconciliation**

The income tax expense for the year can be reconciled to the accounting profit as follows:\

Particulars	For the Year ended on 31-Mar-2019	For the Year ended on 31-Mar-2018
Profit before taxes	-	-
Enacted tax rate in India	34.608%	34.608%
Expected income tax benefit/(expense) at statutory tax rate		
<b>Effect of:</b>		
Deferred tax(credit) /Charged	(8,95,29,547)	60,16,405
<b>Income taxes recognised in the Statement of Profit and Loss</b>	<b>(8,95,29,547)</b>	<b>60,16,405</b>

The tax rate used for the 2017-18 and 2016-17 reconciliations above is the corporate tax rate of 30% plus surcharge @ 12% and cess @ 3% payable by corporate entities in India on taxable profits under the Indian tax laws.



**C Income tax recognised in other comprehensive income**

Particulars	For the Year ended on 31-Mar-2019	For the Year ended on 31-Mar-2018
<b>Deferred tax</b>		
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation	65,920	5,99,013
<b>Total income tax recognised in other comprehensive income</b>	<b>65,920</b>	<b>5,99,013</b>
<b>Bifurcation of the income tax recognised in other comprehensive income into:-</b>		
Items that will not be reclassified to Statement of Profit and Loss	65,920	5,99,013
<b>Income tax recognised in other comprehensive income</b>	<b>65,920</b>	<b>5,99,013</b>

Note: Deferred tax liability has been calculated using effective tax rate of 29.12% (previous year 34.608%)

**D Components of deferred tax assets and liabilities**

Particulars	31-Mar-2019	31-Mar-2018
<b>(a) Deferred tax liabilities</b>		
Difference between book and tax depreciation	5,90,53,653	6,86,24,967
<b>Total Deferred tax liabilities</b>	<b>5,90,53,653</b>	<b>6,86,24,967</b>
<b>(b) Deferred tax assets</b>		
Disallowances of employee benefits u/s. 43B of the Income Tax, Unabsorbed loss etc	28,88,31,486	20,88,07,332
<b>Total Deferred tax assets</b>	<b>28,88,31,486</b>	<b>20,88,07,332</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>(22,97,77,833)</b>	<b>(14,01,82,366)</b>

**54 IND AS 115- Illustrative disclosures**

The Company has recognised the following amounts relating to revenue in the statement of profit or loss:

Particulars	For the Year ended on 31-Mar-2019	For the Year ended on 31-Mar-2018
Revenue from contracts with customers	5,15,91,73,050	1,34,06,37,342
<b>Total Revenue</b>	<b>5,15,91,73,050</b>	<b>1,34,06,37,342</b>

Revenue is recognized upon transfer of control of products to customers

**(a) Disaggregation of revenue from contract with customers**

Revenue from sale of products represents revenue generated from external customers which is attributable to the company's country of domicile i.e. India and external customers outside India as under:

Particulars	For the Year ended on 31-Mar-2019	For the Year ended on 31-Mar-2018
<b>Revenue from</b>		
-Outside India	-	-
-In India	5,15,91,73,050	1,34,06,37,342

Company's significant revenues (more than 90%) are derived from major 1 entity. The total revenue from such entities amounted to ₹11412.26 Lakhs in 2018-19



**(b) Contract assets and liabilities**

The Company has recognised the following revenue-related contract assets and liabilities

Particulars	For the Year ended on 31-Mar-2019	For the Year ended on 31-Mar-2018
Contract Assets	15,57,12,37,702	15,62,61,84,061
<b>Total Contract Assets</b>	<b>15,57,12,37,702</b>	<b>15,62,61,84,061</b>
Contract Liabilities	2,75,83,147	-
<b>Total Contract Liabilities</b>	<b>2,75,83,147</b>	<b>-</b>

**(c) Performance obligations**

The performance obligation is satisfied upon delivery of the finished goods and payment is generally due within 1 to 3 months from delivery. The performance obligation to deliver the finished goods is started after receiving of sales order. The customer can pay the transaction price upon delivery of the finished goods within the credit period, as mentioned in the contract with respective customer.

55 The financial statements were authorized for issue by the directors on 18th May 2019.

56 Pursuant to Dry Lease Agreement dated 15th May 2019 entered in to between " N.K.INDUSTRIES LTD" ( here in after referred to as the Holding company) and "N.K.PROTEINS PVT LTD ( here in after referred to as Group company).The Holding Company has given its manufacturing unit, located at kadi, Gujarat on rent to Group company w.e.f 15th May 2019.

As per our report of even date attached.

For, PARIKH & MAJMUDAR

Chartered Accountants

Firm's Registration Number:107525W

CA DR HITEN PARIKH

Partner

Membership No.040230

Ahmedabad

18<sup>th</sup> May, 2019

For and on behalf of the Board of Directors of N K Industries Limited

Nimish K. Patel

Chairman & Managing Director

Din-00240621

Nilesh K. Patel

Managing Director

Din -00244115

Akanksha Srivastava

Company Secretary

Ahmedabad

18<sup>th</sup> May, 2019

## N. K. INDUSTRIES LIMITED

Registered Office: 7<sup>th</sup> Floor, Popular House, Ashram Road, Ahmedabad – 380 009  
Tel: 079-66309999, Email: [nkil@nkproteins.com](mailto:nkil@nkproteins.com), Fax: 079-66309913  
CIN: L91110GJ1987PLC009905

## ATTENDANCE SLIP

**31<sup>ST</sup> ANNUAL GENERAL MEETING ON SATURDAY, 21<sup>ST</sup> SEPTEMBER, 2019 AT 11:00 A.M.  
(TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)**

**Folio No. /DP ID/Client ID**

**Number of Shares Held** \_\_\_\_\_

**Name of Shareholder/s** : \_\_\_\_\_

**Name of Proxy / Authorised Representative :** \_\_\_\_\_  
I/We hereby record my/our presence at the 31<sup>st</sup> Annual General Meeting of the Company at ATMA Hall, Ashram Road,

Chennai, 16th March 2018 (P.M. 10.00 hrs) at 11.00 AM. on Saturday, 27<sup>th</sup> September, 2019.

**Signature of Member / Proxy / Authorised Representative attending the meeting** \_\_\_\_\_

**Note:** 1. Only Member/Proxy holder can attend the Meeting.  
2. Please complete the Folio No./DP ID No., Client ID No. and name of the Member/Proxy holder, sign this Attendance Slip and hand it over, duly signed, at the entrance of the Meeting Hall.  
3. A Member/Proxy holder attending the meeting should bring copy of the Annual Report for reference at the meeting.

N K INDUSTRIES LIMITED

Registered Office: 7<sup>th</sup> Floor, Popular House, Ashram Road, Ahmedabad – 380 009  
Tel: 079-66309999, Email: [nkil@nkproteins.com](mailto:nkil@nkproteins.com), Fax: 079-66309913  
CIN: 191110GU1987PLC009905

**FORM NO. MGT-11  
PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	L91110GJ1987PLC009905
Name of the Company	N K INDUSTRIES LIMITED
Registered office	7 <sup>th</sup> Floor, Popular House, Ashram Road, Ahmedabad-380 009.
Name of the member (s)	
Registered address	
E-mail Id	
Folio No	

I/We, being the member (s) of N K Industries Limited, holding \_\_\_\_\_ shares of the above named Company, hereby appoint

herby appoint

1. Name \_\_\_\_\_  
Address \_\_\_\_\_  
Email Id \_\_\_\_\_  
Signature \_\_\_\_\_  
Or Failing him,
2. Name \_\_\_\_\_  
Address \_\_\_\_\_  
Email Id \_\_\_\_\_  
Signature \_\_\_\_\_  
Or Failing him,
3. Name \_\_\_\_\_  
Address \_\_\_\_\_  
Email Id \_\_\_\_\_  
Signature \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Saturday on 21<sup>st</sup> September, 2019 At 11:00 A.M. at ATMA Hall, Ashram Road, Mill Officer's Colony, Vishalpur, Ellisbridge, Ahmedabad, Gujarat 380009 and at any adjournment thereof in respect of such resolutions as are indicated below:



Resolution No.	Resolution
<b>Ordinary Business</b>	
1.	To receive and adopt Audited Financial Statements (Standalone and Consolidated) for F.Y. 2018-19 and the Reports of the Board of Directors' and Auditors' thereon.
2.	Re-appointment of Mr. Nimish K. Patel (DIN: 00240621) as a Director of the Company who retires by rotation and being eligible, offers himself for re-appointment.
3.	Appointment and Remuneration of M/s Parikh & Majmudar, Chartered Accountant as Statutory Auditors of the Company from the conclusion of this 31st AGM to the Conclusion of 35th AGM of the Company for a consecutive period of 4 years.
<b>Special Business</b>	
4	To pass Ordinary Resolution approving appointment and payment of remuneration to M/s. N D Birla & Co., Cost Accountants for the year 2019-20.
5	To pass Ordinary Resolution for approving related party transactions of the Company under Section 188 of the Companies Act, 2013.
6.	To appoint Mr. Hasmukh K. Patel as Whole Time Director for a further term of 5 years w.e.f 1st June, 2019

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

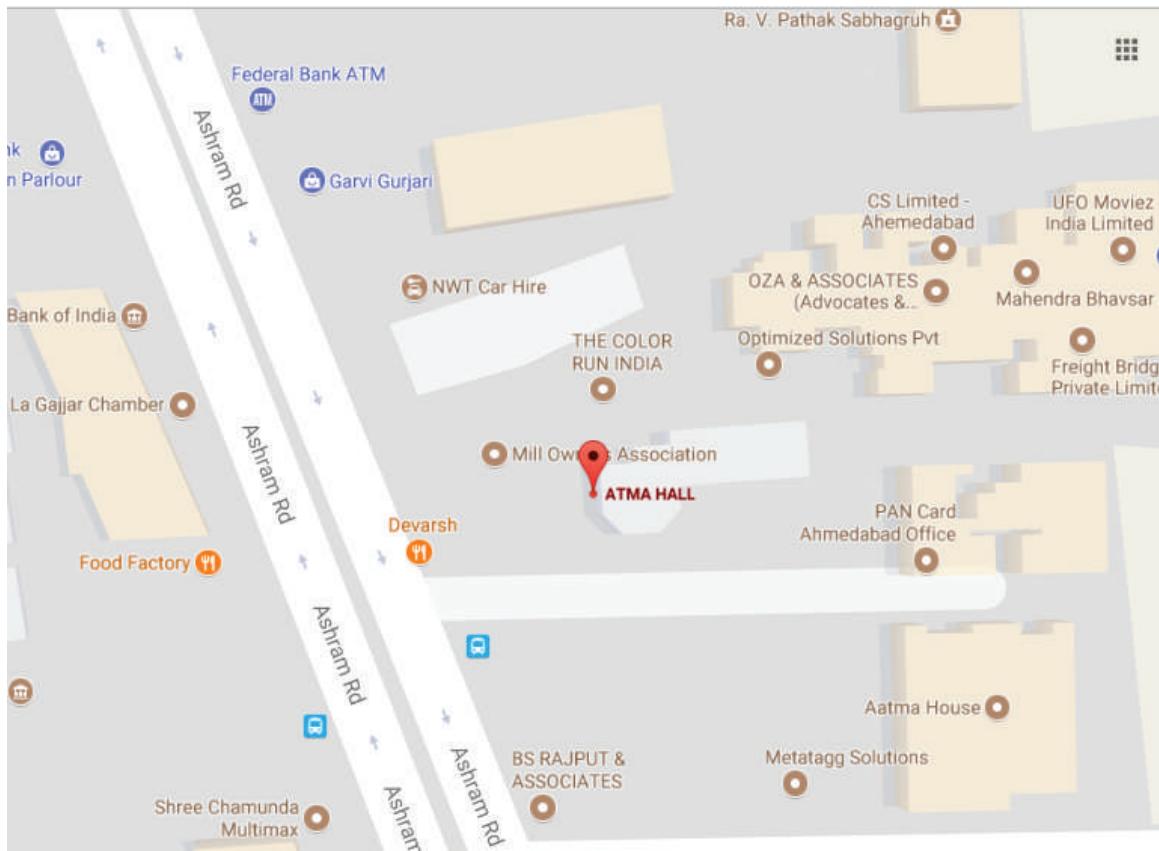
Signature of shareholder : \_\_\_\_\_

Signature of Proxy holder(s) : \_\_\_\_\_

Affix  
Revenue  
Stamp

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

## ROUTE MAP FOR AGM VENUE



Shareholders are requested to bring their copies of Annual Report at the Annual General Meeting as the same will not be distributed in the meeting hall.



079-66309999



If undelivered, please return to :  
**N. K. Industries Limited**  
(CIN : L91110GJ1987PLC009905)  
**Registered Office :**  
7th Floor, Popular House,  
Ashram Road, Ahmedabad-380009



[nkil@nkproteins.com](mailto:nkil@nkproteins.com)