

**24<sup>th</sup>**  
**ANNUAL REPORT**  
**2008**



**nakoda textile industries limited**

**ISO 9001-2000**

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# NAKODA TEXTILE INDUSTRIES LIMITED

ISO 9001-2000

## Board of Directors

(1) Mr. B. G. Jain	Chairman & Managing Director
(2) Mr. D. B. Jain	Joint Managing Director
(3) Mrs.P. B. Jain	Director
(4) Mr. B. L. Maheshwari	Director
(5) Mr. S. K. Bhoan	Director
(6) Mr. M. S. Nayak	Director

### Registered Office & Plant

Block No. 1&12 to 16,  
Village - Karanj,  
Taluka - Mandvi,  
Dist. - Surat.

### Corporate Office

121, Mittal Court, 12<sup>th</sup> Floor  
"A" Wing, Nariman Point,  
Mumbai 400021

### Administrative Office

738, Ajanta Shopping Centre,  
Ring Road, Surat 395002

### Company Secretary

Mrs. Rashmi Bhatt

### Auditors

N. M. Singapuri & Co.  
Chartered Accountants,  
O-18, Kanaknidhi Apartment,  
Opp. Gandhi Smruti, Nanpura,  
Surat.

### Bankers

Canara Bank  
State Bank of Patiala  
Syndicate Bank  
Axis Bank Ltd.



## NOTICE

Notice is hereby given that the 24<sup>th</sup> Annual General Meeting of the members of **NAKODA TEXTILE INDUSTRIES LIMITED** will be held on Wednesday, the 24<sup>th</sup> June, 2009 at 12.30 P.M. at the Company's Registered Office at Block No. 1&12 to 16, Village - Karanj, Taluka -Mandvi, Dist. - Surat.

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts for the year ended on 31<sup>st</sup> December 2008 together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Smt. P. B. Jain who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Auditors and to fix their remuneration.
4. To declare dividend.

### SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modification(s), the following resolutions:

#### 5. As An Ordinary Resolution

"RESOLVED THAT in terms of section 81 and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the provisions of Articles of Association of the Company and subject to the consent of the Securities and Exchange Board of India (SEBI) and all other concerned authorities and departments, if any and to the extent necessary, and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed in granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (herein after referred to as "The Board" which term shall be deemed to include any committee of the Board), at its sole discretion, the consent of the Company be and is hereby accorded to the Board to create, offer and issue equity and/or preference shares at premium by way of Public / Rights / Preferential issue / Private Placement or in such other manner, in such trench or trenches in Indian Rupees and / or foreign currency of an aggregate amount of Rs. 100 Crores including premium if any, either in cash or for consideration other than cash to such person or persons (including Banks, Financial Institutions, Mutual Funds, Employees, Foreign Suppliers of Equipments or Technology and Public), whether shareholders of the Company or not and at such time as the Board may, in their absolute discretion and in the best interest of the Company may deem fit."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board of Directors of the Company be and is hereby authorized to take such steps and to do all such acts, deeds, matters and things and accept any alterations or modification(s) as they may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in regard to the issue and allotment of the said shares including the power to allot the unsubscribed shares, if any, in such manner as may appear to the Board of Directors to be most beneficial to the Company."

#### 6. As An Ordinary Resolution

"RESOLVED THAT under Section 198, 269, 310 and other enabling applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded to the revision in remuneration of Sh B. G. Jain Managing Director with effect from 1<sup>st</sup> April 2009, detailed more specifically in the Explanatory Statement."

"RESOLVED FURTHER THAT the said remuneration shall be payable to the Managing Director irrespective of the fact whether the Company has earned any profit or not, i.e. this remuneration shall be payable as minimum remuneration even in the event of inadequacy or absence of profit."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to vary and / or alter the terms and conditions of the agreement in such manner, from time to time as may be required."

#### 7. As An Ordinary Resolution

"RESOLVED THAT under Section 198, 269, 310 and other enabling applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded to the revision in remuneration of Sh D. B. Jain Joint Managing Director with effect from 1<sup>st</sup> April 2009, detailed more specifically in the Explanatory Statement."

"RESOLVED FURTHER THAT the said remuneration shall be payable to the Managing Director irrespective of the fact whether the Company has earned any profit or not, i.e. this remuneration shall be payable as minimum remuneration even in the event of inadequacy or absence of profit."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to vary and / or alter the terms and conditions of the agreement in such manner, from time to time as may be required."

#### 8. As a Special Resolution

"RESOLVED THAT Mr. M. S. Nayak who was appointed as an additional director by the Board of Directors and holds office upto the date of Annual General Meeting of the Company, and in respect of whom the company has received a notice in writing from a member under the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Non Executive Director of the Company and will be liable to retire by rotation."

By Order of the Board  
**RASHMI BHATT**  
Company Secretary

Place: Mumbai  
Date : 30.05.2009

## NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote thereat and the proxy need not be a member of the Company. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the annual general meeting.
2. Members/ Proxies should bring the attendance slip duly filled in for attending the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 17<sup>th</sup> June 2009 to 24<sup>th</sup> June 2009 (both days inclusive)
4. As required in the terms of paragraph VI(A) of the Clause 49 of the Listing Agreement, the details of the Directors retiring by rotation and eligible for re-appointment at item no.2 given in Annexure-A.

Smt. P. B. Jain, Director of the Company is having a rich experience in textile industry. She has been associated with the Company since incorporation retires by rotation and being eligible offers herself for re-appointment.

5. Pursuant to the recommendation of SEBI Committee on Corporate Governance for appointment of Directors / re-appointment of the retiring Directors, a statement containing details of the concerned Directors forms part of Corporate Governance report.
6. Members are requested:
  - a) to bring their copies of Annual Report and Attendance slip at the time of the meeting.
  - b) to quote their Folio No. (s) in all correspondence.
  - c) who hold share in dematerialization form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
  - d) to forward their queries, if any, so as to reach the Administrative office of the Company on or before 15<sup>th</sup> June, 2009 enabling the management to keep the information ready.
7. Members are requested to note that all correspondence relating to share transfer, Change of Address and Dematerialization should be addressed to the Administrative Office at 738, Ajanta Shopping Centre, Ring Road, Surat 395002 / MCS Ltd., Neelam Apartment, 88, Sampatrao Colony, B/h Federation Bldg., Alkapuri, Baroda 390 007.
8. Dividend on equity shares as recommended by the Board of Directors, if declared at the meeting, will be payable to those Members, whose names appear on the register of members of the company, after giving effect to valid share transfers in physical form lodged with the company at the close of business hours on Wednesday, June 24, 2009, to their registered addresses and the respective Beneficial Owners as per the list furnished by National Securities Depository Limited and Central Depository Services (India) Limited, at the close of business hours on Wednesday, June 24, 2009.

By Order of the Board  
**RASHMI BHATT**  
Company Secretary

Place: Mumbai  
Date : 30.05.2009



## ANNEXURE TO NOTICE

**Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956:**

### Item No. 5

The resolution in item No. 5 is put forth thereby enabling the Company to have full authority to create, offer and issue equity and /or preference shares by way of either public / Rights / Preferential issue / Private Placement or in such other manner at any stage later on.

Your directors recommend that the proposed resolution be adopted. The directors of the Company are deemed to be concerned or interested in the resolution to the extent of their share holding in the Company.

### Item No. 6

In partial modification of the agreement executed by the Company with the Managing Director, the Board in its meeting held on 30<sup>th</sup> May 2009 made the following modifications in the remuneration of Sh. B. G. Jain w.e.f. 1<sup>st</sup> April 2009 which is subject to your approval.

1. The Managing Director shall be entitled to following remuneration and perquisites.
  - a) Salary Rs. 3,00,000/- per month.
  - b) Perquisites:
    - i) Provident fund, superannuation and gratuity benefit in accordance with the Company's rules and regulations in force from time to time.
    - ii) Reimbursement of medical expenses actually incurred, total cost of which to Company shall not exceed Rs. 25,000/- in any year.
    - iii) Leave on full pay and allowance as per the rules of the Company but not exceeding four weeks leave for every completed year of service, subject to the condition that leave accumulated but not availed will not be allowed to be encashed.
    - iv) Reimbursement of actual fare for self and family (wife and minor children) once a year to and from any place in India.
    - v) Free use of Company car and driver, monetary value of which may be evaluated as per rule 3 of the Income Tax Rules, 1962.
    - vi) Free telephone facilities at his residence and reimbursement of actual electricity expenses at his residence.
    - vii) Personal accident insurance of an amount premium of which does not exceed Rs. 6,000/-.
    - viii) Reimbursement of entrance fee and subscription for membership of a club.
2. In addition to above, the Managing Director will be reimbursed entertainment or other expenses actually and properly incurred in connection with the company's business subject to a maximum of Rs. 6,000/- per month.
3. The remuneration aforesaid including the benefits and amenities aforesaid shall nevertheless be paid and allowed as the minimum remuneration, for any year in case of absence or inadequacy of profit of such year.

This Explanatory statement together with the accompanying Notice should be treated as an abstract of the terms of Agreement and Memorandum of concern or interest under section 302 of the Companies Act, 1956.

The Board recommended the passing of resolution as set out in item no. 6 of the notice read with the explanation given above.

Shri B. G. Jain, Smt. P. B. Jain & Shri D. B. Jain directors of the Company are interested in this resolution.

### Item No. 7

In partial modification of the agreement executed by the Company with the Joint Managing Director, the Board in its meeting held on 30<sup>th</sup> May 2009 made the following modifications in the remuneration of Sh. D. B. Jain w.e.f. 1<sup>st</sup> April 2009 which is subject to your approval.

1. The Managing Director shall be entitled to following remuneration and perquisites.
  - a) Salary Rs. 2,00,000/- per month.

b) Perquisites:

- i) Provident fund, superannuation and gratuity benefit in accordance with the Company's rules and regulations in force from time to time.
  - ii) Reimbursement of medical expenses actually incurred, total cost of which to Company shall not exceed Rs. 20,000/- in any year.
  - iii) Leave on full pay and allowance as per the rules of the Company but not exceeding four weeks leave for every completed year of service, subject to the condition that leave accumulated but not availed will not be allowed to be encashed.
  - iv) Reimbursement of actual fare for self and family (wife and minor children) once a year to and from any place in India.
  - v) Free use of Company car and driver, monetary value of which may be evaluated as per rule 3 of the Income Tax Rules, 1962.
  - vi) Free telephone facilities at his residence and reimbursement of actual electricity expenses at his residence.
  - vii) Personal accident insurance of an amount premium of which does not exceed Rs. 5,000/-.
  - viii) Reimbursement of entrance fee and subscription for membership of a club.
2. In addition to above, the Managing Director will be reimbursed entertainment or other expenses actually and properly incurred in connection with the company's business subject to a maximum of Rs. 5,000/- per month.
  3. The remuneration aforesaid including the benefits and amenities aforesaid shall nevertheless be paid and allowed as the minimum remuneration, for any year in case of absence or inadequacy of profit of such year.

This Explanatory statement together with the accompanying Notice should be treated as an abstract of the terms of Agreement and Memorandum of concern or interest under section 302 of the Companies Act, 1956.

The Board recommended the passing of resolution as set out in item no. 7 of the notice read with the explanation given above.

Shri B. G. Jain, Smt. P. B. Jain & Shri D. B. Jain directors of the Company are interested in this resolution.

### Item No. 8

In accordance with Section 260 of the Companies Act, 1956 Mr. M. S. Nayak holds office as a Director of the Company till the forthcoming Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. M. S. Nayak to the office of Director under the provisions of Section 257 of the Companies Act, 1956.

Mr. M. S. Nayak aged 62 years is having a rich experience in Finance and his induction on the Board would benefit the Company. Hence, the Board recommends that the resolution set out in item no. 8 be carried out. None of the directors are interested in this resolution.

## Annexure-A

Details of Directors seeking appointments / re-appointments at the Annual General Meeting (Pursuant to Clause 49(IV)(E) of the Clauses 49 of the Listing Agreement)

1	Name of the Director	Smt. P. B. Jain
	Date of Birth	07.07.1956
	Date of Appointment	Since Incorporation
	Expertise in specific functional area	Textile
	Directorship held in other Public companies	--
2	Name of the Director	Sh. M.S. Nayak
	Date of Birth	07.01.1947
	Date of Appointment	21.02.2009
	Expertise in specific functional area	Finance
	Directorship held in other Public companies	--



## DIRECTORS REPORT

TO,

The Members,

Your Directors have pleasure in presenting their 24<sup>th</sup> Annual Report together with Audited Accounts for the period ended 31<sup>st</sup> December 2008.

### Financial Results

	(Rs. In Lacs)	
	AS AT	AS AT
	31.12.2008	31.12.2007
Turnover & other Income	80390.97	58228.25
Gross Profit (before Financial Charges & Depreciation)	3383.06	2184.68
Interest & Financial Charges	1561.88	891.47
Profit before Depreciation (Cash Profit)	1821.18	1293.21
Depreciation	477.19	363.00
Profit for the year	1343.99	930.21

### Operational Review

Your Company has achieved turnover of Rs. 80390.97 lacs compared to Rs. 58228.25 lacs in the previous year. Gross profit for the year is Rs. 3383.06 lacs compared to Rs. 2184.68 lacs for the previous year. The gross turnover was higher by 38.06% at Rs. 80390.97 lacs. The net profit was higher by 44.48% at Rs. 1343.99 lacs.

### Financial Overview

The projections for current year working capital limits submitted by company to lead bank i.e. Canara Bank for increase in working capital limits from Rs.265 crore to Rs. 350 crores to meet enhanced projection of more than 55% in turnover has been approved.

During the year, company got sanctioned term loans aggregating to Rs. 250 crores from Banks for its backward integration /expansion/ forward integration plan envisaging a capital outlay of Rs.333 crore. Company has regularly satisfied the repayment obligations of loans. The company continued its focus on efficient financial management and control covering areas of working capital and debt.

### Dividend

The Board of Directors of the Company have recommended dividend to the shareholders @ 6% on the equity shares which will absorb Rs. 99,60,000/- excluding Rs. 16,92,702/- as tax on dividend.

### Overview And Future Outlook

As a growth strategy your company is going for backward integration cum expansion programme by setting up a continuous polymerization plant for manufacturing of Chips/POY/FDY etc. adjacent to our existing POY/FDY units at Karanj. As a part of forward integration the company will set up texturising units in integrated textile park being set up by Surat Super Yarn Park Ltd. at Hathuran near Surat.

This backward integration / expansion / forward integration project is estimated to cost Rs. 333 Crore as per detailed project report prepared by Mott-MacDonald India. The project will be funded through mix of debt equity and internal accruals.

Your company has formed a subsidiary company pursuant to the laws of the Republic of Korea for the purpose of engaging in trading, manufacturing, import and export of POY, chips and yarn and any incidental activities thereto for the attainment of the said objects.

Your company has multiple opportunities for growth and diversification across line of business. Directors believe that the company thriving on these opportunities should maintain a steady growth.

Indian economic story remains steady. In spite of global fears, domestic demand for textiles remains steady and company expects further growth.

### Conversion Of Share Warrants

The company had on 24.08.2007 allotted 28,44,000 Share Warrants of Rs. 100/- each to fulfill the requirements of fresh funds to meet its working capital requirements to be converted into 1,42,20,000 equity shares of Rs. 10/- each at a premium of Rs. 10/- per equity share within 18 months to the Promoters' Group of the Companies and/or persons acting in concert and non promoter investors. In view of the market situation the non promoter investors did not opt for the conversion of Warrants. Whereas, the Promoter Group opted for conversion of 1,64,000 Warrants.

Accordingly the above referred 1,64,000 Share Warrants were converted into 8,20,000 equity shares of Rs.10/- each at a premium of Rs.10/- per share on 21.02.2009. Upon conversion, the paid-up share capital of the company has increased to Rs. 16,60,00,000.

### Directors

Smt. P. B. Jain is retiring by rotation at the forthcoming Annual General Meeting and being eligible offers herself for re-appointment.

The Board appointed Mr. M. S. Nayak w.e.f. 21.02.2009 as an additional Director of the company. Mr. M. S. Nayak aged 62 years is having a rich experience in Finance and his induction on the Board would benefit the Company.

### Forward-Looking Statement

This report contains forward looking statements. All statements that address expectations or projections about the future are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realized. The company's actual results, performances or achievements could thus differ materially from those projected in any such forward-looking statements.

### Corporate Governance

In line with guidelines recommended by Security & Exchange Board of India (SEBI) Committee on Corporate Governance adequate steps have been taken to ensure that all the mandatory provisions of Clause 49 of the Listing Agreement already complied with. A separate report on Corporate Governance is included as part of the Annual Report. The Auditors certificate confirming compliance of Corporate Governance is included in the said Corporate Governance report.

### Safety, Environment & Pollution Control Measures

During the year, due to various safety measures taken, no major accident took place in plant operations. Training programmes for safety awareness and safe working conditions were held round the year. Your Company has complied with various emission standards and other environmental requirements as per pollution control norms.

In order to improve environment tree plantations within the factory complex is being done on a continuous basis. Installation of Bi-fuel kits on DG sets which reduced SPM & sox discharged. In addition installation of Gas based generators which reduced SPM & SOX to almost nil. The Company has constructed water pond for rain water harvesting thereby increasing ground water table.

### Listing

Securities of your Company continue to be listed with Mumbai Stock Exchange. Annual listing fees have been paid to the Stock Exchange.

### Employees

There is no employee getting remuneration as prescribed under section 217(2A) of the Companies (Particulars of Employees) rules, 1975 as amended.

### Statutory Information

Statutory information required under the Companies (Disclosure of Particulars in the report of Board of Directors Rules, 1988) applicable to the Company and forming part of this report are set out in Annexure to this report.

### Auditors

M/s. N. M. Singapuri & Co. Chartered Accountants, Surat retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

### Directors Responsibility Statement

#### Directors Confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that 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;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

### Acknowledgement

Your Directors express their gratitude and sincere appreciation for the continued co-operation received from bankers and financial institutions throughout the year and for the utmost faith reposed by the investors and shareholders of the Company. They also place on record their sincere appreciation for the efforts put in by employees of the Company at all levels.

For and on behalf of the Board

Place: Mumbai      Shri B. G. Jain      Chairman & Managing Director  
Date : 30.05.2009      Shri D. B. Jain      Joint Managing Director



## MANAGEMENT DISCUSSION & ANALYSIS

### Industry Structure & Development

The man-made fibres industry is insulated from the effects of the global economic meltdown as derived demand accounts for only 14 percent of total demand.

Riding on a high growth trajectory, organized retail in India is expected to expand at nearly 28 percent per annum over the next 5 years. The primary factors contributing to this robust growth rate are rising disposable income, demographic changes, changing face of consumerism, growth of retail malls and growing performance of shopping through credit cards. Of the organized retail, clothing and textile comprise the largest share at 28 percent.

### Opportunities & Threats

Usage of PFY (POY / FDY) in non cotton fabric accounts for 76 percent of total domestic consumption of PFY. Over the past 5 years, demand for non cotton fabrics has grown at a CAGR of 5.7 percent which has translated into a 5.3 percent growth of domestic consumption of PFY. Going forward, we expect non cotton fabrics to grow at a faster pace which will translate into faster growth of PFY.

Margins of domestic POY (partially oriented yarn, POY is converted to PFY by a process known as texturing) players are expected to improve over the medium term from current levels as domestic operating rates improve.

Other key factors, besides operating rates, determining margins are feedstock and cotton yarn prices. However at the present time, feedstock prices being linked to crude prices are expected to decline and cotton yarn prices are also expected to remain high. Both the facts coupled with improving operating rates will support higher POY margins.

Demand for man-made fibres in 2009 is expected to remain stagnant at its 2008 levels on account of a temporary slack due to the weakness in the global and domestic economy.

However the domestic demand for polyester filament yarns remained steady having temporary sluggishness in the last quarter of 2008. The market has shown firmness thereafter and is expected to grow in future.

### Future Outlook

Gross margin (price less input cost) of POY/FDY are expected to improve gradually over the next 5 years. Declining feedstock costs, high cotton prices, and improving operating rates are likely to support higher margins in the long term.

Growth of the technical textile industry will drive growth of POY/FDY. Lower polyester prices due to lower prices of fibre intermediates (because of lower crude oil prices) will make polyester more attractive vis-à-vis Cotton and Viscose. Demand for POY/FDY is expected to grow by 4.7 percent in 2009, growing at a CAGR of 8.9 percent in the period 2009-2012.

Average household income is expected to grow by 40-45 percent by 2012 over 2007 levels, which will increase disposable income. Therefore, increased consumer spending will drive growth of the apparel and non-apparel segment.

### Human Resource Development (HRD)

Human Resource Development continued to receive focused attention. Industrial relations continued to be cordial throughout the year. The company has strength of 275 permanent employees. The company and its management value the dedication of its employees and acknowledge their contribution in attaining goals of the company. The company has been encouraging employees by providing a better working environment and other additional benefits.

### Energy Conservation

The use of gas machines have led to substantial cost saving and pollution free supply of power. The process for accreditation for claiming carbon credit also has already started and within short period the registration is expected.

### Risk & Concerns

The domestic polyester industry has witnessed significant capacity addition in the last 2 years. These capacities had been set up envisaging higher consumption from the end-use garments and made-ups sectors. However, the additions may outstrip the growth in demand temporarily thereby causing some pressure on the margins of domestic players for the time being.

### Cautionary Statement

Statements in this MDA may be 'forward looking statements' within the meaning of applicable securities laws and regulations. There are several factors which would be beyond the control of Management and as such, may affect the actual results which could be different from those envisaged.

## ANNEXURE TO THE DIRECTORS' REPORT

### FORM A

### DISCLOSURES OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	ASAT 31.12.2008	ASAT 31.12.2007
<b>A. POWER AND FUEL CONSUMPTION</b>		
Electricity		
Own Generation		
i) Through Diesel		
Generator Units (In 000's)	652.61	2594.65
Unit per liter of		
HSD/LDO/FO	4.53	4.16
Cost/Unit (Rs.)	6.93	8.10
ii) Through Gas		
Engine Units (In 000's)	34468.28	15085.36
Unit per scm	3.75	3.53
Cost/Unit (Rs.)	3.95	4.42
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
	<b>KWH/KGS</b>	<b>KWH/KGS</b>
<b>Products</b>		
POY / FDY	0.80	0.65

### FORM B

<b>A. RESEARCH AND DEVELOPMENT</b>	
1. Specific area in which R & D carried out by the Company	: Not Applicable
2. Benefits derived as a result of above R & D	: Not Applicable
3. Future plan of Action	: Not Applicable
4. Expenditure on R & D	: Not Applicable
<b>B. TECHNOLOGY ABSORPTION ADOPTION AND INNOVATION</b>	
1. Installation of 2 nos. Inverter on cooling Water Pumps in FDY section helps us to run Pumps on lower frequency.	
2. Installation of 2 nos. Inverter on chilled Water Pumps in FDY section helps us to run Pumps on lower frequency.	
3. Installation of Inverter in Fan of cooling towers in POY and FDY section helps us to run towers on lower frequency.	
4. POY and FDY section chilled water line inter connection helps us to stop chilling plant in POY section in winter season.	
5. Spinning fresh air AHU stopped in POY section by increasing return from spinning floor.	
6. FDY section yarn suction gun pressure reduced.	
<b>C. Foreign Exchange Earnings</b>	: NIL
Foreign Exchange Outgo	: Rs. 28557500.00

For and on behalf of the Board  
 Place: Mumbai Shri B. G. Jain Chairman & Managing Director  
 Date : 30.05.2009 Shri D. B. Jain Joint Managing Director

## CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company believes in continuous good corporate governance and always strives to improve performance at all levels by adhering to corporate governance practices, such as managing its affairs with diligence, transparency, responsibility and accountability. We have, therefore designed our systems and action plan to enhance performance and stakeholder value in the long run. We take pleasure in reporting that your company has complied with the features of corporate governance specified in Clause 49 of the Listing Agreement.

Your company firmly believes that building a culture of compliance is more than meeting regulations and standards. Your company is always proactive in meeting mandated standards and practicing Corporate Governance in spirit and not just the letter of the Law.

Your company's philosophy on Corporate Governance is based on following principles:

- i) Preserving core values and ethical business conduct.
- ii) Commitment to maximizing shareholder value on a sustained basis.
- iii) To enhance the efficiency of the Board and inculcate a culture of transparency, accountability and integrity across the company.
- iv) Perceiving and mitigating the various risks that impact the company.
- v) Make timely and transparent disclosures.
- vi) Legal and statutory compliances in its true spirit.

Your company's contributory factor is self regulatory system of prompt reporting, monitoring, certification and voluntary code of practice and standards which improves management effectiveness, supervision and accountability to stakeholders.

### CORPORATE ETHICS

As a responsible corporate the company consciously follows corporate ethics in both business and corporate interactions. The various Codes and Policies adopted by the company, act as a guiding principal to its functioning. Some of our Codes and Policies are:

- i) Code of Conduct and Ethics for Senior Management.
- ii) Code of Conduct for Prevention of Insider Trading.
- iii) Policy of Corporate Social Responsibility.
- iv) Policy of Corporate Governance.
- v) Legal Compliance Policy.
- vi) Whistle Blower Policy.
- vii) Policy on Customer Grievances.
- viii) Employee participation in Management.

These Codes/ Policies and their effective implementation underpin the commitment of the company to uphold highest principles of Corporate Governance consistent with the company's goal to enhance stakeholder value.

### BOARD OF DIRECTORS

#### PECUNIARY RELATIONSHIP

Non executive Directors / Independent Directors are committed to high level of Corporate Governance and as such they do not have any material pecuniary relationship with the company except as stated in the Corporate Governance Report.

#### COMPOSITION

The present strength of the Board of Directors is Six of which one is chairman cum managing director, one joint managing director and Four non-executive directors. Five Board Meetings were held during the year 2008 and all the operational and statutorily required information were placed before the Board. The details of the composition of the existing Board of Directors are given below:

Name of the Directors	category	Attendance		No. of other directorship and committee member / chairmanship		
		Board Meeting	Last AGM	Committee Membership	Committee Chairmanship	Other Directorship
Sh. B. G. Jain	CMD	5	No	---	---	6
Sh. D. B. Jain	JMD	4	Yes	3	2	10
Smt. P. B. Jain	NED	5	No	2	---	2
Sh. B. L. Maheshwari	NED/I	2	No	2	1	5
Sh. S. K. Bhoan	NED/I	5	No	---	---	5
Sh. M.S. Nayak*	NED/I	0	No	---	---	---

CMD -Chairman & Managing Director, JMD-Joint Managing Director, NED-Non Executive Director, I-Independent (\*appointed on 21.02.2009)

#### BOARD PROCEDURE

The Board meets atleast once a quarter to review the quarterly performance and the financial results. A detailed agenda folder is sent to each Director in advance of the Board Meetings. To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting, on the overall performance of the Company, and with presentations by functional heads.

#### COMMITTEES OF THE BOARD

##### AUDIT COMMITTEE

The Company has constituted an audit committee, comprising of three directors viz. Sh. D. B. Jain, Sh. B. L. Maheshwari and Smt. P. B. Jain. The constitution of Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956. The committee met three times during the period under review.



Audit Committee met on 16.01.2008, 11.04.2008 & 10.10.2008 during the year under review

The management of the Company is responsible for the Company's internal controls and the financial reporting process while the statutory auditors are responsible for performing independent audit of the Company's financial statements in accordance with the generally accepted auditing practices and for issuing reports based on such audits. The Audit Committee supervises these processes and thus ensures proper and timely disclosures to maintain the transparency, integrity and quality of financial control and reporting.

### Sitting Fee and Remuneration

The Non-executive directors of the Company are paid total sitting fees Rs. 30,000/- for attending the meetings of the Board / committees during the year under review.

The details of the remuneration paid to Sh. B. G. Jain, Managing Director & Sh. D. B. Jain Joint Managing Director is given below:

Name	Salary	Perquisites
Sh. B. G. Jain	2,00,000/- P.M.	* Perquisites shall be restricted to an amount equal to the annual salary
Sh. D. B. Jain	1,25,000/- P.M.	

\* Perquisites shall include Housing, Medical Reimbursement, Entertainment reimbursement, Leave, Traveling reimbursement, Club fees, Personal Accident Insurance, Provident fund, superannuation fund, Telephone, Car, Gratuity etc. There was no Stock Option issued to any directors of the Company.

### SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE

The Company has formed a share transfer committee comprising of Sh. D. B. Jain and Smt. P. B. Jain. The Committee oversees the performance of the share transfer and all the matters relating to investors grievance.

The Company has authorized Smt. R. T. Bhatt, Company Secretary to approve the share transfers.

The Board has designated Smt. R. T. Bhatt, Company Secretary as the Compliance officer.

The no. of complaints received and replied to the satisfaction of the shareholders during the year under review were 4. There were no outstanding complaints / transfers.

### GENERAL BODY MEETING

The last three Annual General Meetings of the Company were held as under:

	Location	Date	Time	Number Of Special Resolution Passed
AGM	Block No. 1 & 12 to 16, Village - Karanj, Taluka - Mandvi, Dist - Surat.	30.06.2006	12.30 P.M	5
AGM	Block No. 1 & 12 to 16, Village - Karanj, Taluka - Mandvi, Dist - Surat.	25.06.2007	12.30 P.M	4
AGM	Block No. 1 & 12 to 16, Village - Karanj, Taluka - Mandvi, Dist - Surat.	18.06.2008	12.30 P.M	4

### DISCLOSURES

- There were no materially significant transactions with related parties, which were in conflict with the interests of the Company. Suitable disclosures as required by Accounting Standard (AS-18)- Related Party Transactions, has been made in the Annual Report.
- There were no penalties, strictures imposed on the Company by Stock Exchanges or Securities & Exchange Board of India (SEBI) or any other Statutory Authority on any matter related to Capital Markets during the last three years.
- No personnel has been denied access to the audit committee.
- Disclosure with respect to the utilization of monies raised through preferential issue to the audit committee has been made as required as per Clause 49(IV)(D) of Listing agreement.

### CODE OF CONDUCT

The Board has adopted the Code of Conduct for Directors and Senior Management. All Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year under review.

### CEO / CFO CERTIFICATION

The requisite certification from the Managing Director and Chief Financial Officer required to be given under Clause 49(V) was placed before the Board of Directors of the Company.

### MEANS OF COMMUNICATION

- The Board of Directors of the Company approves and takes on record the quarterly, half yearly financial results in the proforma prescribed by Clause 41 of the Listing Agreement within one month of the close of the respective period.
- The approved financial results are forthwith sent to the Listed Stock Exchanges and are published in the leading newspapers namely the Western Times Gujarati, Surat and Economic Times Ahmedabad edition within forty-eight hours of approval thereof.
- Pursuant to Clause 51 of the Listing Agreement, all data related to quarterly financial results, shareholding pattern, etc. are hosted on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by SEBI in association with the National Informatics Centre, within the time frame prescribed in this regard.
- As the Company's quarterly financial results are published in press and also posted on its website, the same are not mailed to the shareholders.
- Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the Company.





## GENERAL SHAREHOLDER INFORMATION

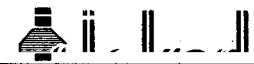
1.	Annual General Meeting Day, date, time & venue	Wednesday, 24 <sup>th</sup> June, 2009 at 12.30 P.M. at Block No. 1&12 to 16, Village - Karanj, Taluka -Mandvi, Dist.- Surat.	
2.	Financial calendar December 2008	AGM - 18. 06. 2008	Board Meeting
			21.01.2008 20.02.2008 15.04.2008 21.07.2008 15.10.2008
3.	Date of Book Closure	17.06.2009 To 24.06.2009 (both days inclusive)	
4.	Registered office	Block No. 1&12 to 16, Village - Karanj, Taluka -Mandvi, Dist.- Surat.	
5.	Investors Correspondence For transfer/ dematerialization of shares & any other query relating to the shares of the Company.	738, Ajanta Shopping Centre, Ring Road, Surat -395002 Phone : (0261) 2325114, 2328381 Fax : (0261) 2329609 Email : bhattrt@yahoo.co.in	
6.	Listing on Stock Exchanges	Mumbai Stock Exchange Annual Listing fee for the year 2009-10 has been paid to the exchange.	
7.	Stock code - physical Demat ISIN No. in NSDL & CDSL	521030 INE559B01015	

## 8. Stock Market data During 2008

MONTH	SHARE PRICE		BSE SENSEX Corresponding to Share Price	
	HIGH	LOW	HIGH	LOW
January	61.15	40.50	21206.77	15332.42
February	54.15	38.00	18895.34	16457.74
March	51.25	37.00	17227.56	14677.24
April	59.60	40.20	17480.74	15297.96
May	58.75	49.45	17735.70	16196.02
June	51.80	41.35	16632.72	13405.54
July	50.10	40.65	15130.09	12514.02
August	49.70	42.00	15579.78	14002.43
September	54.00	33.05	15107.01	12153.55
October	43.50	14.00	13203.86	7697.39
November	19.25	11.00	10945.41	8316.39
December	14.73	10.00	10188.54	8467.43

## 9. Distribution of Shareholding as on March 31, 2009.

No. of Equity Shares held	No of Shareholders	Percentage of Shareholders	No. of Equity Shares held	Percentage of Shareholding
1 to 50	225	2.98	5463	0.03
51 to 100	1831	24.24	182181	1.10
101 to 200	1383	18.31	274003	1.65
201 to 300	3085	40.83	923861	5.57
301 to 400	115	1.52	45734	0.28
401 to 500	271	3.59	135318	0.82
501 to 1000	364	4.82	289463	1.74
1001 to 2000	103	1.36	163673	0.99
2001 to 3000	50	0.66	128849	0.78
3001 & above	128	1.69	14451455	87.06
<b>Total</b>	<b>7555</b>	<b>100.00</b>	<b>16600000</b>	<b>100.00</b>



(I)	(II)	(III)	Total No. of Shares (IV)	Percentage of Share holding (V)	Shares Pledged / encumbered	
					(VI)	% [VII= (VI/IV)*100] (VII)
<b>(A)</b>	<b>Shareholding of Promoter &amp; Promoter Group</b>					
<b>1</b>	<b>Indian</b>					
(a)	Individuals/ Hindu Undivided Family	7	427100	2.57	185900	43.53
(b)	Central Government/ State Government(S)	0	0	0	0	0
(c)	Bodies Corporate	9	7910300	47.65	0	0
(d)	Financial Institutions/ Banks	0	0	0	0	0
(e)	Any Other (Specify)	0	0	0	0	0
	<b>Sub-Total(A)(1)</b>	<b>16</b>	<b>8337400</b>	<b>50.23</b>	<b>185900</b>	<b>2.23</b>
<b>2</b>	<b>Foreign</b>					
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0	0
(b)	Bodies Corporate	0	0	0	0	0
(c)	Institutions	0	0	0	0	0
(d)	Any Other (Specify)	0	0	0	0	0
	<b>Sub-Total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Shareholding of Promoter &amp; Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>16</b>	<b>8337400</b>	<b>50.23</b>	<b>185900</b>	<b>2.23</b>
<b>(B)</b>	<b>Public Shareholding</b>				N.A.	N.A.
<b>1</b>	<b>Institutions</b>				N.A.	N.A.
(a)	Mutual Funds/UTI	1	19530	0.12		
(b)	Financial Institutions/Banks	4	6400	0.04		
(c)	Central Government/State Government(s)	0	0	0		
(d)	Venture Capital Funds	0	0	0		
(e)	Insurance Companies	0	0	0		
(f)	Foreign Institutional Investors	0	0	0		
(g)	Foreign Venture Capital Investors	0	0	0		
(h)	Any Other (Specify)	0	0	0		
	<b>Sub-Total(B)(1)</b>	<b>5</b>	<b>25930</b>	<b>0.16</b>		
<b>2</b>	<b>Non-Institutions</b>				N.A.	N.A.
(a)	Bodies Corporate	140	4284361	25.81		
(b)	Individuals-					
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	6146	2041487	12.30		
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	29	1565687	9.43		
(c)	Any Other (Specify) NRI	1219	345135	2.08		
	<b>Sub-Total(B)(2)</b>	<b>7534</b>	<b>8236670</b>	<b>49.62</b>	<b>N.A.</b>	<b>N.A.</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>7539</b>	<b>8262600</b>	<b>49.77</b>		
<b>(C)</b>	<b>Shares held by custodians and against which Depository Receipt have been issued</b>		0	0	0.00	N.A.
	<b>Grand Total: (A)+(B)+(C)</b>	<b>7555</b>	<b>16600000</b>	<b>100.00</b>	<b>185900</b>	<b>1.12</b>

**10. Share Transfer System**

The transfer of shares in physical form is processed and completed by MCS Ltd., within a period of fifteen days from the date of receipt thereof provided all the documents are in order.

In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants.

**11. Dematerialization and Liquidity of shares**

The equity shares of the Company are traded in the S Group at the Mumbai stock Exchange. 13231805 shares being 79.71% of equity shares of the Company are dematerialized.

**12. Secretarial/Audit**

A Practicing Company Secretary carried out secretarial audit in each of the quarter in the financial year 2008, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The audit reports confirm that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total no. of dematerialized shares held with depositories.

**13. Registrar & Transfer Agent (for both physical & demat segment of Equity Shares of the Company.)**

MCS LIMITED

Neelam Apartment, 88, Sampatrao Colony, B/h Federation Bldg., Alkapuri, Baroda-390007

**14. Outstanding GDRS, ADRS, Warrants or any Convertible Instruments etc.: NIL**



## AUDITOR'S REPORT

To  
The Members of  
Nakoda Textile Industries Ltd.,

1. We have audited the attached Balance Sheet of **NAKODA TEXTILE INDUSTRIES LIMITED** as at 31<sup>st</sup> December, 2008 and also the Profit and Loss account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibilities of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, We report that :
  - (I) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (II) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (III) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (IV) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956;
  - (V) On the basis of written representations received from the Directors of the Company as on 31<sup>st</sup> December, 2008 and taken on record by the Board of Directors, we report that none of the Director of the Company is disqualified as on 31<sup>st</sup> December, 2008 from being appointed as a Director of the Company under clause (g) of sub section (1) of section 274 of the Companies Act, 1956;
  - (VI) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the Accounting Principles Generally Accepted in India;
    - (a) In the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> December, 2008;
    - (b) In the case of the Profit and Loss account, of the Profit of the company for the year ended on that date;

And

- (C) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

FOR N. M. SINGAPURI & CO.  
Chartered Accountants

Place : Surat  
Date : 30.05.2009

N. M. SINGAPURI  
Partner,  
Membership No. 11601



**ANNEXURE TO AUDITORS' REPORT**  
**(Referred to in Paragraph 3 of our report of even date)**

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.  
(b) As explained to us, the fixed assets have been physically verified by the management during the year in phased periodical manner, which in our opinion is reasonable, having regard to the size of company and nature of its assets. No material discrepancies were noticed on such physical verification.  
(c) In our opinion, the company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. (a) As explained to us, inventories have been physically verified during the year by the management at regular intervals.  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.  
(c) The company has maintained proper records of inventories. As explained to us there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
3. The company has neither granted nor taken any loans secured or unsecured to/from the companies/firms or parties covered in the register maintained Under Section 301 of the companies act 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. The company has not entered in to transactions exceeding the value of Rs. 5 Lacs with any party need to be entered in to register in pursuance of the section 301 of the Companies Act.
6. The company has not accepted any deposit from the public.
7. In our opinion, the internal audit system of the company is commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the said records with a view to determine whether they are accurate or complete.
9. (a) According to the records of the company undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Excise and Custom, Wealth Tax, Estate Duty have been generally regularly deposited with the appropriate authorities.  
(b) According to the information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> December 2008 for the period of more than six months for the date of becoming payable.  
(c) According to records of the company, following disputed statutory dues have not been deposited with appropriate authorities.

(Rs. In Lacs)

Sr. No	Name of Status	Nature of the dues	Forum where disputes is pending	Amount
1	Central Excise Act 1944	Excise Duty	CEGATE and Commissioner of Excise	27.23

16. The company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
11. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
14. In respect of dealing/trading in securities, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The securities have been held by the Company in its own name.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. According to information and explanations given to us and based on the documents and records produced to us, the company has applied the term loans for the purpose for which the loan were obtained.
17. According to the information and explanations given to us and an overall examination of the Balance Sheet and Cash Flow Statement of the company, we report that no funds raised on short-term basis have been used for long-term investment.
18. The company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The company has not issued any debenture.
20. The company has not raised any money through a public issue.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no material fraud on or by the Company has been noticed or reported during the course of our audit.

**FOR N. M. SINGAPURI & CO.**  
Chartered Accountants

Place : Surat  
Date : 30.05.2009

**N. M. SINGAPURI**  
Partner  
Membership No. 11601

## BALANCE SHEET AS AT 31ST DECEMBER, 2008

		AS AT 31.12.2008	(Rs. In Lacs) AS AT 31.12.2007
<b>I. SOURCES OF FUNDS :</b>			
<b>Share Holders' Funds</b>			
Share Capital	1	1,578.00	1,500.00
Share Application Money	2	0.00	800.00
Share Warrant & FCD	3	284.40	300.00
Reserves & Surplus	4	<u>5,569.36</u>	<u>4,430.85</u>
		<u>7,431.76</u>	<u>7,030.85</u>
<b>Loan Funds</b>			
Secured Loans	5	7,230.13	6,425.34
Unsecured Loans	6	<u>5,966.27</u>	<u>2,648.86</u>
		<u>13,196.40</u>	<u>9,074.20</u>
<b>Deferred Tax Liability</b>		<u>531.49</u>	<u>364.54</u>
<b>TOTAL</b>		<u><u>21,159.65</u></u>	<u><u>16,469.59</u></u>
<b>II. APPLICATION OF FUNDS :</b>			
<b>Fixed Assets</b>			
Gross Block	7	9,691.29	9,285.71
Less : Depreciation		<u>3,643.50</u>	<u>3,166.31</u>
Net Block		<u>6,047.79</u>	<u>6,119.40</u>
Capital Work in Progress		<u>506.80</u>	<u>0.00</u>
		<u>6,554.59</u>	<u>6,119.40</u>
<b>Investments</b>	8	670.15	19.05
<b>Current Assets, Loans And Advances :</b>			
Inventories	9	5,874.11	3,469.53
Sundry Debtors	10	20,750.18	15,185.57
Cash & Bank Balances	11	3,544.58	2,904.96
Loans & Advances	12	<u>449.87</u>	<u>166.68</u>
		<u>30,618.74</u>	<u>21,726.74</u>
<b>Less : Current Liabilities &amp; Provisions</b>	13	<u>16,683.83</u>	<u>11,395.59</u>
<b>Net Current Assets</b>		<u>13,934.91</u>	<u>10,331.14</u>
<b>TOTAL</b>		<u><u>21,159.65</u></u>	<u><u>16,469.59</u></u>
<b>Significant Accounting Policies &amp; Notes on Accounts</b>	20		

As per our attached report of even date.

**For N. M. SINGAPURI & CO.**  
Chartered Accountants

**N. M. SINGAPURI**  
Partner  
Membership No. 11601  
Surat, 30.05.2009

For and on Behalf of the Board

**B. G. Jain** Chairman & Managing Director  
**D. B. Jain** Joint Managing Director  
**Rashmi Bhatt** Company Secretary  
Surat, 30.05.2009



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2008

		AS AT 31.12.2008	(Rs. In Lacs) AS AT 31.12.2007
SCHEDULES			
<b>INCOME :</b>			
Sales	14	80,141.18	58,004.25
Less : Excise Duty / VAT		<u>2,246.18</u>	<u>2,032.05</u>
<b>Net Sales</b>		<b>77,895.00</b>	55,972.20
Other Income	15	249.79	223.99
Variation in Stocks		(+) <u>607.63</u>	(+) <u>1,392.07</u>
		<u><b>78,752.42</b></u>	<u>57,588.27</u>
<b>EXPENDITURE :</b>			
Consumption of Materials	16	70,618.46	52,476.64
Manufacturing Expenses	17	4,185.43	2,630.75
Financial Expenses	18	1,561.88	891.47
Administrative & Selling Expenses	19	239.98	191.26
		<u>76,605.75</u>	<u>56,190.12</u>
<b>Profit before Depreciation &amp; Tax</b>		<b>2,146.67</b>	1,398.14
Less : Depreciation		477.19	363.00
<b>Profit before tax</b>		<b>1,669.48</b>	1,035.14
Less : Provision for Taxation		325.49	104.93
<b>Profit after tax</b>		<b>1,343.99</b>	930.21
Add : Balance Brought Forward		3,134.31	1,553.77
Differential Depreciation (SLM)		0.00	965.04
Less : Deferred Tax Liability		166.95	226.97
Balance available for appropriations		<u>* 4,311.35</u>	<u>3,222.05</u>
<b>APPROPRIATIONS :</b>			
Less : Proposed Dividend		99.60	75.00
Tax on Proposed Dividend		16.93	12.75
<b>Balance Carried to Balance Sheet</b>		<u>4,194.82</u>	3,134.31
		<u><b>4,311.35</b></u>	<u>3,222.05</u>

**Significant Accounting Policies & Notes on Accounts** 20

As per our attached report of even date.

**For N. M. SINGAPURI & CO.**  
Chartered Accountants

**N. M. SINGAPURI**  
Partner  
Membership No. 11601  
Surat, 30.05.2009

For and on Behalf of the Board

**B. G. Jain** Chairman & Managing Director  
**D. B. Jain** Joint Managing Director  
**Rashmi Bhatt** Company Secretary  
Surat, 30.05.2009



## SCHEDULES FORMING PART OF THE BALANCE SHEET

	AS AT 31.12.2008	(Rs. In Lacs) AS AT 31.12.2007
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
4,00,00,000 (3,00,00,000) Equity Shares of Rs.10/- each	4,000.00	3,000.00
10,00,000 (10,00,000) Preference Shares of Rs.100/- each	1,000.00	1,000.00
	5,000.00	4,000.00
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
1,57,80,000 (1,50,00,000) Equity Shares of Rs. 10/- each fully paid up	1,578.00	1,500.00
(i) 6,50,000 shares are allotted as fully paid up by way of Bonus Shares as on 16-09-1991		
(ii) 6,32,500 Shares fully paid up converted from fully Convertible Debentures as on 17-09-1992		
(iii) 7,80,000 Shares fully paid up converted from fully Convertible Debentures as on 20-02-2008)		
<b>TOTAL</b>	<b>1,578.00</b>	<b>1,500.00</b>
<b>SCHEDULE - 2 : SHARE APPLICATION MONEY</b>		
FCD & Share Warrant application money	0.00	800.00
<b>TOTAL</b>	<b>0.00</b>	<b>800.00</b>
<b>SCHEDULE - 3 : SHARE WARRANT &amp; FCD</b>		
1) 260000 Fully Convertible Debenture of Rs. 60 each	0.00	15.60
2) 2844000 Share Warrants of Rs. 100 each	2844.00	
Less : Uncalled Money	2559.60	284.40
<b>TOTAL</b>	<b>284.40</b>	<b>300.00</b>
<b>SCHEDULE - 4 : RESERVES &amp; SURPLUS</b>		
Share Premium Account	953.50	875.50
General Reserve	375.36	375.36
Investment Subsidy	45.68	45.68
Profit & Loss Appropriation	4,194.82	3,134.31
<b>TOTAL</b>	<b>5,569.36</b>	<b>4,430.85</b>
<b>SCHEDULE - 5 : SECURED LOANS</b>		
<u>Working Capital Loans</u>		
Canara Bank	2,142.21	2,685.66
Syndicate Bank	1,152.54	883.13
State Bank of Patiala	1,213.47	887.93
Axis Bank Ltd.	844.11	0.00
<u>Term Loans</u>		
Canara Bank	998.75	924.46
State Bank of Patiala (Corporate Loan)	0.00	134.90
Syndicate Bank	879.05	909.26
<b>TOTAL</b>	<b>7,230.13</b>	<b>6,425.34</b>
<b>Note:- (I) Facilities from Canara Bank, State Bank of Patiala, Syndicate Bank and Axis Bank Ltd. are secured by hypothecation of stock in trade and book-debts and collateral security of equitable mortgage of Land and Building situated at Company's Texturising division at Karanj and Block no. 17 to 19 at Karanj. First charge by way of hypothecation of machineries situated at Company's Texturising Division at Karanj and 5 POY lines situated at Block No.13 to 16. Second charge by way of mortgage and/or hypothecation of Land, Building and Machineries situated at Company's POY division at Karanj on which G.I.I.C. Ltd. &amp; G.S.F.C. having 1st charge and personal guarantee of Directors of the Company and corporate guarantee of B. G. Jain Investment Pvt. Ltd., G. P. Shah Investment Pvt. Ltd., P. B. Jain Investment Pvt. Ltd. and Varju Investment Pvt. Ltd.</b>		
<b>SCHEDULE - 6 : UNSECURED LOANS</b>		
Agency Deposit	351.00	1,163.86
Others	5,615.27	1,485.00
<b>TOTAL</b>	<b>5,966.27</b>	<b>2,648.86</b>

**SCHEDULE - 7 : FIXED ASSETS**

(Rs. In Lacs)

Particulars	Gross Block			Depreciation				Net Block		
	As On 01.01.08	Addition	Deduction	As On 31.12.08	As On 01.01.08	Addition	Deduction	As On 31.12.08	As On 31.12.08	As On 31.12.07
Land	49.37	0.00	0.00	49.37	0.00	0.00	0.00	0.00	49.37	49.37
Building & Godown	1007.25	378.17	0.00	1385.42	132.05	34.77	0.00	166.82	1218.60	875.20
Plant & Machinery	7646.20	26.92	0.00	7673.12	2754.58	405.02	0.00	3159.60	4513.52	4891.61
Electric Installation	336.41	0.00	0.00	336.41	114.40	17.76	0.00	132.16	204.25	222.01
Office Equipment	52.40	0.34	0.00	52.74	25.56	2.78	0.00	28.34	24.40	26.84
Furniture & Fixtures	49.89	0.14	0.00	50.03	42.60	3.16	0.00	45.76	4.27	7.29
Vehicles	144.20	0.00	0.00	144.20	97.12	13.70	0.00	110.82	33.38	47.08
<b>TOTAL</b>	<b>9285.72</b>	<b>405.57</b>	<b>0.00</b>	<b>9691.29</b>	<b>3166.31</b>	<b>477.19</b>	<b>0.00</b>	<b>3643.50</b>	<b>6047.79</b>	<b>6119.41</b>
Previous Year	6747.78	2661.36	123.42	9285.71	2888.73	363.00	85.41	3166.31		
Capital Work in Progress									506.80	0.00
<b>TOTAL</b>									<b>6554.59</b>	<b>6119.41</b>

(Rs. In Lacs)

**AS AT**  
**31.12.2008**
**AS AT**  
**31.12.2007**
**SCHEDULE - 8 : INVESTMENTS**
**LONG TERM, TRADE, UNQUOTED AT COST :**

Nakoda Syntex P. Ltd. (50 Equity Share of Rs. 100/- each fully paid up)	<b>0.05</b>	0.05
Surat Super Yarn Park Ltd. (18000 Equity Share of Rs. 10/- each fully paid up)	<b>56.80</b>	4.00
Vrushti Financial Services Pvt. Ltd. (Share Application Money 1,50,000 Equity Share of Rs. 10/- each)	<b>0.00</b>	15.00
Koncept Infotainment Pvt. Ltd. (18000 Equity Share of Rs. 10/- each fully paid up)	<b>18.00</b>	0.00
Nakoda Realities Pvt. Ltd. (5400 Equity Share of 10/- each fully paid up)	<b>5.40</b>	0.00
Nakoda Energy Pvt. Ltd. (900 Equity Share of 10/- each fully paid up)	<b>0.90</b>	0.00
Nakoda Financial Services Pvt. Ltd. (10000 Equity Share of 10/- each fully paid up)	<b>10.00</b>	0.00
Nakoda Infrastructure & Leasing Pvt. Ltd. (900 Equity Share of 10/- each fully paid up)	<b>0.90</b>	0.00
Nakoda Shipyard Pvt. Ltd. (900 Equity Share of 10/- each fully paid up)	<b>0.90</b>	0.00
Surat Super Yarn Park Ltd. (Share Application Money)	<b>577.20</b>	0.00
<b>TOTAL</b>	<b>670.15</b>	<b>19.05</b>
Note : Aggregate Cost of Unquoted Investments	<b>670.15</b>	<b>19.05</b>

**SCHEDULE - 9 : INVENTORIES**

Raw Materials	<b>2,436.52</b>	782.20
Finished goods	<b>3,076.02</b>	2,468.39
Fuel, Oil, Chemical, Packing Material and Stores Spares	<b>361.57</b>	218.94
<b>TOTAL</b>	<b>5,874.11</b>	<b>3,469.53</b>

**SCHEDULE - 10 : SUNDRY DEBTORS (Unsecured Considered Good)**

Due for a period exceeding six months	<b>4.29</b>	6.16
Others	<b>20,745.89</b>	15,179.41
<b>TOTAL</b>	<b>20,750.18</b>	<b>15,185.57</b>

**SCHEDULE - 11 : CASH & BANK BALANCE**

Cash & Cheque in Hand	<b>4.75</b>	6.79
With Schedule Bank in :		
Fixed Deposits	<b>3,517.72</b>	2,893.36
Current Account	<b>22.11</b>	4.80
<b>TOTAL</b>	<b>3,544.58</b>	<b>2,904.96</b>





(Rs. in Lacs)

AS AT  
31.12.2008

AS AT  
31.12.2007

**SCHEDULE - 12 : LOANS & ADVANCES (Unsecured Considered Good)**

Deposits with Govt. Authorities	4.23	4.23
Advances Recoverable in Cash or in kind or for value to be received	<u>445.64</u>	<u>162.45</u>
<b>TOTAL</b>	<u><u>449.87</u></u>	<u><u>166.68</u></u>

**SCHEDULE - 13 : CURRENT LIABILITIES & PROVISIONS**

**Current Liabilities :**

Acceptances Under L/C	16,401.95	11,253.38
Sundry Creditors		
(1) Dues of small scale industrial undertaking(s)	6.29	2.30
(2) Other	18.87	20.91
Other Liabilities	140.19	31.25

**Provisions :**

Provision for Dividend & Tax	116.53	87.75
<b>TOTAL</b>	<u><u>16,683.83</u></u>	<u><u>11,395.59</u></u>

**SCHEDULE - 14 : SALES**

	AS AT 31.12.2008 (Rs. in Lacs)	Quantity in MT./MTR	AS AT 31.12.2007 (Rs. in Lacs)	Quantity in MT./MTR
Chips	46.21	76.00	3,337.25	5,956.500
POY / FDY	34,666.99	42243.946	21,191.68	26,768.117
Texturised / D. T.	609.27	641.337	412.57	408.426
PFY	15,001.02	15546.282	17,878.52	19,892.305
SALT	13,642.62	4658110.000	15,184.24	5,061,413.000
SOYAMEAL	2,164.59	13150.000	0.00	0.000
Fancy Shirting / Grey	14,010.48	17939.609	0.00	0.000
<b>TOTAL</b>	<u><u>80,141.18</u></u>	<u><u>4747707.174</u></u>	<u><u>58,004.25</u></u>	<u><u>5,114,438.348</u></u>

**SCHEDULE - 15 : OTHER INCOME**

Interest	72.0	69.08
Miscellaneous Income	156.27	130.11
Insurance Claim	21.48	11.81
Profit on Sales of Fixed Assets	0.00	12.99
<b>TOTAL</b>	<u><u>249.79</u></u>	<u><u>223.99</u></u>

**SCHEDULE - 16 : CONSUMPTION OF MATERIALS**

Opening Stock	782.20	1,390.77
Purchases	<u>72,272.78</u>	<u>51,868.07</u>
	73,054.98	53,258.85
Less : Closing Stock	<u>2,436.52</u>	<u>782.20</u>
<b>TOTAL</b>	<u><u>70,618.46</u></u>	<u><u>52,476.64</u></u>

**SCHEDULE - 17 : MANUFACTURING EXPENSES**

Consumption of Fuel	1,408.19	876.81
Consumption of Oil, Chemicals, Packing Material	1,025.40	607.46
Repairs & Maintenance to Building	49.22	20.39
Consumption of Stores spares & Maintenance to Machineries	345.84	209.71
Salaries, Wages & Others Employees Benefits	258.20	213.23
Contribution to P.F. & Other Funds	25.18	18.44
Insurance Premium	28.26	19.07
Transportation & Octroi	242.91	146.38
Factory Expenses	13.34	9.63
Customs Clearing Expenses	330.47	222.03
Lease Rental Charges	458.42	287.61
<b>TOTAL</b>	<u><u>4,185.43</u></u>	<u><u>2,630.75</u></u>

**SCHEDULE - 18 : FINANCIAL EXPENSES**

On Fixed Loans	239.84	154.46
On Other Loans	<u>1,322.04</u>	<u>737.01</u>
<b>TOTAL</b>	<u><u>1,561.88</u></u>	<u><u>891.47</u></u>

**SCHEDULE - 19 : ADMINISTRATIVE & SELLING EXPENSES**

Printing & Stationery	5.57	5.25
Traveling Expenses	36.28	27.25
Other Repairs & Maintenance	10.19	9.43
Postage & Telephone Expenses	17.92	20.87
Office Expenses	6.26	5.17
Rent	41.56	20.27
Legal & Professional Expenses	36.82	32.20
Directors Sitting Fees	0.30	0.09
Subscription & Membership Fees	2.87	2.17
Rates & Taxes	1.04	0.81
Donations	9.13	7.25
Staff Welfare Expenses	9.08	7.86
Audit Fee	2.25	1.69
Electricity Expenses	13.19	12.25
Advertisement & Recruitment Expenses	12.26	7.94
Listing Fee	0.80	0.52
Sales Commission	26.94	23.85
Secretarial Expenses	2.83	0.96
Vehicle Maintenance	4.69	4.57
Textile Committee Cess	0.00	0.88
<b>TOTAL</b>	<b>239.98</b>	<b>191.26</b>

As per our attached report of even date.

**For N. M. SINGAPURI & CO.**  
Chartered Accountants

**N. M. SINGAPURI**  
Partner  
Membership No. 11601  
Surat, 30.05.2009

For and on Behalf of the Board

**B. G. Jain** Chairman & Managing Director  
**D. B. Jain** Joint Managing Director  
**Rashmi Bhatt** Company Secretary  
Surat, 30.05.2009

**SCHEDULE - 20 : ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****1. Significant Accounting Policies:****(A) Basis of Preparation of Financial Statements:**

The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India, the applicable accounting standards and as per provisions of the Companies Act, 1956. The company follows the mercantile system of accounting and recognizes Income and Expenditure on accrual basis. Accounting Policies not referred to otherwise are consistent with the generally accepted accounting principles.

**(B) Fixed Assets:**

Fixed Assets are stated at cost less Accumulated Depreciation. Cost comprises purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

**(C) Depreciation:**

Depreciation on Fixed Assets has been calculated on straight line method at the rate prescribed in schedule XIV to the Companies Act, 1956. Depreciation on addition/deletion during the year has been provided on prorata basis.

**(E) Investments:**

Investments are stated at cost of acquisition.

**(F) Inventories:**

Inventories are valued at lower of cost or net realisable value using FIFO cost method.

**(G) Retirement Benefits:**

Contribution to Provident Fund, Liability for Leave encashment and Gratuity are accounted for on accrual basis.

**(H) Excise Duty:**

The liability for Central Excise duty on account of stocks lying in factory has not been provided in the books of accounts as the same is being accounted for on payment basis and not carried into stock as per practice followed by the company. However, the liability if accounted would have no effect on the Profit for the year.

**(I) Revenue Recognition:**

- Sales is net of Sales tax/VAT, Excise duty, Sales return, Rate difference, damage goods Compensation etc.
- Other income is accounted on due basis as per the terms.

**(J) Foreign Currency Transactions:**

Transaction in foreign currency are recorded at the rates of exchange in force at the time transactions are affected



(K) **Borrowing Cost**

Borrowing Cost that are directly attributable to the acquisition, construction of qualifying assets, Wherever applicable, are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

(L) **Impairment Loss**

As required by the Accounting Standards (AS 28) "Impairment of Assets" issued by ICAI, as informed to us, the company has carried out the assessment of impairment of assets. There has been no Impairment loss during the year.

(M) **Related Party disclosures as per accounting standard 18**

- (a) Where control exists
- |                                   |                                             |
|-----------------------------------|---------------------------------------------|
| - Nakoda Syntex Pvt. Ltd.         | - Koncept Infotainment Pvt. Ltd.            |
| - B. G. Jain Investment Pvt. Ltd. | - Nakoda Realities Pvt. Ltd.                |
| - G. P. Shah Investment Pvt. Ltd. | - Nakoda Energy Pvt. Ltd.                   |
| - P. B. Jain Investment Pvt. Ltd. | - Nakoda Financial Services Pvt. Ltd.       |
| - Varju Investment Pvt. Ltd.      | - Nakoda Infrastructure & Leasing Pvt. Ltd. |
| - Nakoda Shipyard Pvt. Ltd.       | - Surat Super Yarn Park Ltd.                |

(b) Key Management Personnel :

Shri B. G. Jain (Chairman & Managing Director)

Shri D. B. Jain (Joint Managing Director)

(c) Other related parties with whom transaction have taken place during the year : NIL

**Transaction with Related Parties**

(Rs. In Lacs)

Type of Related Party	Description of Nature of Transaction	Volume of Transaction		Outstanding as on	
		2008	2007	31st Dec 2008	31st Dec 2007
Where Control Exists	FCD Issued	NIL	1560.00	NIL	NIL
	Share warrant issued	NIL	2844.00	2559.60	1900.00
	Investments & Loans	803.40	4.05	783.40	NIL
Key management Personnel	Remuneration etc.	33.30	21.60	NIL	NIL

2. **Contingent Liabilities :**

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. Nil ( Pre. Year Rs. Nil)  
 b) Outstanding guarantee furnished by Company's bankers Rs. 143.75 lacs (Pre. Year Rs. 216.94 lacs).  
 c) Claim against the Company not acknowledged as debt : Rs. NIL  
 d) Uncalled Liabilities : Rs. NIL

3. Salary and wages Rs. 2,58,20,218/- (Pre. year Rs. 2,13,22,864/-) includes remuneration paid to Directors Rs. 33,30,000/ (Pre. year Rs. 21,60,000/-)

4. The balances of debtors, creditors, deposits, loans & advances are subject to confirmation.

5. **Auditor's Remuneration**

	Current Year Rs. :	Previous Year Rs. :
(a) As Auditor's : (including tax audit)	1,68,540	1,12,360
(b) As Advisor or in any other capacity in respect of:		
a) Company law matter:	--NIL--	--NIL--
b) Taxation matter:	--NIL--	--NIL--
c) Management service	--NIL--	--NIL--
d) in any other matter	56,460	56,180

6. **Segment Information as per Accounting Standard 17:**

A) Primary Segment Reporting (by Activity Segment) - The two identified Segments are (i) Manufacturing (ii) Trading

(Rs.in Lacs)

2008		Manufacturing	Trading	Total
1	<b>Segment Revenue</b>			
	Net Income from Sales	35276.26	44864.92	80141.18
2	<b>Segment Result</b>			
	Profit Before Interest & Tax	1946.58	1284.78	3231.36
	Less : Interest	736.53	825.35	1561.88
	Total Profit/(Loss) before Tax	1210.05	459.43	1669.48
	Exceptional items	0.00	0.00	0.00
	Profit/(Loss) after Exceptional items	1210.05	459.43	1669.48
3	<b>Capital Employed</b>	-	-	9002.29

Capital Employed has not been identified with any of the reportable segments, as the assets used in the company's business and liabilities contracted are used interchangeable between segments.

7. Deferred Tax liability that has been recognised in Balance Sheet is as under:

Deferred Tax Liability	Opening as on 01-01-08	Debit/(Credit) during the year	Closing as at 31-12-08
Unabsorbed depreciation Under Income Tax Act, 1961	(13399268)	(16694835)	(30094103)
Unabsorbed Losses Under Income Tax Act, 1961	(23055010)	-	(23055010)
<b>Total</b>	<b>(36454278)</b>	<b>(16694835)</b>	<b>(53149113)</b>



8. As required by Accounting Standard 20 on Earning Per Share Issued by the Institute of Chartered Accountants of India (ICAI) basic & Diluted Earning Per Share are calculated as under.

	31/12/2008	31/12/2007
Profit as per P&L A/c	134398607	93021702
Weighted number of Equity Share	15780000	15000000
Face Value of Share	10.00	10.00
Basic & Diluted EPS	8.52	6.20

9. Registered / installed capacity and production of each class of goods manufactured :

	Items	Units Nos.	Capacity		Production	
			Registered	Installed	Current Year	Previous Year
1.	POY <input type="checkbox"/>	M.T.	50000	30000 <input type="checkbox"/>	42774	27344
2.	FDY <input type="checkbox"/>			19500 <input type="checkbox"/>		
3.	Texturised Yarn	M.T.	650	650 <input type="checkbox"/>		
4.	Draw Twisted Yarn	M.T.	420	420 <input type="checkbox"/>	677	410

10. Turnover: (Rs. in 000's)

Items	Units	Current Year		Previous Year	
		Qty.	Value	Qty.	Value
POY <input type="checkbox"/>	M.T.	42244	3466699	26768	2119168
FDY <input type="checkbox"/>					
Texturised / D.T. Yarn	M.T.	641	60927	408	41257

11. Details of Raw Materials, Components, Stores, Packing Materials, Oils & Chemicals purchased or acquired during the year under audit were :

(Rs. in Lacs)

- (i) Raw Material ( Chips ) Indegineous 70618.46/-  
(ii) Fuel, Oil, Chemicals, Packing Material, Components, Stores Spares Etc. 2779.43/-

12. Details regarding Opening Stock, Purchase, Sales, Consumption and Closing Stock.

	Chips (Kgs.)	POY/FDY (Kgs.)	Texturised (Kgs.)	PFY/ (Kgs.)	Salt (Mt)	Soya (Mt)	Fancy Shirting (Mt)
Opening Stock	1307818	241139	14021	255930	376306	6183.440	—
Purchase	45805276	—	—	15533215	4447068	16516.154	18723280
Transfer from Chips/POY	—	42773758	676790	—	—	—	—
<b>Total</b>	<b>47113094</b>	<b>43014897</b>	<b>690811</b>	<b>15789145</b>	<b>4823374</b>	<b>22699.594</b>	<b>18723280</b>
Sales	76000	42243946	641337	15546282	4658110	13150.000	17939609
Consumption	42773758	676790	—	—	—	—	—
Wastage	1973478	—	—	—	—	—	—
Closing Stock	2289858	94161	49474	242863	165264	9549.594	783671
<b>Total</b>	<b>47113094</b>	<b>43014897</b>	<b>690811</b>	<b>15789145</b>	<b>4823374</b>	<b>22699.594</b>	<b>18723280</b>

13. Value of imports on C.I.F. Basis (Rs. in 000's):  
Raw Materials

Current Year 28557.500  
Previous Year 832949.549

14. Earning in foreign exchange on export of goods calculated on FOB Basis (Rs. in 000's):

Current Year ---NIL---  
Previous year ---NIL---

15. Expenditure in foreign currency / (Rs. in 000's):

Current Year ---NIL---  
Previous year ---NIL---

16. Consumption of Imported Raw Material (Rs. in 000's):

Current Year 28557.500  
Previous year 832949.549

17. Sundry Debtors and advances include Rs. NIL due from concern in which directors of the company are directors or the members or partners in case of firm.

18. Small Scale industries to whom the company owes a sum which is outstanding for more than 30 days are Rs. NIL

19. Previous year's figures have been regrouped and/or recast wherever necessary and made them comparable with the current year's figure.

As per our attached report of even date.

**For N. M. SINGAPURI & CO.**  
Chartered Accountants

For and on Behalf of the Board

**N. M. SINGAPURI**  
Partner  
Membership No. 11601  
Surat, 30.05.2009

**B. G. Jain** Chairman & Managing Director  
**D. B. Jain** Joint Managing Director  
**Rashmi Bhatt** Company Secretary  
Surat, 30.05.2009



## Balance Sheet Abstract and Company's General Business Profile

<b>I</b>	<b>Registration Details</b>				
	Registration No..	L17111GJ1984PLC45995			State Code 04 (Refer Code List)
	Balance Sheet Date	31	12	2008	
		Date	Month	Year	
<b>II</b>	<b>Capital raised during the year (Rs. In Lacs)</b>				
	Public Issue				Rights Issue
	NIL				NIL
	Bonus Issue				Private Placement
	NIL				NIL
<b>III</b>	<b>Position of Mobilisation and Deployment of Funds (Rs. In Lacs)</b>				
	Total Liabilities				Total Assets
	21,159.65				21,159.65
	<b>Sources of Funds</b>				
	Paid-up Capital				Share Application Money
	1,578.00				0.00
	Share Warrant & FCD				Reserves & Surplus
	284.40				5,569.36
	Secured Loans				Unsecured Loans
	7,230.13				5,966.27
	Deferred Tax Liability				
	531.49				
	<b>Application of Funds</b>				
	Net Fixed Assets				Investments
	6,554.59				670.15
	Net Current Assets				Deferred Tax Assets
	13,934.91				0
	Misc. Expenditure				Accumulated Losses
	NIL				NIL
<b>IV</b>	<b>Performance of Company (Rs. In Lacs)</b>				
	Turnover (Net)				Total Expenditure
	78,752.42				77,082.94
	+ - Profit/Loss Before Tax				+ - Profit/Loss After Tax
	1,669.48				1,343.99
	(Please tick appropriate box + for profit, - for loss)				
	Earning per Share in Rs.				Dividend Rate %
	8.52				6%
<b>V</b>	<b>Generic Names of Three Principal Products / Services of Company (as monetary terms)</b>				
	Item Code No				54024600
	(ITC Code)				
	Product Description				<b>PARTIALLY ORIENTED YARN</b>
	Item Code No				54023300
	(ITC Code)				
	Product Description				<b>POLYESTER TEXTURISED YARN</b>
	Item Code No				54024300
	(ITC Code)				
	Product Description				<b>POLYESTER FULLY DRAWN YARN</b>

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To  
The members of  
**NAKODA TEXTILE IND. LTD.**

We have examined the compliance of conditions of Corporate Governance by Nakoda Textile Industries Ltd. ("The Company") for the year ended 31st December, 2008, as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances for a period exceeding one month against Company as on 31<sup>st</sup> December, 2008 is/are pending as per the records maintained by the shareholders / investor's grievances committee.

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

**FOR N. M. SINGAPURI & CO.**  
Chartered Accountants

**N. M. SINGAPURI**  
Partner  
Membership No. 11601

Place : Surat  
Date : 30.05.2009



**CASH FLOW STATEMENT FOR THE YEAR ENDED  
31ST DECEMBER, 2008**

	<u>31.12.2008</u>	<u>(Rs. In Lacs) 31.12.2007</u>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extraordinary items	1,343.99	930.22
Add : Depreciation	477.19	277.58
Interest	1,561.88	891.47
Operating Profit before Working Capital Charges	<u>3,383.06</u>	<u>2,099.27</u>
Add / (Less) : (Increase) / Decrease in Current Assets		
Debtors	(5,564.61)	(5,816.62)
Inventories	(2,404.58)	(818.43)
Loans & Advances	(283.19)	37.14
Add / (Less) : (Increase) / Decrease in Current Liabilities & Provisions	<u>(4,869.32)</u>	<u>(4,498.63)</u>
Cash Generated From Operations	418.92	(37.79)
Interest Paid	(1,552.58)	(984.86)
Direct Taxes Paid / Fringe Benefit Tax	-	5.65
Net Cash Flow From Operating Activities	<u>(1,133.66)</u>	<u>(1,017.01)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase Of Fixed Assets	(405.57)	(2,537.94)
Capital Work In Progress	(506.80)	-
Purchase of Investments	(689.20)	-
Sales of Investments	-	-
Profit on Sale of Fixed Assets	-	-
Net Cash Flow From Investing Activities	<u>(1,601.57)</u>	<u>(2,537.94)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increasing in Share Capital	78.00	-
Increasing in Share Premium	78.00	-
Share Application Money	(815.60)	1,100.00
Proceeds From Borrowings	804.79	2,787.62
Proceeds From Unsecured Loans	3,317.41	1,110.74
Dividend Paid	(87.75)	-
Net Cash Flow From Financing Activities	<u>3,374.85</u>	<u>4,998.36</u>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>639.62</b>	<b>1,443.42</b>
<b>Cash &amp; cash equivalents at the beginning of the year</b>	<b>2,904.96</b>	<b>1,461.54</b>
<b>Cash &amp; cash equivalents at the end of the year</b>	<b>3,544.58</b>	<b>2,904.96</b>

As per our attached report of even date.

**For N. M. SINGAPURI & CO.**  
Chartered Accountants

**N. M. SINGAPURI**  
Partner  
Membership No. 11601  
Surat, 30.05.2009

For and on Behalf of the Board

**B. G. Jain** Chairman & Managing Director  
**D. B. Jain** Joint Managing Director  
**Rashmi Bhatt** Company Secretary  
Surat, 30.05.2009

**NAKODA TEXTILE INDUSTRIES LIMITED**

Registered Office: Block No. 1&12 to 16, Village - Karanj, Taluka -Mandvi, Dist.- Surat

**PROXY FORM**

Folio No. / Client ID \_\_\_\_\_

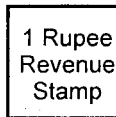
I/We \_\_\_\_\_ of \_\_\_\_\_ being a member/members of the

above named Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me/our behalf at the 24<sup>th</sup> Annual General Meeting of the Company, to be held at \_\_\_\_\_ and at adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.



Signature: \_\_\_\_\_

Note: Proxy Forms must reach the Company's Registered Office not less than 48 hours before the meeting.

------(TEAR HERE)-----

**NAKODA TEXTILE INDUSTRIES LIMITED**

Registered Office: Block No. 1&12 to 16, Village - Karanj, Taluka -Mandvi, Dist.- Surat

**ATTENDANCE SLIP**

To be handed over at the entrance of the Meeting Hall

Name of the attending Member (In Block Letters)	Folio No. / Client ID
Name of Proxy (In Block Letters) (To be filled in if the Proxy attends instead of the Member)	

number of Shares held: \_\_\_\_\_

I hereby record my presence at the 24<sup>th</sup> Annual General Meeting of the Company held at, Block No. 1&12 to 16, Village - Karanj, Taluka -Mandvi, Dist.- Surat at 12.30 P. M. on Wednesday, the 24<sup>th</sup> June, 2009.

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Member's/Proxy's Signature  
(To be signed at the time of handing over this slip)

(TEAR HERE)

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## BOOK-POST

If undelivered, Please return to :

**NAKODA TEXTILE INDUSTRIES LIMITED**  
738, Ajanta Shopping Centre,  
Ring Road, Surat - 395 002.

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