

# Twenty Sixth Annual Report - 2010

# NAKODA LIMITED

ISO 9001-2008

## Board of Directors

Mr. B. G. Jain	Chairman & Managing Director
Mr. D.B. Jain	Joint Managing Director
Mrs.P. B. Jain	Director
Mr. B. L. Maheshwari	Director
Mr. S. K. Bhoan	Director
Mr. P. J. Shah	Director
Mr. P. P. Vora	Additional Director

### Registered Office & Plant

#### Unit : 1

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

#### Unit : 2

Block No. 17 to 19,  
Village - Karanj,  
Taluka - Mandvi,  
Dist. - Surat.

### Corporate Office

15B, 15<sup>th</sup> Floor, Earnest House,  
194, Nariman Point,  
Mumbai 400 021

### Administrative Office

A-701, International Trade Centre,  
Majura Gate, Ring Road,  
Surat 395 002

### Company Secretary

Mrs. Rashmi Bhatt

### Auditors

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

### Bankers

Canara Bank  
Corporation Bank  
Syndicate Bank  
Axis Bank Ltd.  
State Bank of Patiala  
UCO Bank  
Union Bank of India  
Indian Overseas Bank  
Karur Vysya Bank Ltd.  
Lakshmi Vilas Bank Ltd.



## Taking a leap into the next growth curve

### Chairman's Message

The last few years have seen Nakoda reinforce the foundation of its business. It has established strong operational capabilities. It gives me great pleasure to share with you through this Annual Report, the results and progress of the company during the past year.

The company performance has been encouraging in the Financial Year 2010 despite the challenges arising out of the global economic meltdown. We have achieved a robust growth in financial results for the year ending December 31, 2010. The sales for the year were Rs.1339 cr. and profit after tax stood at over Rs. 33 cr.

India is at an inflection point of sustained growth, and so is Nakoda. With well differentiated products, and a healthy balance sheet, Nakoda has embarked on a journey of accelerated growth. With the intention of doubling its business over the next 3-4 years, it has charted a 3-pronged business strategy.

- Grow the core business
- Extend the core business
- Extend beyond the core

Nakoda occupies a strong position in manufacturing POY/FDY and its endeavor is to continue to further consolidate its strength. As a

part of its strategy to grow the core business, it has enhanced its spinning capacity from 50,000 MTPA to 1,00,000 MTPA, and Texturising capacity from 1070 MTPA to 30,000 MTPA.

Nakoda has extended its core business by implementing a Continuous Polymerisation (CP) Plant as backward integration with capacity of 1,40,000 MTPA.

As a major step towards extending beyond the core, Nakoda identified Renewable Energy as an exciting sector and invested in wind power projects at Tamilnadu & M.P. It entered with a 6.75 MW wind mill project at Tamil Nadu and enthused by considerable success, it has expanded its wind mill capacity to 12 MW by putting up another wind mill project of 5.25 MW in Madhya Pradesh.

Nakoda also successfully extended beyond the boundaries, and its South Korean subsidiary Indo Korean Petrochem Limited commenced production during September 2010. The Korean CP Plant has a capacity of 1,00,000 MTPA.

Mr. P. P. Vora and Mr. P. J. Shah have joined Nakoda Board as Non executive Independent Directors. Nakoda will benefit immensely from their expert knowledge & vast experience.

Nakoda issued 2,000,000 GDR's at a price of USD 12.125 per GDR representing 60,000,000 Underlying equity shares of Rs.5/- each at a price of Rs.18/- per share including share premium of Rs.13/- per share. GDRs are listed on Luxembourg Stock Exchange and Underlying equity shares are listed on BSE.

The company is positioned to stay on the growth track backed by its financial strengths. Our performance in the year 2010 enhances our confidence that we are well prepared for an increasingly competitive environment and reinforces our ability to deliver value products efficiently. In the coming year we will strive to maintain our growth momentum by focusing on qualitative growth.

Let me conclude by thanking all our people, sub contractors, banks and other stake holders for their support during the year, and also thank you for your support as a shareholder. I look forward to further develop our business and reach new heights.

Sincerely

B. G. Jain  
CMD

## NOTICE

Notice is hereby given that the 26<sup>th</sup> Annual General Meeting of the members of **NAKODA LIMITED** will be held on Monday, the 27<sup>th</sup> June, 2011 at 11.30 A.M. at the Company's Registered Office at Block No. 1&12 to 16, Village - Karanj, Taluka - Mandvi, Dist. - Surat-394 110.

### ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Accounts for the year ended on 31<sup>st</sup> December 2010 together with the reports of the Directors and Auditors thereon.
- To appoint a Director in place of Sh. B. L. Maheshwari who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Smt. P. B. Jain who retires by rotation and being eligible, offers herself for re-appointment.
- To appoint Auditors and to fix their remuneration.
- To declare a dividend.

### SPECIAL BUSINESS:

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

#### 6. As An Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or enactment thereof for the time being in force), the company hereby approves the re-appointment and the terms of remuneration of Shri B. G. Jain as Managing Director of the Company for a period of 5 years with effect from September 01, 2011 upon the terms and conditions as set out in the Explanatory Statement annexed to this Notice and that the Board of Directors be and is hereby authorized to execute an agreement in such manner as may be agreed upon between the Board of Directors and Shri B. G. Jain."

"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 it may be agreed between the Company and Shri B. G. Jain."

#### 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> July 2011, detailed more specifically in the Explanatory Statement."

"RESOLVED FURTHER THAT the said remuneration shall be payable to the Joint 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 it may be agreed between the Company and Shri D. B. Jain."

#### 8. As A Special Resolution

"Resolved that Mr. P. P. Vora 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 Director of the Company."

#### 9. As A Special Resolution

"RESOLVED THAT, articles 80(2) & 60 of the Articles of Association of the Company be and are hereby substituted as under:

80(2). Every deed or other instrument except the share certificates to which the seal of the Company is required to be affixed shall unless the same is executed by a duly constituted attorney of the Company be sealed and signed by any one of the Directors on behalf of the Company.

60. The remuneration of every Director for attending board meeting shall be such sum as the Directors may fix for every meeting of the Board or a committee thereof subject to the ceiling prescribed under the Act. The Directors shall be entitled to be paid in advance and in addition to the above remuneration, their reasonable traveling, hotel and other expenses incurred in consequence of their attendance at board meeting or meeting of the committee thereof or otherwise execution of any of their duties as Director.

#### 10. As A Special Resolution

"RESOLVED THAT, in conformity with the provisions of the Articles of Association of the Company and pursuant to the provisions of section 309(4) of the Companies Act, 1956, approval of members be and is hereby accorded to the payment of commission to the Non Executive Directors of the Company of one percent of the net profits of the Company to the extent the same is not in excess of Rupees Six Lacs per annum per Non Executive Director in each financial year (to be calculated in accordance with the provisions of

section 349 and 350 of the Companies Act) over a period of five years from the ensuing financial year extending 31<sup>st</sup> December 2010 up to and including the financial year of the Company ending as on 31<sup>st</sup> December 2014."

"RESOLVED FURTHER THAT, for the purpose of giving effect to this resolution, the Board be and is hereby authorized to take all actions and do all such deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."

By Order of the Board

**RASHMI BHATT**

Company Secretary

Place: Mumbai  
Date : 12.05. 2011

### NOTES

- 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.
- Members/ Proxies should bring the attendance slip duly filled in for attending the meeting.
- The Register of Members and Share transfer Books of the Company will remain closed from 20<sup>th</sup> June 2011 to 27<sup>th</sup> June 2011 (both days inclusive).
- As required in the terms 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, 3, 6 & 8 is given in the Annexure-A.
- Members are requested:
  - to bring their copies of Annual Report and Attendance slip at the time of the meeting.
  - to quote their Folio No.(s) in all correspondence.
  - 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.
  - to forward their queries, if any, so as to reach the Administrative office of the Company on or before 24<sup>th</sup> June, 2011 enabling the management to keep the information ready.
- 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 A - 701, International Trade Centre, Majura Gate, Ring Road, Surat 395002 / MCS Ltd., Neelam Apartment, 88, Sampatrao Colony, B/h Federation Bldg., Alkapuri, Baroda 390 007.

By Order of the Board

**RASHMI BHATT**

Company Secretary

Place: Mumbai  
Date : 12.05. 2011

### EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

#### Item No. 6

Shri B. G. Jain was appointed as Managing Director with effect from 01.09.2006 for a period of 5 years. The term expires on 31.08.2011. Considering his qualification and experience, the Board felt desirable that the company should continue to avail his services. The Board of Directors proposes to reappoint Shri B. G. Jain as Managing Director for a period of 5 years with effect from 01.09.2011 on the following terms and conditions.

- The Managing Director shall be entitled to following remuneration and perquisites.
  - Salary Rs. 4,00,000/- per month.
  - Perquisites:
    - Provident fund, superannuation and gratuity benefit in accordance with the Company's rules and regulations in force from time to time.
    - Reimbursement of medical expenses actually incurred, total cost of which to Company shall not exceed Rs. 25,000/- in any year.
    - 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.
    - Reimbursement of actual fare for self and family (wife and minor children) once a year to and from any place in India.
    - Free use of Company car and driver, monetary value of which may be evaluated as per rule 3 of the Income Tax Rules, 1962.
    - Free telephone facilities at his residence and reimbursement of actual electricity and gas expenses at his residence.
    - Personal accident insurance of an amount premium of which does not exceed Rs. 6,000/-.
    - Reimbursement of entrance fee and subscription for membership of a club.
- 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.

In compliance with the provisions of the companies Act, 1956, the appointment of Mr. B. G. Jain as Managing Director and terms of reappointment specified above are now being placed before members in general meeting for approval.

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 12<sup>th</sup> May 2011 made the following modifications in the remuneration of Sh. D. B. Jain w.e.f. 1<sup>st</sup> July 2011 which is subject to your approval.

1. The Joint 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. 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 and gas 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 Joint 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. P. P. Vora 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. P. P. Vora to the office of Director under the provisions of Section 257 of the Companies Act, 1956. Mr. P. P. Vora is a B. Com, FCA, CAIIB. He is former Chairman & Managing Director of the Industrial Development Bank of India and former Chairman of National Housing Bank and Fertilizers and Chemicals Travancore Ltd. He was also the Director (Finance) of Gujarat State Fertilizers & Chemicals Ltd. and Executive Director of Gujarat Industrial Investment Corporation Ltd. Mr. Vora has wide experience in finance matters.

#### Item No. 9

The Chairman informed that various agreements and contracts to be entered into by the Company needs affixation of the Common Seal of the Company. It is therefore deemed appropriate that the Article 80(2) of the Articles of Association of the Company be suitably altered as set out at item No. 9 of the accompanying notice that affixation of common seal on the agreements / deeds be executed by any one of the Directors of the Company.

As per the amendment made to rule 10B of Companies (Central

Government) General Rules & Forms, 1956; the Companies can pay sitting fees to Directors up to an amount not exceeding Rs. 10,000/- for every meeting of the Board or committee attended by every Director. In view of this the alteration in Article 60 of the Articles of Association of the company is proposed at item no. 9 of the accompanying notice.

The provisions of the Companies Act, 1956 require the Company to seek the approval of the Members for the alteration of the Articles of Association of the Company.

The Board of Directors accordingly recommends the resolutions set out at item Nos. 9 of the accompanying Notice for the approval of the Members. All the Directors except the Managing Director and Joint Managing Director are deemed to be concerned or interested in the resolution.

#### Item No. 10

The non executive directors are required to devote more time and attention, more so with the requirements of the revised Corporate Governance Policies. It is, therefore felt that there is a need to suitably remunerate the Director(s) of the Company who are neither working directors of the company nor in the whole time employment of the Company. It is therefore proposed to remunerate such non-executive directors by paying a commission which would, in aggregate not exceed 1% of the net profits of the Company, and each non executive director shall receive a maximum commission of Rupees Six Lacs per annum in each financial year (to be calculated in accordance with the provisions of section 349 and 350 of the Companies Act) over a period of five years from the ensuing financial year extending 31<sup>st</sup> December 2010 up to and including the financial year of the Company ending as on 31<sup>st</sup> December 2014.

The Board of Directors accordingly recommends the resolution set out at item no. 10 of the accompanying Notice for the approval of the Members.

All the non executive Directors of the Company, may be deemed to be concerned or interested in this resolution to the extent of commission that may be payable to them from time to time.

#### Annexure-A

Details of Directors seeking appointments / re-appointments at the 26<sup>th</sup> Annual General Meeting (Pursuant to Clause 49(IV)(E) of the Listing Agreement)

1	Name of the Director	Shri B. L. Maheshwari
	Date of Birth	30.01.1960
	Date of Appointment	28.04.2006
	Qualifications	B. Com, FCA
	Expertise in specific functional area	Finance
	Directorships held in other Public companies	Century Aluminum Mfg. Co. Ltd.
2	Name of the Director	Smt. P. B. Jain
	Date of Birth	07.07.1956
	Date of Appointment	Since Incorporation
	Qualifications	SSC
	Expertise in specific functional area	Textile
	Directorships held in other Public companies	-
3	Name of the Director	Sh. B. G. Jain
	Date of Birth	01.07.1955
	Date of Appointment	05.12.1984
	Qualifications	MBA Finance
	Expertise in specific functional area	Textile & Finance
	Directorships held in other Public companies	Surat Super Yarn Park Ltd. Nakoda Green Power Ltd.
4	Name of the Director	Sh. P. P. Vora
	Date of Birth	01.10.1943
	Date of Appointment	04.08.2010
	Qualifications	B COM, FCA CAIIB
	Expertise in specific functional area	Finance
	Directorships held in other Public companies	Omaxe Ltd. Zandu Realty Ltd. Jhagadia Copper Ltd. Sterling Adlife India Ltd. J Kumar Infra Projects Ltd. National Securities Depository Ltd. Reliance Capital Trustee Company Ltd.

## DIRECTORS REPORT

Your Directors have pleasure in presenting their 26<sup>th</sup> Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> December 2010.

### FINANCIAL RESULTS

The Company's financial performance during the year is summarized below:

	(Rs. In Million)	
Year Ended 31 <sup>st</sup> December 2010	2010	2009
Turnover & other Income	13433	10328
Gross Profit (before Financial Charges & Depreciation)	659	482
Interest & Financial Charges	250	201
Profit before Depreciation (Cash Profit)	409	281
Depreciation	77	54
Profit for the year	332	227

### FINANCIAL HIGHLIGHTS

The Gross Income of the Company for the year rose to Rs. 1343.31 Cr. from Rs. 1032.85 Cr during the previous year showing a growth of 30.06%. Gross Profit before Financial Charges and Depreciation grew by 36.55% and stood at Rs. 65.87 Cr during the year compared to Rs. 48.24 Cr during the previous year. Profit for the year grew at an impressive rate of 45.91% and was registered at Rs. 33.15 Cr against Rs. 22.72 Cr during the previous year. The Company, accordingly, exhibited an all round improved performance with handsome growth.

### DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 0.25 per equity share of Rs. 5 each on 126,400,000 shares for the year ended 31<sup>st</sup> December, 2010 for your consideration.

The Dividend, if approved at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear on the register of members of the Company as on the Book closure date.

### CARE RATING

Your Directors are pleased to mention that CARE has reaffirmed Credit Rating as PR2+ (PR Two Plus) for the Company's short term bank facilities and BBB+ (Triple B Plus) for Company's long term facilities.

### REVIEW OPERATIONS

During the year under review, your Company has set up Wind Mill Project at a cost of Rs. 32.92 Cr from Global Wind Power Ltd. (GWPL), a company floated by Reliance ADAG Group. The wind turbines are developed by GWPL with state of art technology in collaboration with Norwin Denmark. The Wind Mills are set up at Jethana, District-Ratlam, MP having 7 turbines with a capacity of 750 KW each aggregating to an additional capacity of 5.25 MW. The company's post expansion capacity will be 12MW.

Nakoda occupies a strong position in manufacturing POY/FDY and its endeavour is to continue to further consolidate its strength. Towards this, it has enhanced its spinning capacity from 50,000 MTPA to 1,00,000 MTPA, Texturising capacity from 1070 MTPA to 30,000 MTPA at an estimated cost of Rs. 333 Crores.

In December, Your Company successfully commissioned continuous polymerization (CP) plant with a capacity of 1,40,000 MTPA. To meet the Captive power requirement for these projects, the Company has also put up a Furnace Oil based power plant of 4.10 MW and a Gas based power plant of 15.60 MW capacity.

Nakoda has commenced commercial production in their newly acquired plant through its subsidiary Indo Korean Petrochem Ltd. at South Korea. The Korean unit has a capacity to manufacture 150 tons per day (tpd) of Fully Drawn Yarn (FDY), 90 tpd of Partially Oriented Yarn (POY) and 60 tpd of Polyester Chips.

### SHIFTING OF CORPORATE OFFICE OF THE COMPANY

The Corporate office of the Company has been shifted to 15B, 15<sup>th</sup> Floor, Earnest House, 194, Nariman Point, Mumbai 400021.

### CAPITAL STRUCTURE

During the year, the Company has issued and allotted 3,60,00,000 Warrants of Rs. 30/- each optionally convertible into 7,20,00,000 equity shares of Rs. 5/- each at a premium of Rs. 10/- per equity share (i.e. 2 Equity Shares for each Warrant allotted) within 18

months from the date of allotment i.e. 23.06.2010 to the Promoters' Group of the Company and Strategic investors.

It has also issued and allotted 2,000,000 GDRs at a price of USD 12.125 per GDR representing 60,000,000 Underlying equity shares of Rs. 5/- each at a price of Rs. 18/- per share including share premium of Rs. 13/- per share. GDRs are listed on Luxembourg Stock Exchange and Underlying equity shares are listed on the Bombay Stock Exchange.

### SUBSIDIARY COMPANIES

Nakoda Holdings Mauritius Ltd., Mauritius and Gerback Holdings Pte. Ltd., Singapore became subsidiaries of the Company during the year.

The company has acquired 10,00,000 equity shares of Nakoda Holdings Mauritius Ltd. constituting 100% of the paid up capital and 9,99,992 equity shares of Gerback Holdings Pte. Ltd. by Nakoda Holdings Mauritius Ltd. constituting 66.67% of the paid up capital.

A statement in respect of each of the subsidiaries, giving the details of capital, reserves, total assets and liabilities, details of investment, turnover, profit before taxation, provision for taxation, profit after taxation and proposed dividend is attached to this report.

Annual accounts of subsidiary companies and the related detailed information will be made available to the holding and subsidiary company investors, seeking such information. Copies of the annual accounts of the subsidiary companies are available for inspection by any investor at the registered Office as well as the Administrative office of the company between 11.00 a.m. to 1.00 p.m. on all working days.

### DIRECTORS

Sh. B. L. Maheshwari is retiring by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

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

Shri P. P. Vora was appointed as Additional Director of the company on 4<sup>th</sup> August 2010 to hold office till the date of annual general meeting. His appointment as a regular director is proposed in the ensuing meeting.

The Board has proposed reappointment of Mr. B. G. Jain as Managing Director of the company for a period of five years w.e.f. 1<sup>st</sup> September 2011.

### INTERNAL CONTROL SYSTEMS

Your Company has adequate internal control procedures commensurate with the size of operations and the nature of the business. These controls ensure efficient use and protection of Company's financial and non-financial resources. They also have ensured compliance of stipulated policies, procedures and statues, ensuring accuracy of accounting records and corporate governance.

Regular internal audits and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them, from time to time.

### CORPORATE GOVERNANCE

In line with guidelines recommended by Securities & Exchange Board of India (SEBI), adequate steps have been taken to ensure that all the mandatory provisions of Clause 49 of the Listing Agreement are 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, no major accident took place in plant operations. Training programs 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, continuous tree plantations is being done within the factory complex. The Company has

constructed water pond for rain water harvesting for increasing ground water level. It provides all types of safety products to all concerned employees.

#### **LISTING**

Equity Shares of your Company continue to be listed on the Mumbai Stock Exchange. Annual listing fees have been paid to the Stock Exchange. GDRs are listed on Luxembourg 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. Singapur & 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.

#### **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 has drawn up plans to attract and retain talent at all levels. The Company also keeps an eye on the attrition levels and draws up appropriate plans to ensure that the employees at all levels find an environment that encourages performance, and transparency in performance appraisal.

#### **FORWARD-LOOKING STATEMENTS**

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.

#### **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**

We wish to express our gratitude and appreciation for the valuable support and cooperation received from our customers, business associates, banks, financial institutions, shareholders, various statutory authorities and agencies of Central and State Governments. We place on record our appreciation of the contribution made by employees at all levels.

Place: Mumbai  
Date : 12.05.2011

For and on behalf of the Board  
B. G. Jain  
Chairman & Managing Director

## **MANAGEMENT DISCUSSION & ANALYSIS**

### **INDUSTRY STRUCTURE & DEVELOPMENT**

Globally, Man-Made Fibres (MMF) are the most widely consumed textile fibres with a share of 63% of the textile market. Over the years, natural fibres have lost significant market share to MMF, mainly on account of the uncertainty in the availability of cotton and growing popularity of the polyester.

Among the various MMF products, segments like Polyester, Olefin, Nylon, Acrylics and Viscose are the most consumed fibres in India. They account for about 80% of the MMF demand. The widening price difference between cotton and polyester along with the growth in use of non cotton fabrics has fuelled the demand for polyester in India.

### **OPPORTUNITIES, THREATS & FUTURE OUTLOOK**

When oil prices were at \$147 and costs of polyester raw materials were at a peak, and when the economy was in the grip of a severe slowdown, your Company has shown robust profitability reestablishing its credentials as a relatively low-risk Company. During the financial crisis Indian consumers skewed their spending towards value- products like PFY textiles. The growth of the rural market has played a major role in the resilient growth of PFY in good times and bad. It is expected that rural markets will play an increasingly important role in the economy which offers a major opportunity for growth in the polyester industry. The price of cotton has gone up considerably putting it out of reach of many consumers thus improving the competitive positioning of PFY.

Per capita consumption of polyester in India is exceedingly low by world standards so there is great scope for local demand growth. Moreover we believe India will play an increasingly important role as an exporter of high quality polyester chips and filament yarn. Your Company is well positioned to take advantage of both local and global demand growth.

Nakoda is an integrated player in the polyester chain whose products stem from chips to POY/FDY and POY to Texturised Yarn. This integration helps to insulate it from the vagaries of the market.

The textile demand for the next five years is expected to grow at more than 3% CAGR, with polyester growing at a faster rate than any other fibre.

Polyester staple fibre markets would witness demand growth faster than capacity addition, thus favouring healthy operating rates. However, surplus polyester filament yarn capacity addition that happened in the last few years would keep operating rates subdued. Last couple of months have witnessed high volatility in the price of raw material required to manufacture filament yarns. However, the same is expected to get stabilized shortly and remain steady during the rest of the year.

The much awaited new fibre policy is expected to provide a level playing field to man-made fibres vis-a-vis natural fibres. Moreover, the grant of Rs. 200 crore to establish a zero liquid discharge system at Tirupur in Tamilnadu is an effort by the Government to sustain the textile hubs. These measures are expected to increase textile investments in the days to come.

The general economic expansion is expected to contribute further to the upbeat trend. Your Company plans to exploit this opportunity through a disciplined policy of long-term investment thereby achieving higher returns and enhancing shareholder value. The Company would focus on seizing lucrative opportunities to leverage domains of market leadership.

## CHALLENGES, RISKS AND CONCERNS

Last year, one of the biggest challenges for the Company was to complete its CP project on time and within budget. The upstream project had a very safe start-up as expected. The new 5.25 MW wind mill project of the Company near Ratlam in Madhya Pradesh has already seen flawless start up.

The challenge for the Company is to ensure optimum level of production, a safe and steady ramp up towards achieving plateau level of production and 365 days of uninterrupted operations; while mandating the highest levels of health, safety and utmost care for the environment.

The next couple of years are likely to see a large expansion in both POY and FDY. This may result in a reduction in margins in the yarn business. The Company's growth in chip and yarn sales will help offset the reduction in margins. The Company's thrust on specialties, high quality and customer relationship will help support margins.

To curb the high inflation in the country RBI may increase interest rates. This may have a negative effect on your Company's cost of borrowing.

Your Company takes risk management very seriously. The risk management practice inter alia provides for review of risk assessment and mitigation procedure, with guidelines to regularly update the management and the Board of risk status.

Your Company is exposed to the risk of price fluctuation on major raw materials-PTA and MEG. While in regular course of business price fluctuations are passed on to customers, sudden price reductions can result in freezing up of sales and consequent inventory losses.

## ENERGY CONSERVATION

The Conservation of energy in all the possible areas is undertaken as an important means of achieving cost reduction. Savings in electricity, fuel and power consumption receive due attention of the management on a continuous basis. Various measures have been taken to reduce air leakages resulting in energy savings.

## 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 31.12.2010	ASAT 31.12.2009
<b>A. POWER AND FUEL CONSUMPTION</b>		
Electricity		
Purchased Units (In 000's)	1343.12	0.00
Total Amount (Rs. In Lacs)	68.96	0.00
Rate / Unit (Rs.)	5.13	0.00
(Excluding Electricity Duty)		
Own Generation		
i) Through Diesel		
Generator Units (In 000's)	2325.08	3811.46
Unit per liter of		
HSD/LDO/FO	3.38	3.52
Cost/Unit (Rs.)	7.47	6.33
ii) Through Gas		
Engine Units (In 000's)	38402.73	38666.69
Unit per scm	3.77	3.83
Cost/Unit (Rs.)	3.56	3.15
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
	KWH/KGS	KWH/KGS
<b>Products</b>		
POY, FDY & Texturised Yarn	0.62	0.79

## FORM B

### A. RESEARCH AND DEVELOPMENT

- Specific area in which R & D carried out by the Company : Not Applicable
- Benefits derived as a result of above R & D : Not Applicable
- Future plan of Action : Not Applicable
- Expenditure on R & D : Not Applicable

### B. Technology absorption adoption and Innovation:

Timely completion of the projects as well as meeting the budgetary requirements are the two critical areas where different techniques help to a great extent. Many innovative techniques have been developed and put to effective use in the past and the efforts to develop new techniques continue unabated.

- C. Foreign Exchange Earnings : NIL  
 Foreign Exchange Outgo : Rs. 72876328.00

Place: Mumbai  
 Date : 12.05.2011

For and on behalf of the Board  
 Shri B. G. Jain  
 Chairman & Managing Director



## CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

At Nakoda, it is our belief that as we grow our corporate governance standards must be benchmarked. That gives us the confidence of having put in the right building blocks for future growth and ensuring that we achieve our ambitions in a prudent and sustainable manner.

We are committed to meeting the aspirations of all our stakeholders. This is demonstrated in shareholder returns.

Our employee satisfaction is reflected in the stability of our senior management, low attrition across various levels and substantially higher productivity.

Nakoda not only adheres to the prescribed corporate practices as per Clause 49 of the Listing Agreement, but is constantly striving to adopt emerging best practices.

Corporate governance is a journey for constantly improving sustainable value creation and is an upward moving target. We have undertaken several initiatives towards maintaining the highest standards.

#### Key Board activities during the year

The Board provides and critically evaluates strategic direction of the Company, management policies and their effectiveness. It also ensures that the long-term interests of the shareholders are being served.

#### Corporate Social Responsibility (CSR)

Social welfare and community development is at the core of Nakoda's CSR philosophy and this continues to be a top priority for the Company. The CSR teams at the Company's manufacturing divisions interact with the neighboring community on regular basis.

#### Shareholders communications

The Board recognizes the importance of two-way communication with shareholders and of giving an appropriate report of results and progress and responds to questions and issues raised in a timely and consistent manner. Shareholders seeking information may contact the Company directly throughout the year.

#### Observance of the Secretarial Standards issued by the Institute of Company Secretaries of India

The Institute of Company Secretaries of India (ICSI) is one of the premier professional bodies in India. ICSI has issued Secretarial Standards on important aspects like Board meetings, General meetings, Payment of Dividend, Maintenance of Registers and Records, Minutes of Meetings, Transmission of Shares, Passing of Resolutions by Circulation, Affixing of common Seal and Forfeiture of Shares. Although these standards are recommendatory in nature, the Company substantially adheres to the standards voluntarily.

### BOARD OF DIRECTORS

#### COMPOSITION

The present strength of the Board of Directors is Seven of which one is chairman cum managing director, one joint managing director and Five non-executive directors. Seven Board Meetings were held during the year 2010 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	7	Yes	1	1	6
Sh. D. B. Jain	JMD	7	Yes	4	---	9
Smt. P. B. Jain	NED	6	Yes	1	---	2
Sh. B. L. Maheshwari	NED/I	5	No	2	2	5
Sh. S. K. Bhoan	NED/I	5	No	1	---	2
Sh. Paresh J. Shah (w.e.f. 10.05.2010)	NED/I	---	No	1	---	2
Sh. P. P. Vora (w.e.f. 04.08.2010)	NED/I	2	No	1	1	11

CMD-Chairman & Managing Director, JMD-Joint Managing Director, NED-Non Executive Director, I-Independent

#### 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. B. L. Maheshwari, Sh. D. B. Jain and Sh. P. J. Shah. The constitution of Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956. The committee met four times during the period under review.

Audit Committee met on 13.01.2010, 10.05.2010, 04.08.2010 & 25.10.2010 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.

##### MANAGEMENT COMMITTEE

The Company has constituted a Management Committee, comprising of three directors viz. Sh. B. G. Jain, Sh. D. B. Jain and Sh. S. K. Bhoan to carry out day to day activities of the Company and approve certain matters which come up in an emergency situation between the two Board Meetings.

Management Committee met on 03.02.2010, 03.06.2010 & 23.09.2010 during the year under review.

##### Sitting Fee and Remuneration

The Non-executive directors of the Company are paid total sitting fees Rs. 3,64,000/- 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	3,00,000/- P.M.	* Perquisites restricted to an amount equal to the annual salary
Sh. D. B. Jain	2,00,000/- P.M.	

\* Perquisites 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.

#### INVESTOR GRIEVANCE COMMITTEE

The existing Share Transfer and Investors Grievance Committee be and is hereby wound up and an Investor Grievance Committee is constituted comprising of Sh. P. P. Vora, Sh. D. B. Jain and Smt. P. B. Jain. The Committee meets quarterly to review the Investors Grievance status as submitted by the Registrar and Transfer Agent M/s MCS Ltd.

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 39. No complaints / transfers remained outstanding without redressal during the year.

#### GENERAL MEETINGS

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.	18.06.2008	12.30 P.M	4
AGM	Block No. 1 & 12 to 16, Village - Karanj, Taluka - Mandvi, Dist - Surat.	24.06.2009	12.30 P.M	4
AGM	Block No. 1 & 12 to 16, Village - Karanj, Taluka - Mandvi, Dist - Surat.	10.06.2010	12.30 P.M	6

#### 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 funds raised through preferential issue to the audit committee has been made as required as per Clause 49(IV)(D) of Listing agreement.

#### CEO / CFO CERTIFICATION

The requisite certification from the Managing Director / CFO 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 and unaudited half yearly financial results in the proforma prescribed by Clause 41 of the Listing Agreement within 45 days 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 English, Dhabkar Gujarati, Surat within forty-eight hours of approval thereof.
- 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	Monday, 27 <sup>th</sup> June, 2011 at 11.30 A.M. at Block No. 1&12 to 16, Village - Karanj, Taluka -Mandvi, Dist.- Surat - 394 110.	
2.	Financial calendar December 2010	Annual General Meeting 10.06.2010	Board Meeting 04.01.2010 13.01.2010 27.01.2010 10.05.2010 23.06.2010 04.08.2010 25.10.2010
3.	Date of Book Closure	20.06.2011 To 27.06.2011 (both days inclusive)	
4.	Registered office	Block No. 1&12 to 16, Village - Karanj, Taluka -Mandvi, Dist.- Surat-394 110.	
5.	Investors Correspondence For transfer / dematerialization of shares & any other query relating to the shares of the Company.	A-701, International Trade Centre, Majura Gate, Ring Road, Surat -395002 Phone : (0261) 3060200 Fax : (0261) 3060222 Email : bhatrt@yahoo.co.in	
6.	Listing on Stock Exchanges	<b>Equity Shares</b> Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 Scrip Code : 521030 ISIN: INE559B01023 <b>GDRs</b> Luxembourg Stock Exchange, Luxembourg. <b>Annual Listing fee for the year 2011-12 has been paid to the exchange.</b>	

**7. Stock Market data During 2010**

MONTH	SHARE PRICE		BSE SENSEX Corresponding to Share Price	
	HIGH	LOW	HIGH	LOW
January	76.35*	13.10	17790.33	15982.08
February	14.45	10.15	16669.25	15651.99
March	12.20	10.40	17793.01	16438.45
April	15.28	10.80	18047.86	17276.80
May	15.18	12.00	17536.86	15960.15
June	16.38	12.45	17919.62	16318.39
July	19.08	13.60	18237.56	17395.58
August	17.49	13.00	18475.27	17819.99
September	15.90	13.07	20267.98	18027.12
October	17.68	14.00	20854.55	19768.96
November	20.80	14.10	21108.64	18954.82
December	17.20	11.85	20552.03	19074.57

\*Before 1:1 Bonus and before splitting of one equity share of Rs. 10/- each into two equity shares of Rs. 5/- each.

**8. Distribution of Shareholding as on March 31, 2011**

Shareholding		Shareholders		Share Amount	
		Number	% To Total	In Rs.	% To Total
01	500	7403	43.73	2109380	1.67
501	1000	3327	19.66	2793719	2.21
1001	2000	4200	24.81	5803430	4.59
2001	3000	537	3.17	1398185	1.11
3001	4000	426	2.52	1608843	1.27
4001	5000	266	1.57	1273043	1.01
5001	10000	410	2.42	3111191	2.46
10001	50000	288	1.70	5976477	4.73
50001	100000	30	0.18	2221661	1.76
100001	And above.	40	0.24	100104071	79.19
	TOTAL	16927	100.00	126400000	100.00

**9. Build up of Equity Share Capital**

Date of Allotment	Nature of Allotment / Reasons	No. of Equity Shares issued	Face Value (Rs.)	Cumulative Shares	Cumulative paid-up capital
18.08.1985	Initial Allotment	10,000	100	10,000	10,00,000
09.02.1989	Preferential Issue	5,000	100	15,000	15,00,000
27.06.1990	Preferential Issue	50,000	100	65,000	65,00,000
17.09.1991	Bonus 1:1	65,000	100	1,30,000	1,30,00,000
17.09.1992	Sub Division	0	10	13,00,000	1,30,00,000
17.09.1992	Public Issue	47,55,000	10	60,55,000	6,05,50,000
30.06.1997	Preferential Issue	49,45,000	10	1,10,00,000	11,00,00,000
26.08.2006	Preferential Issue	40,00,000	10	1,50,00,000	15,00,00,000
20.02.2008	FCD Conversion	7,80,000	10	1,57,80,000	15,78,00,000
21.02.2009	Warrant Conversion	8,20,000	10	1,66,00,000	16,60,00,000
04.01.2010	Sub-Division	0	5	3,32,00,000	16,60,00,000
27.01.2010	Bonus 1:1	3,32,00,000	5	6,64,00,000	33,20,00,000
26.11.2010	GDR Underlying Shares	6,00,00,000	5	12,64,00,000	63,20,00,000

**10. Corporate Benefits to Investors**
**a. Bonus Issue of Fully Paid up Equity Shares**

Financial Year	Ratio
1991	1:1
2009	1:1

**b. Dividend declared for the past 5 years.**

Financial Year	Dividend Declaration	Dividend per share
2007	21.01.2008	5%
2008	24.06.2009	6%
2009	30.09.2009	7%

**11. Shareholding Pattern as on March 31, 2011**

(I)	Category of Shareholder (II)	No. of Share holders (III)	Total No. of Shares (IV)	Percentage of Share holding (V)	Shares Pledged / encumbered	
					No. of Share (VI)	% [VII= (VI/IV)*100] (VII)
<b>(A)</b>	<b>Shareholding of Promoter &amp; Promoter Group</b>					
1	Indian					
(a)	Individuals/ Hindu Undivided Family	7	1708400	1.35	371800	21.76
(b)	Central Government/ State Government(S)	0	0	0	0	0
(c)	Bodies Corporate	6	31641200	25.03	8708800	27.52
(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>13</b>	<b>33349600</b>	<b>26.38</b>	<b>9080600</b>	<b>27.23</b>
2	Foreign					
(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>13</b>	<b>33349600</b>	<b>26.38</b>	<b>9080600</b>	<b>27.23</b>
<b>(B)</b>	<b>Public Shareholding</b>				N.A.	N.A.
1	<b>Institutions</b>				N.A.	N.A.
(a)	Mutual Funds/UTI	0	0	0	0	0
(b)	Financial Institutions/Banks	3	11400	0.01	0	0
(c)	Central Government/State Government(s)	0	0	0	0	0
(d)	Venture Capital Funds	0	0	0	0	0
(e)	Insurance Companies	0	0	0	0	0
(f)	Foreign Institutional Investors	0	0	0	0	0
(g)	Foreign Venture Capital Investors	0	0	0	0	0
(h)	Any Other (Specify)	0	0	0	0	0
	<b>Sub-Total(B)(1)</b>	<b>3</b>	<b>11400</b>	<b>0.01</b>	<b>0</b>	<b>0</b>
2	<b>Non-Institutions</b>				N.A.	N.A.
(a)	Bodies Corporate	352	4781672	3.78		
(b)	Individuals-					
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	15099	18096771	14.32		
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	112	8356530	6.61		
(c)	Any Other (Specify) NRI	1347	1804027	1.43		
	<b>Sub-Total(B)(2)</b>	<b>16910</b>	<b>33039000</b>	<b>26.14</b>		
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>16913</b>	<b>33050400</b>	<b>26.15</b>	<b>N.A.</b>	<b>N.A.</b>
<b>(C)</b>	<b>Shares held by custodians and against which Depository Receipt have been issued</b>				N.A.	N.A.
1	Promoter & Promoter Group	0	0	0.00		
2	Public	1	60000000	47.47		
	<b>TOTAL (C)</b>	<b>1</b>	<b>60000000</b>	<b>47.47</b>	<b>N.A.</b>	<b>N.A.</b>
	<b>Grand Total: (A)+(B)+(C)</b>	<b>16927</b>	<b>126400000</b>	<b>100.00</b>	<b>9080600</b>	<b>7.18</b>

**12. 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.

**13. Dematerialization and Liquidity of shares**

The equity shares of the Company are traded in the B Group at the Mumbai stock Exchange. 121234580 shares being 95.91% of equity shares of the Company are dematerialized.

**14. Secretarial Audit**

A Practising Company Secretary carried out secretarial audit in each of the quarter in the financial year 2010, 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 no. of shares in physical form and the total no. of dematerialized shares held with depositories.

**15. 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

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

**GDRs:** Outstanding 20,00,000 GDRs as on March 31, 2011 represents 6,00,00,000 equity shares constituting 47.47% of the paid up Equity Share Capital of the Company. Each GDR represents thirty underlying equity shares in the Company. GDR is not a specific time-bound instrument and can be surrendered any time and converted into the underlying equity shares in the Company. The shares so released in favour of the investors upon surrender of GDRs can either be held by the investors concerned in their name or sold off in the Indian secondary markets for cash. To the extent of the shares so sold in Indian markets, GDRs can be reissued under the available head room.

Nakoda GDRs are listed at Luxembourg Stock Exchange.

The Bank of New York Mellon is the Depository and DBS Bank Ltd. is the Custodial of all the Equity Shares underlying the GDR issued by the Company.

**DETAILS OF SUBSIDIARY COMPANIES PURSUANT TO (No:5/12/2007-CL-III) MCA,  
 GOVERNMENT OF INDIA GENERAL CERCULAR NO: 2/2011  
 UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956**

(Amount in INR Lacs)

Name of Subsidiary	% holding of Group as on December 31, 2010	Country of Incorporation	Reporting Currency	Exchange rate as on December 31, 2010	Capital	Reserves	Total Asset	Total Liabilities	Investments (Other than investments in subsidiaries)	Turnover/ Total Income	Profit Before Taxation	Provision For Taxation	Profit After Taxation	Proposed Dividend
Indo Korean Petrochem Ltd.	77.11%	South Korea	KRW	0.038	4383.38	307.95	18536.02	13844.69	—	8984.96	385.37	0.87	384.50	—
Nakoda Holdings Mauritius Ltd.	100.00%	Mauritius	USD	45.000	450.00	(6.50)	450.79	7.30	—	—	(2.70)	0.00	(2.70)	—
Gerback Holdings Pte. Ltd.	66.67%	Singapore	USD	45.000	674.95	(10.69)	4183.58	3519.32	—	—	(7.57)	0.00	(7.57)	—

For and on behalf of the Board  
 B. G. Jain  
 Chairman & Managing Director

Place: Mumbai  
 Date : 12.05.2011

## AUDITOR'S REPORT

### To the Members of Nakoda Limited,

1. We have audited the attached Balance Sheet of **NAKODA LIMITED** as at 31<sup>st</sup> December, 2010 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, 2010 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, 2010 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, 2010;
      - (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

**N. M. SINGAPURI**  
Partner

Membership No. 11601  
Registration No. 110264W

Place : Surat  
Date : 12.05.2011

## ANNEXURE TO AUDITORS' REPORT (Referred to in Paragraph 3 of our report of eventdate)

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 2010 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 Statute	Nature of the dues	Forum where dispute is pending	Amount
1	Central Excise Act 1944	Excise Duty	CEGATE and Commissioner of Excise	26.39

10. 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 raised Rs.108.00 crore through a GDR 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

**N. M. SINGAPURI**  
Partner

Membership No. 11601  
Registration No. 110264W

Place : Surat  
Date : 12.05.2011

## BALANCE SHEET AS AT 31ST DECEMBER, 2010

		AS AT 31.12.2010 (Rs. in Lacs)	AS AT 31.12.2009 (Rs. in Lacs)
<b>I. SOURCES OF FUNDS :</b>			
SHARE HOLDERS' FUNDS			
Share Capital	1	6,320.00	1,660.00
Share Warrant	2	2,700.00	0.00
Reserves & Surplus	3	<u>17,517.75</u>	<u>7,871.84</u>
		<u><b>26,537.75</b></u>	<u><b>9,531.84</b></u>
LOAN FUNDS			
Secured Loans	4	41,994.88	12,084.72
Unsecured Loans	5	<u>10,374.90</u>	<u>16,806.36</u>
		<u><b>52,369.78</b></u>	<u><b>28,891.08</b></u>
Deferred Tax Liability		<u>986.79</u>	<u>714.65</u>
<b>TOTAL</b>		<u><b>79,894.32</b></u>	<u><b>39,137.57</b></u>
<b>II. APPLICATION OF FUNDS :</b>			
<b>Fixed Assets</b>			
Gross Block	6	44,725.16	13,882.63
Less : Depreciation		<u>4,955.35</u>	<u>4,182.36</u>
Net Block		<u>39,769.81</u>	<u>9,700.27</u>
Capital Work in Progress		<u>3,245.31</u>	<u>7,636.92</u>
		<u><b>43,015.12</b></u>	<u><b>17,337.20</b></u>
Investment	7	<u>815.20</u>	<u>58.79</u>
<b>CURRENT ASSETS, LOANS AND ADVANCES :</b>			
Inventories	8	10,863.98	7,719.73
Sundry Debtors	9	35,674.73	27,717.35
Cash & Bank Balances	10	18,790.87	6,503.75
Loans & Advances	11	<u>1,560.91</u>	<u>2,095.58</u>
		<u><b>66,890.49</b></u>	<u><b>44,036.41</b></u>
Less : Current Liabilities & Provisions	12	<u>31,328.99</u>	<u>22,294.82</u>
Net Current Assets		<u><b>35,561.50</b></u>	<u><b>21,741.59</b></u>
Miscellaneous Expenditure (To the extent not written off)	13	<u>502.50</u>	<u>0.00</u>
<b>TOTAL</b>		<u><b>79,894.32</b></u>	<u><b>39,137.57</b></u>
Significant Accounting Policies & Notes on Accounts	21		

As per our attached report of even date.

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

Chartered Accountants

**N. M. SINGAPURI**

Partner

Membership No. 11601

Registration No. 110264W

Surat, 12.05.2011

For and on Behalf of the Board

**B. G. Jain**

Chairman & Managing Director

**D. B. Jain**

Joint Managing Director

**Rashmi Bhatt**

Company Secretary

Surat, 12.05.2011



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**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2010**

	SCHEDULES	AS AT 31.12.2010 (Rs. in Lacs)	AS AT 31.12.2009 (Rs. in Lacs)
<b>INCOME :</b>			
Sales	14	133,889.22	102,930.73
Less : Excise Duty / VAT		<u>6,365.34</u>	<u>4,303.65</u>
Net Sales		127,523.88	98,627.08
Other Income	15	441.42	353.79
Variation in Stocks		(+) <u>1,281.90</u>	(+) <u>1,498.73</u>
<b>TOTAL</b>		<u><u>129,247.20</u></u>	<u><u>100,479.60</u></u>
<b>EXPENDITURE :</b>			
Consumption of Materials	16	116,465.50	90,443.01
Manufacturing Expenses	17	4,612.66	4,131.28
Payments to and Provisions For Employees	18	430.35	331.23
Financial Expenses	19	2,498.15	2,013.66
Administrative & Selling Expenses	20	<u>360.28</u>	<u>284.87</u>
<b>TOTAL</b>		<u><u>124,366.94</u></u>	<u><u>97,204.05</u></u>
Profit before Depreciation & tax		4,880.26	3,275.55
Less : Depreciation		<u>772.99</u>	<u>538.86</u>
Profit Before Tax		4,107.27	2,736.69
Less : Provision for Taxation		<u>791.96</u>	<u>465.10</u>
Profit after tax		3,315.31	2,271.59
Balance Brought Forward from last year		5,247.30	4,194.82
Less : Deferred Tax Liability		<u>272.14</u>	<u>183.16</u>
Balance available for appropriations		<u><u>8,290.47</u></u>	<u><u>6,283.25</u></u>
<b>APPROPRIATIONS :</b>			
Less : Transfer to General Reserve		1,000.00	900.00
Interim Dividend		0.00	116.20
Tax on Interim Dividend		0.00	19.75
Proposed Dividend		316.00	0.00
Tax on Proposed Dividend		<u>51.26</u>	<u>0.00</u>
Balance Carried to Balance Sheet		<u><u>6,923.21</u></u>	<u><u>5,247.30</u></u>
		<u><u>8,290.47</u></u>	<u><u>6,283.25</u></u>
Significant Accounting Policies & Notes on Accounts	21		

As per our attached report of even date.

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

Chartered Accountants

**N. M. SINGAPURI**

Partner

Membership No. 11601

Registration No. 110264W

Surat, 12.05.2011

For and on Behalf of the Board

**B. G. Jain**

Chairman & Managing Director

**D. B. Jain**

Joint Managing Director

**Rashmi Bhatt**

Company Secretary

Surat, 12.05.2011

**SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET  
AS AT 31ST DECEMBER, 2010**

	AS AT 31.12.2010 (Rs. in Lacs)	AS AT 31.12.2009 (Rs. in Lacs)
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
20,00,00,000 Equity Shares of Rs. 5/- each	10,000.00	4,000.00
10,00,000 Preference Shares of Rs. 100/- each	0.00	1,000.00
	<u>10,000.00</u>	<u>5,000.00</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
126400000 Equity Shares of Rs. 5/- each fully paid up	6,320.00	1,660.00
(i) 6,50,000 shares were 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.		
(iv) 8,20,000 Shares fully paid up converted from convertible Share Warrants.		
(v) 3,32,00,000 Shares were allotted as fully paid up by way of Bonus Shares.		
(vi) 6,00,00,000 Shares were allotted against Global Depository Receipts.		
<b>TOTAL</b>	<u>6,320.00</u>	<u>1,660.00</u>
<b>SCHEDULE - 2 : SHARE WARRANT &amp; FCD</b>		
10800000 Share Warrants of Rs. 100 each	10,800.00	
Less : Uncalled Money	8,100.00	
<b>TOTAL</b>	<u>2,700.00</u>	<u>0.00</u>
<b>SCHEDULE - 3 : RESERVES &amp; SURPLUS</b>		
Share Premium Account	8,005.50	1,035.50
General Reserve	2,275.36	1,275.37
Capital Reserve	268.00	268.00
Investment Subsidy	45.68	45.68
Profit & Loss Appropriation	6,923.21	5,247.30
<b>TOTAL</b>	<u>17,517.75</u>	<u>7,871.85</u>
<b>SCHEDULE - 4 : SECURED LOANS</b>		
Term Loans	18,920.13	4,726.87
Corporate Loans	3,033.18	0.00
Working Capital Loans	9,706.06	7,260.78
Vehicles Loans	94.25	97.07
Buyer Credit Loan	10,241.26	0.00
<b>TOTAL</b>	<u>41,994.88</u>	<u>12,084.72</u>
<b>Note :-</b>		
(i) Term Loans of Rs. 250 crore for CP Plant are secured by Pari Passu first charge on all existing immovable and movable assets of the company situated at Block No. 17 to 19 at Karanj & Block No. A/1, B/1, M/1 at Textile Park, Hathuran and second charge on all Current Assets of the Company.		
(ii) Term Loans of Rs. 18.00 crore for FDY lines are secured by Hypothecation of 6 FDY lines covered under said loans.		
(iii) Working Capital Facilities are secured by Hypothecation of stock of Raw Material, Finished Goods, Stores, Spares, Other Current Assets, Book Debts and Collateral Security of EMT of Block No. 4, 11, 17 to 19 at Karanj, EMT of Land & Building situated at Texturing Unit at Karanj, Hypothecation of 7 POY Lines Situated at Karanj, Second charge by way of Mortgage and/or Hypothecation of Land, Building & Machineries situated at POY division at Karanj on which GILC Ltd. & GSFCH having First charge.		
(iv) The Loan for Vehicles have been secured by specific charges on the vehicles covered under the said loan.		
(v) Corporate Loan from Syndicate Bank is secured by EMT of Land & Hypothecation of 9 Wind Mills situated at Tirunelveli, Tamilnadu.		
<b>SCHEDULE - 5 : UNSECURED LOANS</b>		
Agency Deposit	351.00	351.00
Suppliers Credit	0.00	3,650.00
Others	10,023.90	12,805.36
<b>TOTAL</b>	<u>10,374.90</u>	<u>16,806.36</u>

**SCHEDULE - 6 : FIXED ASSETS**

(Rs. In Lacs)

Particulars	Gross Block			Depreciation				Net Block		
	As On 01.01.10	Addition	Deduction	As On 31.12.10	As On 01.01.10	Addition	Deduction	As On 31.12.10	As On 31.12.10	As On 31.12.09
Land	170.87	41.22	0.00	212.09	0.00	0.00	0.00	0.00	212.09	49.37
Building & Godown	1385.42	2672.71	0.00	4058.13	204.91	38.09	0.00	243.00	3815.13	1180.52
Plant & Machinery	11601.62	27896.23	0.00	39497.85	3618.23	707.13	0.00	4325.36	35172.49	8104.88
Electric Installation	336.41	18.67	0.00	355.08	149.93	17.76	0.00	167.69	187.39	186.48
Office Equipment	54.80	127.24	0.00	182.04	31.15	3.00	0.00	34.15	147.89	23.65
Furniture & Fixtures	51.04	41.00	0.00	92.04	48.94	3.23	0.00	52.17	39.87	2.10
Vehicles	282.47	45.46	0.00	327.93	129.20	3.78	0.00	132.98	194.95	153.27
<b>TOTAL</b>	<b>13882.63</b>	<b>30842.53</b>	<b>0.00</b>	<b>44725.16</b>	<b>4182.36</b>	<b>772.99</b>	<b>0.00</b>	<b>4955.35</b>	<b>39769.81</b>	<b>9700.27</b>
Previous Year	9691.29	4191.34	0.00	13882.63	3643.50	538.86	0.00	4182.36		
Capital Work in Progress									3245.31	7636.92
<b>TOTAL</b>									<b>43015.12</b>	<b>17337.19</b>

(Rs. In Lacs)

**AS AT**  
**31.12.2010**
**AS AT**  
**31.12.2009**
**SCHEDULE - 7 : INVESTMENTS**
**LONG TERM TRADE (UNQUOTED) :**

Nakoda Syntex P. Ltd. (Long Term - Non Trade) (50 Equity Share of Rs. 100/- each fully paid up)	<b>0.05</b>	0.05
Surat Super Yarn Park Ltd. (Long Term - Non Trade) (18000 Equity Share of Rs. 10/- each fully paid up)	<b>56.80</b>	56.80
Koncept Infotainment Pvt. Ltd. (18000 Equity Share of Rs. 10/- each fully paid up)	<b>0.50</b>	0.50
Nakoda Realities Pvt. Ltd. (5400 Equity Share of 10/- each fully paid up)	<b>0.50</b>	0.50
Nakoda Financial Services Pvt. Ltd. (10000 Equity Share of 10/- each fully paid up)	<b>0.50</b>	0.50
Nakoda Shipyard Pvt. Ltd. (900 Equity Share of 10/- each fully paid up)	<b>0.40</b>	0.40
Indo Korean Petrochem Ltd. (158480 Equity Share fully paid up)	<b>306.45</b>	0.00
Nakoda Holdings Mauritius Ltd. (10000 Equity Share Fully Paid up)	<b>450.00</b>	0.04
<b>TOTAL</b>	<b>815.20</b>	<b>58.79</b>

**SCHEDULE - 8 : INVENTORIES**

Raw Materials	<b>4,547.76</b>	2,743.62
Finished goods	<b>5,856.65</b>	4,574.75
Fuel, Oil Chemical & Packing Material and Stores Spares	<b>459.57</b>	401.36
<b>TOTAL</b>	<b>10,863.98</b>	<b>7,719.73</b>

**SCHEDULE - 9 : SUNDRY DEBTORS (Unsecured Considered Good)**

Outstanding for a period exceeding six months	<b>14.24</b>	10.87
Others	<b>35,660.49</b>	27,706.48
<b>TOTAL</b>	<b>35,674.73</b>	<b>27,717.35</b>

**SCHEDULE - 10 : CASH & BANK BALANCE**

Cash & Cheque in Hand	<b>14.34</b>	10.45
With Schedule Bank in :		
Fixed Deposits	<b>18,617.54</b>	6,451.80
Current Account	<b>158.99</b>	41.49
<b>TOTAL</b>	<b>18,790.87</b>	<b>6,503.75</b>

**SCHEDULE - 11 : LOANS & ADVANCES (Unsecured Considered Good)**

Deposits with Govt. Authorities	<b>4.23</b>	4.23
Share Application Money	<b>296.40</b>	1,254.21
Advances Recoverable in Cash or in kind	<b>1,260.28</b>	837.14
<b>TOTAL</b>	<b>1,560.91</b>	<b>2,095.58</b>

**SCHEDULE - 12 : CURRENT LIABILITIES & PROVISIONS**
**Current Liabilities :**

Acceptances Under L/C		<b>30,648.45</b>	22,152.06
<b>Sundry Creditors</b>			
(1) Dues of small scale industrial undertaking(s)		<b>4.42</b>	2.60
(2) Other		<b>30.74</b>	20.55
Other Liabilities		<b>278.12</b>	119.61
Provision for Dividend & Tax		<b>367.26</b>	0.00
<b>TOTAL</b>		<b>31,328.99</b>	<b>22,294.82</b>

**SCHEDULE - 13 : MISCELLANEOUS EXPENDITURE**

(To the extent not written off)

GDR Issue Expenses		<b>502.50</b>	0.00
		<b>502.50</b>	<b>0.00</b>

**SCHEDULE - 14 : SALES**

	AS AT 31.12.2010 (Rs. in Lacs)	Quantity in MT/MTR	AS AT 31.12.2009 (Rs. in Lacs)	Quantity in MT/MTR
Chips	1,651.01	2335.000 MT	0.00	0.000 MT
POY	30,717.84	34943.859 MT	24,271.66	30762.603 MT
FDY	20,965.01	22522.968 MT	17,511.71	20891.417 MT
Texturised / D. T. Yarn	9,048.77	8280.480 MT	976.19	878.695 MT
Polyester Yarn	23,162.38	20626.850 MT	22,434.36	23704.385 MT
Salt	4,263.80	1455221.800 MT	12,579.46	4235665.000 MT
Soyabean Meal	69.77	443.000 MT	729.36	3320.000 MT
Fancy Shirting / Grey	25,211.43	38786819.200 Mtr	24,427.99	62551632.400 Mtr
Indian Raw Cotton	18,326.79	12669.064 MT	0.00	0.000
Wind Power	472.42	11123488.000 UNIT	0.00	0.000
<b>TOTAL</b>	<b>133,889.22</b>		<b>102,930.73</b>	

**SCHEDULE - 15 : MISCELLANEOUS INCOME**

Interest		<b>164.51</b>	117.53
Other Income		<b>246.72</b>	207.30
Insurance Claim		<b>30.19</b>	28.96
<b>TOTAL</b>		<b>441.42</b>	<b>353.79</b>

**SCHEDULE - 16 : CONSUMPTION OF RAW MATERIAL**

Opening Stock		<b>2,743.62</b>	2,436.52
Purchase		<b>118,269.64</b>	90,750.11
		<b>121,013.26</b>	93,186.63
Less : Closing Stock		<b>4,547.76</b>	2,743.62
<b>TOTAL</b>		<b>116,465.50</b>	<b>90,443.01</b>

**SCHEDULE - 17 : MANUFACTURING EXPENSES**

	Current Year	Previous Year		
Fuel Consumed			<b>1,559.24</b>	1,459.45
Opening Bal.	14.15	18.46		
Add : Purchase	1569.27	1455.14		
Less : Clos. Bal.	24.18	14.15		
Oil, Chemicals & Packing Material Consumed			<b>1,217.35</b>	1,039.99
Opening Bal.	181.64	96.27		
Add : Purchase	1241.29	1125.36		
Less : Clos. Bal.	205.58	181.64		

Repairs & Maintenance to Building	<b>59.74</b>	50.80
Stores spares & Maintenance to Machinerics Consumed	<b>542.34</b>	458.12
Opening Bal.	205.57	246.84
Add : Purchase	566.58	416.85
Less : Clos. Bal.	<u>229.81</u>	<u>205.57</u>
Insurance Premium	<b>41.53</b>	36.70
Transportation & Octroi	<b>266.25</b>	232.82
Factory Expenses	<b>28.76</b>	24.00
Customs Clearing Expenses	<b>249.17</b>	207.09
Lease Rental Charges	<b>648.28</b>	622.31
<b>TOTAL</b>	<b><u>4,612.66</u></b>	<b><u>4,131.28</u></b>
<b>SCHEDULE - 18 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEEES</b>		
Salaries, Wages & Others Employees Benefits	<b>379.71</b>	293.75
Contribution to P.F. & Other Funds	<b>50.64</b>	37.48
<b>TOTAL</b>	<b><u>430.35</u></b>	<b><u>331.23</u></b>
<b>SCHEDULE - 19 : FINANCIAL CHARGES</b>		
Interest payment on Fixed Loans	<b>2,257.23</b>	1,783.19
Other Loans	<b>240.92</b>	230.47
<b>TOTAL</b>	<b><u>2,498.15</u></b>	<b><u>2,013.66</u></b>
<b>SCHEDULE - 20 : ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Printing & Stationery	<b>9.05</b>	8.68
Traveling Expenses	<b>52.48</b>	45.32
Other Repairs & Maintenance	<b>17.37</b>	11.75
Postage & Telephone Expenses	<b>26.15</b>	19.27
Office Expenses	<b>10.38</b>	8.50
Rent	<b>51.20</b>	43.02
Legal & Professional Expenses	<b>46.08</b>	47.45
Directors Sitting Fees	<b>3.64</b>	2.73
Subscription & Membership Fees	<b>3.40</b>	1.38
Rates & Taxes	<b>2.06</b>	1.68
Donations	<b>26.28</b>	11.10
Staff Welfare Expenses	<b>11.30</b>	10.82
Audit Fee	<b>2.76</b>	2.21
Electricity Expenses	<b>18.75</b>	17.41
Advertisement & Recruitment Exp.	<b>21.19</b>	14.54
Listing Fee	<b>2.48</b>	1.23
Sales Commission	<b>39.18</b>	28.62
Secretarial Exp.	<b>4.26</b>	3.00
Vehicle Maintenance	<b>12.27</b>	6.16
<b>TOTAL</b>	<b><u>360.28</u></b>	<b><u>284.87</u></b>

As per our attached report of even date.

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

Chartered Accountants

**N. M. SINGAPURI**

Partner

Membership No. 11601

Registration No. 110264W

Surat, 12.05.2011

For and on Behalf of the Board

**B. G. Jain**

Chairman & Managing Director

**D. B. Jain**

Joint Managing Director

**Rashmi Bhatt**

Company Secretary

Surat, 12.05.2011

**SCHEDULE - 21 : 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.

**(D) Investments:**

Investments are stated at cost of acquisition.

**(E) Inventories:**

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

**(F) Retirement Benefits:**

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

**(G) 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.

**(H) Revenue Recognition:**

a) Sales is net of Sales tax/ VAT, Excise duty, Sales return, Rate difference, damage goods Compensation etc.

b) Other income is accounted on due basis as per the terms.

**(I) Foreign Currency Transactions:**

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

**(J) 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.

**(K) 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.

**(L) Related Party disclosure as per accounting standard 18:**

- |                          |   |  |
|--------------------------|---|--|
| (a) Where control exists | <ul style="list-style-type: none"> <li>- Nakoda Syntex Pvt. Ltd.</li> <li>- B. G. Jain Investment Pvt. Ltd.</li> <li>- G. P. Shah Investment Pvt. Ltd.</li> <li>- P. B. Jain Investment Pvt. Ltd.</li> <li>- Varju Investment Pvt. Ltd.</li> <li>- Nakoda Shipyard Pvt. Ltd.</li> <li>- Nakoda Holdings Mauritius Ltd., Mauritius</li> <li>- Indo Korean Petrochem Ltd., Korea</li> </ul> | <ul style="list-style-type: none"> <li>- Konzept Infotainment Pvt. Ltd.</li> <li>- Nakoda Realities Pvt. Ltd.</li> <li>- Nakoda Energy Pvt. Ltd.</li> <li>- Nakoda Financial Services Pvt. Ltd.</li> <li>- Nakoda Infrastructure &amp; Leasing Pvt. Ltd.</li> <li>- Surat Super Yarn Park Ltd.</li> <li>- Gerback Holdings Pte. Ltd., Singapore</li> </ul> |
|--------------------------|---|--|

**(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	
		2010	2009	31st Dec 2010	31st Dec 2009
Where Control Exists	FCD Issued	NIL	NIL	NIL	NIL
	Share Warrant issued	2025.00	164.00	NIL	NIL
	Investments & Loans	NIL	NIL	351.40	351.40
Key Management Personnel	Remuneration etc.	60.00	54.75	5.00	5.00

**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. 143.75 lacs).
- c) Claim against the Company not acknowledged as debt : Rs. NIL
- d) Uncalled Liabilities : Rs. NIL

**3. Salary and wages Rs. 37970606/- (Pre. year Rs. 29374850/-) includes remuneration paid to Directors Rs. 6000000/- (Pre year**

Rs. 5475000/-)

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

5. <b>Auditor's Remuneration:</b>	Current Year Rs. :	Previous Year Rs. :
(a) As Auditor's : (including tax audit)	2,75,750	2,20,600
(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	96,500	88,240

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)

2010	Manufacturing	Trading	Total
<b>Segment Revenue</b>			
1 Net Income from Sales	61204.04	72685.18	133889.22
<b>Segment Result</b>			
Profit Before Interest & Tax	4088.03	2517.39	6605.42
Less : Interest	1141.96	1356.19	2498.15
Total Profit/(Loss) before Tax	2946.07	1161.20	4107.27
Exceptional items			
Profit/(Loss) after Exceptional items	2946.07	1161.20	4107.27
Provision for Taxation	568.06	223.90	791.96
<b>Net Profit</b>	<b>2378.01</b>	<b>937.30</b>	<b>3315.31</b>
3 <b>Capital Employed</b>	-	-	26905.00
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 interchangable between segments.			



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

Deferred Tax Liability	Opening as on 01-01-10	Debit/(Credit) during the year	Closing as at 31-12-10
Unabsorbed depreciation Under Income Tax Act,1961	(48410051)	(27214388)	(75624439)
Unabsorbed Losses Under Income Tax Act,1961	(23055010)	—	(23055010)
<b>Total</b>	<b>(71465061)</b>	<b>(27214388)</b>	<b>(98679449)</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.

	31/12/2010	31/12/2009
Profit as per P&LA/c	331532834	227158294
Weighted number of Equity Share	126400000	16600000
Face Value of Share	5.00	10.00
Basic & Diluted EPS	2.62	13.68

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

	Items	Units	Capacity		Production	
			Registered	Installed	Current Year	Previous Year
1.	Chips	MT	49000	49000	525	0
2.	POY 	MT	101000	89500	66982	52850
3.	FDY					
4.	Texturised Yarn 	MT	30000	29870	8579	858
5.	Draw Twisted Yarn					

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

	Items	Units	Current Year		Previous Year	
			Qty.	Value	Qty.	Value
1.	Chips	MT	2335	1651.01	0	0
2.	POY 	MT	57467	51682.85	51654	41783.37
3.	FDY					
4.	Texturised / D.T. Yarn	MT	8280	9048.77	879	976.19

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  | 116465.50 |
| (ii) Fuel, Oil & Chemicals, Packing Material, components, Stores & Spares Etc | 3318.93   |

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

	PTA (Kgs.)	MEG (Kgs.)	Chips (Kgs.)	POY/FDY (Kgs.)	Texturised (Kgs.)
Opening Stock	--	-	3620182	431824	27775
Purchase	1500000	559000	72957524	--	-
Transfer from PTA/MEG/ Chips/POY	-	-	525423	66982483	8579493
<b>Total</b>	<b>1500000</b>	<b>559000</b>	<b>77103129</b>	<b>67414307</b>	<b>8607268</b>
Sales	-	-	2335000	57466827	8280480
Consumption	450000	170000	66982483	8579493	-
Wastage	-	--	2822792	--	--
Closing Stock	1050000	389000	4962854	1367987	326788
<b>Total</b>	<b>1500000</b>	<b>559000</b>	<b>77103129</b>	<b>67414307</b>	<b>8607268</b>

	Polyester Yarn (Kgs.)	Salt (Mt)	Soyabean Meal (Mt)	Fancy Shirting (Mtr)	Indian Row Cotton (Mt)
Opening Stock	316672	230687	5550	2677796	-
Purchase	20599724	1563075	-	38175897	12670
Transfer from Chips/POY	-	-	-	-	-
<b>Total</b>	<b>20916396</b>	<b>1793762</b>	<b>5550</b>	<b>40853693</b>	<b>12670</b>
Sales	20626850	1455222	443	38786819	12670
Consumption	-	-	-	-	-
Wastage	-	-	3	-	-
Closing Stock	289546	338540	5104	2066874	-
<b>Total</b>	<b>20916396</b>	<b>1793762</b>	<b>5550</b>	<b>40853693</b>	<b>12670</b>

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

Current Year 72876.328	Previous Year 12724.809
---------------------------	----------------------------

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 38774.387	Previous Year 12724.809
---------------------------	----------------------------

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.

20. Balances of Sundry Debtors, Advances & Creditors are subject to confirmation.

As per our attached report of even date.

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

Chartered Accountants

**N. M. SINGAPURI**

Partner

Membership No. 11601

Registration No. 110264W

Surat, 12.05.2011

For and on Behalf of the Board

**B. G. Jain**

Chairman & Managing Director

**D. B. Jain**

Joint Managing Director

**Rashmi Bhatt**

Company Secretary

Surat, 12.05.2011



## 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 2010	
		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 / GDR
	1660.00		10,800.00
<b>III</b>	<b>Position of Mobilisation and Deployment of Funds (Rs. In Lacs)</b>		
	Total Liabilities		Total Assets
	79,894.32		79,894.32
	<b>Sources of Funds</b>		
	Paid-up Capital		Share Application Money
	6,320.00		0.00
	Share Warrant & FCD		Reserves & Surplus
	2,700.00		17,517.75
	Secured Loans		Unsecured Loans
	41,994.88		10,374.90
	Deferred Tax Liability		
	986.79		
	<b>Application of Funds</b>		
	Net Fixed Assets		Investments
	39,769.82		815.20
	Net Current Assets		Deferred Tax Assets
	35,561.50		0
	Misc. Expenditure		Accumulated Losses
	502.50		NIL
<b>IV</b>	<b>Performance of Company (Rs. In Lacs)</b>		
	Turnover (Net)		Total Expenditure
	133,889.22		124,366.94
	+ - Profit/Loss Before Tax		+ - Profit/Loss After Tax
	4,880.26		3,315.31
		(Please tick appropriate box + for profit, - for loss)	
	Earning per Share in Rs.		Dividend Rate %
	2.62		5
<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 LIMITED

We have examined the compliance of conditions of Corporate Governance by Nakoda Limited ("The Company") for the year ended 31st December, 2010, 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, 2010 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  
Registration No. 110264W

Place : Surat  
Date : 12.05.2011

## CASH FLOW STATEMENT FOR THE 12 MONTHS ENDED ON 31ST DECEMBER, 2010

	AS AT 31.12.2010	(Rs. In Lacs) AS AT 31.12.2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit After Tax and Extraordinary items	3,315.31	2,271.59
Add : Depreciation	772.99	538.86
Interest	2,498.15	2,013.66
Operating Profit before Working Capital Charges	6,586.45	4,824.11
Add / (Less) : (Increase) / Decrease in Current Assets		
Debtors	(7,957.38)	(6,967.17)
Inventories	(3,144.25)	(1,845.62)
Loans & Advances	534.67	(979.61)
Add / Less : Increase / Decrease in Current Liabilities & Provisions	(3,980.51)	(4,968.29)
Cash Generated From Operations	9,034.17	5,625.18
Misc. Expenditure (Not written off)	(502.50)	
Interest Paid	(2,226.01)	(2,033.09)
Net Cash Flow From Operating Activities	2,325.15	(1,376.20)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase Of Fixed Assets	(30,842.53)	(4,191.34)
Capital Work In Progress	4,391.61	(7,130.12)
Purchase of Investments	(756.41)	(54.74)
Sales of Investments	0.00	0.00
Profit on Sale of Fixed Assets	0.00	0.00
Net Cash Flow From Investing Activities	(27,207.33)	(11,376.20)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increasing in Share Capital	4,660.00	82.00
Increasing in Share Premium	6,970.00	82.00
Share Application Money	2,700.00	(284.40)
Proceeds From Borrowings	29,910.16	8,490.41
Increase in Capital Reserve	0.00	268.00
Proceeds From Unsecured Loans	(6,703.60)	7,190.09
Dividend & Dividend Tax Paid	(367.26)	(116.53)
Net Cash Flow From Financing Activities	37,169.30	15,711.57
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	12,287.12	2,959.17
<b>CASH &amp; CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	6,503.75	3,544.58
<b>CASH &amp; CASH EQUIVALENTS AT THE END OF THE YEAR</b>	18,790.87	6,503.75

As per our attached report of even date.

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

**N. M. SINGAPURI**  
Partner  
Membership No. 11601  
Registration No. 110264W  
Surat, 12.05.2011

For and on Behalf of the Board

**B. G. Jain** Chairman & Managing Director  
**D. B. Jain** Joint Managing Director  
**Rashmi Bhatt** Company Secretary  
Surat, 12.05.2011

## Auditors Report on Consolidated Financials Statements

To,  
**The Board of Directors,**  
**Nakoda Limited**

We have audited the attached Consolidated Balance Sheet of Nakoda Limited ("the Company) and its subsidiaries as 31<sup>st</sup> December 2010, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management and have been prepared by the Management on the basis of Separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respect, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of Three subsidiaries reflects total assets of Rs. 23170.40 lacs as at 31<sup>st</sup> Dec.2010, total revenue of Rs. 10232.37 and net cash flow amounting to Rs. 19.03 lacs for the year ended on that date. These Financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

We report the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and audited financial statements of its subsidiary included in the consolidated financial statements.

Based on our audit and consideration of the report on other Auditors on separate financial statements of the Company and other financial statements of the subsidiary, and to the best of our information and according to the explanations given to us, We are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiary as at 31<sup>st</sup> December 2010.
- (b) In the case of the Consolidated Profit and Loss Account, of the consolidated profit of the Company and its subsidiary for the year ended on that date; and
- (c) In the case of consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiary for the year ended on that date.

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

**N. M. SINGAPURI**  
Partner

Membership No. 11601  
Registration No. 110264W

Place : Surat  
Date : 12.05.2011

## CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER, 2010

SCHEDULES	AS AT 31.12.2010 (Rs. in Lacs)	AS AT 31.12.2009 (Rs. in Lacs)
<b>I. SOURCES OF FUNDS :</b>		
SHARE HOLDERS' FUNDS		
Share Capital	1	6,320.00
Share Warrant	2	2,700.00
Reserves & Surplus	3	17,741.58
		<u>26,761.58</u>
Minority Interest		285.09
		1,660.00
		0.00
		7,846.25
		<u>9,506.25</u>
LOAN FUNDS		
Secured Loans	4	48,842.97
Unsecured Loans	5	10,383.30
		<u>59,226.27</u>
Deferred Tax Liability		986.79
<b>TOTAL</b>		<u>87,259.73</u>
		<u>12,084.72</u>
		<u>16,806.36</u>
		<u>28,891.08</u>
		<u>714.65</u>
		<u>39,111.98</u>
<b>II. APPLICATION OF FUNDS :</b>		
<b>Fixed Assets</b>		
Gross Block	6	53,573.64
Less : Depreciation		5,275.51
Net Block		<u>48,298.13</u>
Capital Work in Progress		3,245.31
		<u>51,543.44</u>
Investments	7	58.75
		13,882.63
		4,182.36
		9,700.27
		7636.92
		<u>17,337.20</u>
		58.75
<b>CURRENT ASSETS, LOANS AND ADVANCES :</b>		
Inventories	8	12,481.91
Sundry Debtors	9	35,989.52
Cash & Bank Balances	10	18,805.71
Loans & Advances	11	2,559.75
		<u>69,836.89</u>
Less : Current Liabilities & Provisions	12	34,681.85
Net Current Assets		<u>35,155.04</u>
Miscellaneous Expenditure (To the extent not written off)	13	502.50
<b>TOTAL</b>		<u>87,259.73</u>
		<u>7,719.73</u>
		<u>27,717.35</u>
		<u>6,504.56</u>
		<u>2,072.93</u>
		<u>44,014.57</u>
		<u>22,298.53</u>
		<u>21,716.04</u>
		0.00
		<u>39,111.98</u>

As per our attached report of even date.

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

**N. M. SINGAPURI**  
Partner  
Membership No. 11601  
Registration No. 110264W  
Surat, 12.05.2011

For and on Behalf of the Board

**B. G. Jain** Chairman & Managing Director  
**D. B. Jain** Joint Managing Director  
**Rashmi Bhatt** Company Secretary  
Surat, 12.05.2011

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR  
THE YEAR ENDED 31ST DECEMBER, 2010**

	SCHEDULES	AS AT 31.12.2010 (Rs. in Lacs)	AS AT 31.12.2009 (Rs. in Lacs)
<b>INCOME :</b>			
Sales	14	140,817.53	102,930.73
Less : Excise Duty / VAT		<u>6,365.34</u>	<u>4,303.65</u>
Net Sales		134,452.19	98,627.08
Other Income	15	1,403.28	353.79
Variation in Stocks		(+) 1,281.90	1,498.73
<b>TOTAL</b>		<u><u>137,137.37</u></u>	<u><u>100,479.60</u></u>
<b>EXPENDITURE :</b>			
Consumption of Materials	16	123,383.93	90,443.01
Manufacturing Expenses	17	4,674.84	4,462.51
Payments to and Provisions For Employees	18	470.61	0.00
Financial Expenses	19	2,718.73	2,013.75
Administrative & Selling Expenses	20	399.40	288.58
<b>TOTAL</b>		<u><u>131,647.51</u></u>	<u><u>97,207.85</u></u>
Profit before Depreciation & tax		5,489.86	3,271.75
Less : Depreciation		1,093.15	538.86
Profit Before Tax		4,396.71	2,732.89
Less : Provision for Taxation		<u>792.63</u>	<u>465.10</u>
Profit after tax		3,604.08	2,267.79
Balance Brought Forward from last year		5,243.50	4,194.82
Less : Deferred Tax Liability		<u>272.14</u>	<u>183.16</u>
Balance available for appropriations		<u><u>8,575.44</u></u>	<u><u>6,279.45</u></u>
<b>APPROPRIATIONS :</b>			
Less : Transfer to General Reserve		1,000.00	900.00
Interim Dividend		0.00	116.20
Tax on Interim Dividend		0.00	19.75
Proposed Dividend		316.00	0.00
Tax on Proposed Dividend		<u>51.26</u>	<u>0.00</u>
Balance Carried to Balance Sheet		<u>7,208.18</u>	<u>5,243.50</u>
		<u><u>8,575.44</u></u>	<u><u>5,379.45</u></u>
Significant Accounting Policies & Notes on Accounts	21		

As per our attached report of even date.

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

Chartered Accountants

**N. M. SINGAPURI**

Partner

Membership No. 11601

Registration No. 110264W

Surat, 12.05.2011

For and on Behalf of the Board

**B. G. Jain**

Chairman & Managing Director

**D. B. Jain**

Joint Managing Director

**Rashmi Bhatt**

Company Secretary

Surat, 12.05.2011

**SCHEDULES ATTACHED CONSOLIDATED BALANCE SHEET  
AS AT 31ST DECEMBER, 2010**

	<b>AS AT 31.12.2010 (Rs. in Lacs)</b>	<b>AS AT 31.12.2009 (Rs. in Lacs)</b>
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
2,000,00,000 Equity Shares of Rs.5/- each	<b>10,000.00</b>	4,000.00
10,00,000 Preference Shares of Rs.100/- each	<b>0.00</b>	1,000.00
	<u><b>10,000.00</b></u>	<u>5,000.00</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
126400000 Equity Shares of Rs. 5/- each fully paid up	<b>6,320.00</b>	1660.00
(i) 6,50,000 shares were 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.		
(iv) 8,20,000 Shares fully paid up converted from convertible Share Warrants.		
(v) 3,32,00,000 Shares were allotted as fully paid up by way of Bonus Shares.		
(vi) 6,00,00,000 Shares were allotted against Global Depository Receipts.		
<b>TOTAL</b>	<u><b>6,320.00</b></u>	<u>1,660.00</u>
<b>SCHEDULE - 2 : SHARE WARRANT &amp; FCD</b>		
10800000 Share Warrants of Rs. 100 each	10800.00	
Less : Uncalled Money	8100.00	
<b>TOTAL</b>	<u><b>2,700.00</b></u>	<u>0.00</u>
<b>SCHEDULE - 3 : RESERVES &amp; SURPLUS</b>		
Share Premium Account	<b>8,005.50</b>	1035.50
General Reserve	<b>2,275.36</b>	1275.32
Capital Reserve	<b>268.00</b>	268.00
Foreign Currency Translation Reserve	<b>(61.14)</b>	(21.75)
Investment Subsidy	<b>45.68</b>	45.68
Profit & Loss Appropriation	<b>7,208.18</b>	5243.50
<b>TOTAL</b>	<u><b>17,741.58</b></u>	<u>7,846.25</u>
<b>SCHEDULE - 4 : SECURED LOANS</b>		
Term Loans	<b>25,768.22</b>	4,726.87
Corporate Loans	<b>3,033.18</b>	0.00
Working Capital Loans	<b>9,706.06</b>	7,260.78
Vehicles Loans	<b>94.25</b>	97.07
Buyer Credit Loan	<b>10,241.26</b>	0.00
<b>TOTAL</b>	<u><b>48,842.97</b></u>	<u>12,084.72</u>
<b>Note :-</b>		
(i) Term Loans of Rs. 250 crore for CP Plant are secured by Pari Passu first charge on all existing immovable and movable assets of the company situated at Block No.17 to 19 at Karanj & Block No. A/1, B/1, M/1 at Textile Park,Hathuran and second charge on all Current Assets of the Company.		
(ii) Term Loans of Rs. 18.00 crore for FDY lines are secured by Hypothecation of 6 FDY lines covered under said loans.		
(iii) Working Capital Facilities are secured by Hypothecation of stock of Raw Material, Finished Goods, Stores, Spares, Other Current Assets, Book Debts and Collateral Security of EMT of Block No.4,11,17 to 19 at Karanj, EMT of Land & Building situated at Texturising Unit at Karanj, Hypothecation of 7 POY Lines Situated at Karanj, Second charge by way of Mortgage and/or Hypothecation of Land, Building & Machineries situated at POY division at Karanj on which GILC Ltd. & GSFC having First charge.		
(iv) The Loan for Vehicles have been secured by specific charges on the vehicles covered under the said loan.		
(v) Corporate Loan from Syndicate Bank is secured by EMT of Land & Hypothecation of 9 Wind Mills situated at Tirunelveli, Tamilnadu.		
<b>SCHEDULE- 5 : UNSECURED LOANS</b>		
Agency Deposit	<b>351.00</b>	351.00
Suppliers Credit	<b>0.00</b>	3,650.00
Others	<b>10,032.30</b>	12,805.36
<b>TOTAL</b>	<u><b>10,383.30</b></u>	<u>16,806.36</u>

**SCHEDULE - 6 : FIXED ASSETS**

(Rs. In Lacs)

Particulars	Gross Block				Depreciation				Net Block	
	As On 01.01.10	Addition	Deduction	As On 31.12.10	As On 01.01.10	Addition	Deduction	As On 31.12.10	As On 31.12.10	As On 31.12.10
Land	170.87	41.22	0.00	212.09	0.00	0.00	0.00	0.00	212.09	49.37
Building & Godown	1,385.42	3,143.56	0.00	4,528.98	204.91	53.52	0.00	258.43	4,270.55	1,180.52
Plant & Machinery	11,601.62	36,236.95	0.00	47,838.57	3,618.23	998.06	0.00	4,616.29	43,222.28	8,104.88
Electric Installation	336.41	18.67	0.00	355.08	149.93	17.76	0.00	167.69	187.39	186.48
Office Equipment	54.80	157.63	0.00	212.43	31.15	13.86	0.00	45.01	167.42	23.65
Furniture & Fixtures	51.04	41.00	0.00	92.04	48.94	3.23	0.00	52.17	39.87	2.10
Vehicles	282.47	51.98	0.00	334.45	129.20	6.72	0.00	135.92	198.53	153.27
<b>TOTAL</b>	<b>13,882.63</b>	<b>39,691.01</b>	<b>0.00</b>	<b>53,573.64</b>	<b>4,182.36</b>	<b>1,093.15</b>	<b>0.00</b>	<b>5,275.51</b>	<b>48,298.13</b>	<b>9,700.27</b>
Previous Year	9,691.29	4,191.34	0.00	13,882.63	3,643.50	538.86	0.00	4,182.36		
Capital Work In Progress									3,245.31	7,636.92
<b>TOTAL</b>									<b>51543.44</b>	<b>17337.19</b>

(Rs. In Lacs)

**AS AT**  
**31.12.2010**                      **AS AT**  
**31.12.2009**

**SCHEDULE - 7 : INVESTMENTS**
**LONG TERM TRADE (UNQUOTED) :**

Nakoda Syntex P. Ltd. (Long Term - Non Trade) (50 Equity Share of Rs. 100/- each fully paid up)	<b>0.05</b>	0.05
Surat Super Yarn Park Ltd. (Long Term - Non Trade) (18000 Equity Share of Rs. 10/- each fully paid up)	<b>56.80</b>	56.80
Koncept Infotainment Pvt. Ltd. (18000 Equity Share of Rs. 10/- each fully paid up)	<b>0.50</b>	0.50
Nakoda Realities Pvt. Ltd. (5400 Equity Share of 10/- each fully paid up)	<b>0.50</b>	0.50
Nakoda Financial Services Pvt. Ltd. (10000 Equity Share of 10/- each fully paid up)	<b>0.50</b>	0.50
Nakoda Shipyard Pvt. Ltd. (900 Equity Share of 10/- each fully paid up)	<b>0.40</b>	0.40
<b>TOTAL</b>	<b>58.75</b>	<b>58.75</b>

**SCHEDULE - 8 : INVENTORIES**

Raw Materials	<b>5,472.94</b>	2,743.62
Finished goods	<b>6,510.46</b>	4,574.75
Fuel, Oil Chemical & Packing Material and Stores Spares	<b>498.51</b>	401.36
<b>TOTAL</b>	<b>12,481.91</b>	<b>7,719.73</b>

**SCHEDULE - 9 : SUNDRY DEBTORS (Unsecured Considered Good)**

Outstanding for a period exceeding six months	<b>14.25</b>	10.87
Others	<b>35,975.27</b>	27,706.48
<b>TOTAL</b>	<b>35,989.52</b>	<b>27,717.35</b>

**SCHEDULE - 10 : CASH & BANK BALANCE**

Cash & Cheque in Hand	<b>16.39</b>	10.45
With Schedule Bank in :		
Fixed Deposits	<b>18,622.45</b>	6,451.80
Current Account	<b>166.87</b>	42.30
<b>TOTAL</b>	<b>18,805.71</b>	<b>6,504.56</b>

**SCHEDULE - 11 : LOANS & ADVANCES (Unsecured Considered Good)**

Deposits with Govt. Authorities	<b>817.06</b>	4.23
Share Application Money	<b>296.40</b>	1231.56
Advances Recoverable in Cash or in kind	<b>1,446.29</b>	837.14
<b>TOTAL</b>	<b>2,559.75</b>	<b>2,072.93</b>

**SCHEDULE - 12 : CURRENT LIABILITIES & PROVISIONS**
**Current Liabilities :**

Acceptances Under L/C	<b>30,648.45</b>	22,152.06
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**Sundry Creditors**

(1) Dues of small scale industrial undertaking(s)	4.42	2.60
(2) Other	224.49	20.55
Other Liabilities	3,437.23	123.32
Provision for Dividend & Tax	367.26	0.00
<b>TOTAL</b>	<b>34,681.85</b>	<b>22,298.53</b>

**SCHEDULE - 13 : MISCELLANEOUS EXPENDITURE**

(To the extent not written off)

GDR Issue Expenses	502.50	0.00
	<b>502.50</b>	<b>0.00</b>

**SCHEDULE - 14 : SALES**

	AS AT 31.12.2010 (Rs. in Lacs)	Quantity in MT/MTR	AS AT 31.12.2009 (Rs. in Lacs)	Quantity in MT/MTR
Chips	4,812.88	10223.924 MT	0.00	0.000 MT
POY	34,484.28	40648.666 MT	24,271.66	30762.603 MT
FDY	20,965.01	22522.968 MT	17,511.71	20891.417 MT
Texturised / D. T. Yarn	9,048.77	8280.480 MT	976.19	878.695 MT
Polyester Yarn	23,162.38	20626.850 MT	22,434.36	23704.385 MT
Salt	4,263.80	1455221.800 MT	12,579.46	4235665.000 MT
Soyabean Meal	69.77	443.000 MT	729.36	3320.000 MT
Fancy Shirting / Grey	25,211.43	38786819.200 Mtr	24,427.99	62551632.400 Mtr
Indian Raw Cotton	18,326.79	12669.064 MT	0.00	0.000
Wind Power	472.42	11123488.000 UNIT	0.00	0.000
<b>TOTAL</b>	<b>140,817.53</b>		<b>102,930.73</b>	

**SCHEDULE - 15 : MISCELLANEOUS INCOME**

Interest	164.51	117.53
Other Income	1,208.58	207.30
Insurance Claim	30.19	28.96
<b>TOTAL</b>	<b>1,403.28</b>	<b>353.79</b>

**SCHEDULE - 16 : CONSUMPTION OF RAW MATERIAL**

Opening Stock	2,743.62	2,436.52
Purchase	125,188.07	90,750.11
	<b>127,931.69</b>	<b>93,186.63</b>
Less : Closing Stock	4547.76	2,743.62
<b>TOTAL</b>	<b>123,383.93</b>	<b>90,443.01</b>

**SCHEDULE - 17 : MANUFACTURING EXPENSES**

	Current Year	Previous Year		
Fuel Consumed			1,559.24	1,459.45
Opening Bal.	14.15	18.46		
Add : Purchase	1569.27	1455.14		
Less : Clos. Bal.	24.18	14.15		
Oil, Chemicals & Packing Material Consumed			1,217.37	1,039.99
Opening Bal.	181.64	96.27		
Add : Purchase	1241.29	1125.36		
Less : Clos. Bal.	205.58	181.64		
Repairs & Maintenance to Building			60.09	50.80
Stores spares & Maintenance to Machineries Consumed			549.74	458.12
Opening Bal.	205.57	246.84		
Add : Purchase	566.58	416.85		
Less : Clos. Bal.	229.81	205.57		
Insurance Premium			42.30	36.70



Transportation & Octroi	266.26	232.82
Factory Expenses	28.76	24.00
Customs Clearing Expenses	253.87	207.09
Lease Rental Charges	697.21	622.31
<b>TOTAL</b>	<b>4,674.84</b>	<b>4,131.28</b>
<b>SCHEDULE - 18 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
Salaries, Wages & Others Employees Benefits	419.97	293.75
Contribution to P.F. & Other Funds	50.64	37.48
<b>TOTAL</b>	<b>470.61</b>	<b>331.23</b>
<b>SCHEDULE - 19 : FINANCIAL CHARGES</b>		
Interest payment on Fixed Loans	2331.65	1,783.28
Other Loans	387.08	230.47
<b>TOTAL</b>	<b>2,718.73</b>	<b>2,013.75</b>
<b>SCHEDULE - 20 : ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Printing & Stationery	9.05	8.68
Traveling Expenses	56.09	45.32
Other Repairs & Maintenance	17.37	11.75
Postage & Telephone Expenses	27.73	19.27
Office Expenses	13.75	11.76
Rent	51.20	43.02
Legal & Professional Expenses	59.33	47.45
Directors Sitting Fees	4.17	2.73
Subscription & Membership Fees	3.72	1.38
Rates & Taxes	4.77	1.68
Donations	26.28	11.10
Staff Welfare Expenses	11.79	10.82
Audit Fee	3.21	2.66
Electricity Expenses	19.00	17.41
Advertisement & Recruitment Exp.	21.19	14.54
Listing Fee	2.48	1.23
Sales Commission	47.30	28.62
Secretarial Exp.	4.69	3.00
Vehicle Maintenance	12.69	6.16
Bad Debt Expenses	3.18	0.00
Sales Promotion Expenses	0.41	0.00
<b>TOTAL</b>	<b>399.40</b>	<b>288.58</b>

As per our attached report of even date.

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

**N. M. SINGAPURI**  
Partner  
Membership No. 11601  
Registration No. 110264W  
Surat, 12.05.2011

For and on Behalf of the Board

**B. G. Jain** Chairman & Managing Director  
**D. B. Jain** Joint Managing Director  
**Rashmi Bhatt** Company Secretary  
Surat, 12.05.2011

**SCHEDULE - 21 : NOTES FORMING PARTS OF THE CONSOLIDATED ACCOUNTS**
**1. Significant Accounting Policies:**
**A. Basis of Consolidation:**

The Consolidated financial statements related to Nakoda Limited {"The Company"} and its subsidiary company. The Consolidated Financial Statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary company have been combined on line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions resulting in unrealized Profits & Losses in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statements" issued by the institute of Chartered Accountants of India.
- In Case of forgiven subsidiary, being non-integral foreign operations, revenue item as well as. All assets and liabilities are converted at rates prevailing at the end of the year.
- The difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- Exchange rate differences arises on the transaction of consolidated foreign subsidiary is classified as reserve and transferred to Foreign Currency Translation Reserve.

B. Investments other than in subsidiary have been accounted as per Accounting Standard 13 (AS) 13 on "Accounting For Investments".

**C. Other significant accounting Policies:**

These are set out under "significant accounting policies" as given in the Unconsolidated Financial Statements of the Nakoda Ltd. and its subsidiary.

**2. Following subsidiary company has been considered in the preparation of consolidated Financial Statements:**

Name of the Company	Nature of Interest	Country of Incorporation	Proportion of Ownership Interest
Nakoda Holdings Mauritius Ltd.	Subsidiary	Mauritius	100%
Indo Korean Petrochem Ltd.	Subsidiary	South Korea	77.11%
Gerback Holdings Pte. Ltd.	Subsidiary	Singapore	66.67%

**3. Related Party disclosure accounting standard 18:**

- Where control exists
  - Nakoda Syntex Pvt. Ltd.
  - B. G. Jain Investment Pvt. Ltd.
  - G. P. Shah Investment Pvt. Ltd.
  - P. B. Jain Investment Pvt. Ltd.
  - Varju Investment Pvt. Ltd.
  - Nakoda Shipyard Pvt. Ltd.
  - Nakoda Holdings Mauritius Ltd., Mauritius
  - Indo Korean Petrochem Ltd., Korea
  - Konzept Infotainment Pvt. Ltd.
  - Nakoda Realities Pvt. Ltd.
  - Nakoda Energy Pvt. Ltd.
  - Nakoda Financial Services Pvt. Ltd.
  - Nakoda Infrastructure & Leasing Pvt. Ltd.
  - Surat Super Yarn Park Ltd.
  - Gerback Holdings Pte. Ltd., Singapore

**(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	
		2010	2009	31st Dec 2010	31st Dec 2009
Where Control Exists	FCD Issued	NIL	NIL	NIL	NIL
	Share Warrant issued	2025.00	164.00	NIL	NIL
	Investments & Loans	NIL	NIL	351.40	351.40
Key Management Personnel	Remuneration etc.	60.00	54.75	5.00	5.00

**4. Contingent Liabilities:**

- Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. Nil ( Pre. Year Rs. Nil)
  - Outstanding guarantee furnished by Company's bankers Rs. 143.75 lacs (Pre. Year Rs. 143.75 lacs).
  - Claim against the Company not acknowledged as debt : Rs. NIL
  - Uncalled Liabilities : Rs. NIL
5. Salary and wages Rs. 4,31,91,610/- (Pre. year Rs. 2,93,74,850/-) includes remuneration paid to Directors Rs. 5475000/- (Pre year Rs. 33,30,000/-)
6. The balances of debtors, creditors, deposits, loans & advances are subject to confirmation.

7. Auditor's Remuneration:
- |  |                    |                     |
|--|--------------------|---------------------|
|  | Current Year Rs. : | Previous Year Rs. : |
| (a) As Auditor's : (including tax audit)               | 4,20,750           | 2,65,600            |
| (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                                 | 96,500             | 88,240              |

8. 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)

2010		Manufacturing	Trading	Total
	<b>Segment Revenue</b>			
1	Net Income from Sales	67952.35	72685.18	140817.53
2	<b>Segment Result</b>			
	Profit Before Interest & Tax	4598.05	2517.39	7115.44
	Less : Interest	1353.54	1356.19	2718.73
	Total Profit/(Loss) before Tax	3235.51	1161.20	4396.71
	Exceptional items			
	Profit/(Loss) after Exceptional items	3235.51	1161.20	4396.71
	Provision for Taxation	568.73	223.90	792.63
	<b>Net Profit</b>	<b>2666.78</b>	<b>937.30</b>	<b>3604.08</b>
3	<b>Capital Employed</b>	-	-	27128.84
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.				





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

<u>Deferred Tax Liability</u>	Opening as on 01-01-09	Debit/(Credit) during the year	Closing as at 31-12-09
Unabsorbed depreciation Under Income Tax Act, 1961	<u>(48410051)</u>	<u>(27214388)</u>	<u>(75624439)</u>
Unabsorbed Losses Under Income Tax Act, 1961	(23055010)	—	(23055010)
<b>Total</b>	<b><u>(71465061)</u></b>	<b><u>(27214388)</u></b>	<b><u>(98679449)</u></b>



10. 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.

	<u>31/12/2010</u>	<u>31/12/2009</u>
Profit as per P&LA/c	360408002	227158294
Weighted number of Equity Share	126400000	16600000
Face Value of Share	5.00	10.00
Basic & Diluted EPS	2.62	13.68

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

	Items	Units Nos.	Capacity		Production	
			Registered	Installed	Current Year	Previous Year
1.	Chips	MT	49200	49125	621	0
2.	POY 	MT	101240	89620	67055	52850
3.	FDY 					
4.	Texturised Yarn 					
5.	Draw Twisted Yarn 	MT	30000	29870	8579	858

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

	Items	Units	Current Year		Previous Year	
			Qty.	Value	Qty.	Value
1.	Chips	MT	10223.924	4812.88	0	0
2.	POY 	MT	63171.635	51682.85	51654	41783.37
3.	FDY 					
4.	Texturised / D.T. Yarn	MT	8280	9048.77	879	976.19

13. 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  | 123383.93 |
| (ii) Fuel, Oil & Chemicals, Packing Material, components, Stores & Spares Etc | 3318.93   |

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

	PTA (Kgs.)	MEG (Kgs.)	Chips (Kgs.)	POY/FDY (Kgs.)	Texturised (Kgs.)
Opening Stock	--	-	3620182	431824	27775
Purchase	13962913	5405688	72957524	--	-
Transfer from PTA/MEG/ Chips/POY	-	-	15615941	73398943	8579493
<b>Total</b>	<b>13962913</b>	<b>5405688</b>	<b>92193647</b>	<b>73830767</b>	<b>8607268</b>
Sales	-	-	10223924	63171635	8280480
Consumption	12912913	5016688	73398943	8579493	-
Wastage	-	-	3413023	--	--
Closing Stock	1050000	389000	5157757	2079639	326788
<b>Total</b>	<b>13962913</b>	<b>5405688</b>	<b>92193647</b>	<b>73830767</b>	<b>8607268</b>

	Polyester Yarn (Kgs.)	Salt (Mt)	Soyabean Meal (Mt)	Fancy Shirting (Mtr)	Indian Raw Cotton (Mt)
Opening Stock	316672	230687	5550	2677796	-
Purchase	20599724	1563075	-	38175897	12670
Transfer from Chips/POY	-	-	-	-	-
<b>Total</b>	<b>20916396</b>	<b>1793762</b>	<b>5550</b>	<b>40853693</b>	<b>12670</b>
Sales	20626850	1455222	443	38786819	12670
Consumption	-	-	-	-	-
Wastage	-	-	3	-	-
Closing Stock	289546	338540	5104	2066874	-
<b>Total</b>	<b>20916396</b>	<b>1793762</b>	<b>5550</b>	<b>40853693</b>	<b>12670</b>

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

Raw Materials	Current Year 72876.328	Previous Year 12724.809
---------------	---------------------------	----------------------------

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

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

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

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

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

Current Year 38774.387	Previous Year 12724.809
---------------------------	----------------------------

19. 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

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

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

22. Balances of Sundry Debtors, Advances & Creditors are subject to confirmation.

As per our attached report of even date.

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

**N. M. SINGAPURI**  
Partner  
Membership No. 11601  
Registration No. 110264W  
Surat, 12.05.2011

For and on Behalf of the Board

**B. G. Jain** Chairman & Managing Director  
**D. B. Jain** Joint Managing Director  
**Rashmi Bhatt** Company Secretary  
Surat, 12.05.2011

**CONSOLIDATED CASH FLOW STATEMENT FOR THE 12 MONTHS ENDED ON 31ST DECEMBER, 2010**

	(Rs. In Lacs)	
	AS AT 31.12.2010	AS AT 31.12.2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit After Tax and Extraordinary items	3,604.08	2,267.79
Add : Depreciation	1,093.15	538.86
Interest	2,718.73	2,013.75
Operating Profit before Working Capital Charges	<u>7,415.96</u>	<u>4,820.38</u>
Add / (Less) : (Increase) / Decrease in Current Assets		
Debtors	(8,272.17)	(6,967.17)
Inventories	(4,762.18)	(1,845.62)
Loans & Advances	(486.82)	(956.96)
Add / Less : Increase / Decrease in Current Liabilities & Provisions	<u>(6,105.21)</u>	<u>(4,949.37)</u>
Cash Generated From Operations	6,278.11	679.53
Misc. Expenditure (Not written off)	(502.50)	0.00
Minority Interest	285.09	0.00
Interest Paid	(2,718.69)	(2,033.54)
Net Cash Flow From Operating Activities	<u>3,342.01</u>	<u>(1,354.01)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase Of Fixed Assets	(39,691.01)	(4,191.34)
Capital Work In Progress	4,391.61	(7,130.13)
Purchase of Investments	0	(54.70)
Sales of Investments	0	0.00
Profit on Sale of Fixed Assets	0	0.00
Net Cash Flow From Investing Activities	<u>(35,299.40)</u>	<u>(11,376.17)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increasing in Share Capital	4,660.00	82.00
Increasing in Share Premium	6,970.00	82.00
Share Application Money	2,700.00	(284.40)
Proceeds From Borrowings	36,758.25	4,840.41
Increase in Capital Reserve	0.00	268.00
Foreign Currency Translation Reserve	(39.39)	(21.75)
Proceeds From Unsecured Loans	(6,423.06)	10,840.10
Dividend & Dividend Tax Paid	(367.26)	(116.20)
Net Cash Flow From Financing Activities	<u>44,258.54</u>	<u>15,690.16</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>12,301.15</b>	<b>2,959.98</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>6,504.56</b>	<b>3,544.58</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>18,805.71</b>	<b>6,504.56</b>

As per our attached report of even date.

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

Chartered Accountants

**N. M. SINGAPURI**

Partner

Membership No. 11601

Registration No. 110264W

Surat, 12.05.2011

For and on Behalf of the Board

**B. G. Jain**

Chairman & Managing Director

**D. B. Jain**

Joint Managing Director

**Rashmi Bhatt**

Company Secretary

Surat, 12.05.2011

## Statement Pursuant to Section 212 (1) (e) of the Companies Act, 1956, relating to subsidiary Companies.

1 The Financial Year of subsidiary Company the ended on	31/12/2010
2 Extent of interest of Holding Company at the end of the Financial year of the subsidiary	
a) Extent of interest of Nakoda Ltd. (Holding Company) at the end of financial year of the subsidiaries:	
Nakoda Holdings Mauritius Ltd.	100.00%
Indo Korean Petrochem Ltd.	31.32%
b) Extent of interest of Nakoda Holdings Mauritius Ltd. (Subsidiary Company) in Gerback Holdings Pte. Ltd., Singapore.	100.00%
c) Extent of interest of Gerback Holdings Pte. Ltd., Singapore in Indo-Korean Petrochem Ltd., Korea.	68.68%
3 The net aggregate amount of the subsidiary's Profit/(Loss) so far as it concern, the members of Holding Company.	
a) Not dealt with in the Holding Company's accounts.	
i) For the financial year ended as on 31st December, 2010	NIL
ii) For the previous financial year of the subsidiary Company	NIL
b) Dealt with in the Holding Company's accounts.	
i) For the financial year ended as on 31st December, 2010	Rs. 288.77 Lacs
ii) For the previous financial of the subsidiary since it became the Holding Company's subsidiary.	Rs. (3.80 Lacs)

**NAKODA LIMITED**

Registered Office: Block No. 1&12 to 16, Village - Karanj, Taluka -Mandvi, Dist.- Surat-394 110.

**PROXY FORM**

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

I/We \_\_\_\_\_ of

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

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

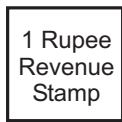
of \_\_\_\_\_

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

as my/our proxy to vote for me/our behalf at the 26<sup>th</sup> Annual General Meeting of the Company, to

be held at \_\_\_\_\_ and at adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.



Signature:

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

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

(TEAR HERE)

**NAKODA LIMITED**

Registered Office: Block No. 1&12 to 16, Village - Karanj, Taluka -Mandvi, Dist.- Surat-394 110

**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 26<sup>th</sup> Annual General Meeting of the Company held at, Block No. 1&12 to 16, Village - Karanj, Taluka -Mandvi, Dist.- Surat at-394 110. 11.30 A. M. on Thursday, the 27<sup>th</sup> June, 2011.

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

BOOK-POST

If undelivered, Please return to :

**NAKODA LIMITED**  
A-701, International Trade Centre,  
Majura Gate, Ring Road, Surat 395 002