



**Annual  
Report  
2011**

**NAKODA LIMITED**  
Annual Report 2011

**BOARD OF DIRECTORS**

Mr. B. G. Jain	Chairman & Managing Director
Mr. P. P. Vora	Director
Mr. P. J. Shah	Director
Mr. S. K. Bhoan	Director
Mr. B. L. Maheshwari	Director
Mr. Ishtiaq Ali	Director
Mr. Arvind Sinha	Director
Dr. J. A. Prem	Director
Mrs. P. B. Jain	Director
Mr. D. B. Jain	Jt. Managing Director

**COMPANY SECRETARY**

Mrs. Rashmi Bhatt

**AUDITORS**

N. M. Singapuri & Co.  
Chartered Accountants,  
Surat - 395 001

**REGISTERED OFFICE & MANUFACTURING FACILITY**

Block No. 1&12 to 19,  
Village - Karanj ; 394 110  
Taluka - Mandvi,  
Dist. - Surat

**ADMINISTRATIVE OFFICE**

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

**CORPORATE OFFICE**

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

**BANKERS**

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

**GREEN INITIATIVE**

As you may be aware, the Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. Companies can send various notices and documents, including Annual Report, to its shareholders through electronic mode to their registered e-mail addresses. To support this green initiative of the Government in full measures, members are requested to register their email addresses at [rashmi.bhatt@nakodaltd.com](mailto:rashmi.bhatt@nakodaltd.com), in respect of electronic holdings with the Depository Participants.

## NOTICE

Notice is hereby given that the 27<sup>th</sup> Annual General Meeting of the members of **NAKODA LIMITED** will be held on Saturday the 23<sup>rd</sup> June 2012 at 4.00 P. M. at the Company's Registered Office at Block No. 1 & 12 to 16, Village - Karanj, Taluka -Mandvi, Dist.- Surat – 394110.

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts for the year ended on 31<sup>st</sup> December 2011 together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sh. P. P. Vora who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sh. P. J. Shah who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.
5. To declare 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 Mr. Arvind Sinha 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, in writing proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company liable to retirement by rotation."

#### 7. As an Ordinary Resolution

"Resolved that Mr. Ishtiaq Ali 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, in writing proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company liable to retirement by rotation."

#### 8. As an Ordinary Resolution

"Resolved that Dr. J. A Prem 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, in writing proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company liable to retirement by rotation."

#### 9. As a Special Resolution:

"RESOLVED THAT, pursuant to the provisions of section 94 and all other applicable provisions, if any, of the Companies Act, 1956 (Including any statutory modification or re-enactment thereof for the time being in force), the Authorised Share capital of the Company be and is hereby increased to Rs. 1,50,00,00,000 (Rupees One Hundred Fifty Crores only) divided in to 30,00,00,000 (Thirty Crore) Equity Shares of Rs. 5/- each."

"FURTHER RESOLVED THAT, pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the existing clause V of the Memorandum of Association of the company be and is hereby altered by substituting the following new Clause V thereof:

V. The Authorised Share capital of the Company is Rs. 1,50,00,00,000 (Rupees Hundred Fifty Crores only) divided in to 30,00,00,000 (Thirty Crore) Equity Shares of Rs. 5/- each."

#### 10. As a Special Resolution:

"RESOLVED THAT, Pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (Including any statutory modification or re-enactment

thereof for the time being in force), the existing Article (5) of Articles of Association of the Company be and is hereby altered by substituting the existing article with the following new Article: (5)

(5) The Authorised Share capital of the Company is Rs. 1,50,00,00,000 (Rupees Hundred Fifty Crores only) divided in to 30,00,00,000 (Thirty Crore) Equity Shares of Rs. 5/- each."

By Order of the Board of Directors of  
Nakoda Limited  
**Rashmi Bhatt**  
Company Secretary

Place: Mumbai  
Date: 12.05.2012

### NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote thereat and the proxy need not be a member of the Company. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the annual general meeting.
2. Members/ Proxies should bring the Attendance Slip duly filled in for attending the meeting.
3. The Register of Members and Share transfer Books of the Company will remain closed from 18<sup>th</sup> June 2012 to 23<sup>rd</sup> June 2012 (both days inclusive).
4. The Board of Directors at its meeting held on 12<sup>th</sup> May 2012 has recommended a dividend of Rs. 0.25 per equity share of Rs. 5/- each for the financial year ended 31<sup>st</sup> December 2011. Dividend, if declared, at the Annual General Meeting, will be paid by the Company on and from 15<sup>th</sup> July 2012 to those members entitled thereto whose names appear in the Register of Members of the Company as on 23<sup>rd</sup> June 2012. With respect to shares held in dematerialized form in the Depository System, dividend thereon will be paid to the beneficial owners as per the data received from the Depositories.
5. Payment of Dividend through ECS:
  - a) Members holding shares in physical form are advised to submit particulars of their bank account as per attached ECS form to the Company's Registrar and Share Transfer Agents M/s. MCS Ltd., Neelam Apartment, 88, Sampatrao Colony, B/h Federation Bldg., Alkapuri, Baroda-390007
  - b) Members holding shares in demat form are requested to update the particulars of bank account to their respective depository participant.
6. 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, 7 & 8 is given in Annexure-A.
7. Members are requested:
  - a) to bring their copies of Annual Report and Attendance Slip at the time of the meeting.
  - b) to quote their Folio No.(s) in all correspondence.
  - c) to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting, in case they hold shares in dematerialized form.
  - d) to forward their queries, if any, so as to reach the Administrative Office of the Company on or before 18<sup>th</sup> June, 2012 enabling the management to keep the information ready.
8. The members are requested to intimate immediately, any change in their address or bank mandates to their depository participants with whom they are maintaining their demat accounts or to the company's Share Transfer Agent, MCS Ltd., if the shares are held by them in physical form.

### EXPLANATORY STATEMENT

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

#### Item No. 6

In accordance with Section 260 of the Companies Act, 1956 Mr.

Arvind Sinha 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. Arvind Sinha to the office of Director under the provisions of Section 257 of the Companies Act, 1956.

Mr. Arvind Sinha is B. Tech and Master of Management Studies having 34 years working experience with various companies nationally and internationally. He has worked on various assignments in India and abroad. He is actively engaged with World Bank & IMF for their various projects and receiving appreciation certificate for last four years. He is dealing in camouflage fabrics for last many years with various armed forces, presented many papers and articles on defense textiles, business with China, economics and environment studies. He has been a certified food safety management systems auditor for international managements.

Except Mr. Arvind Sinha no other Directors are interested in the proposed resolution.

#### Item No. 7

In accordance with Section 260 of the Companies Act, 1956 Mr. Ishtiaq Ali 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. Ishtiaq Ali to the office of Director under the provisions of Section 257 of the Companies Act, 1956.

Mr. Ishtiaq Ali is B.Sc., LL.M. is a Senior Partner of Classis Law, a leading international Law firm. He is having more than 30 years of rich experience in handling diverse Legal matters including 17 years with IFCI Ltd. He is associated with various international forums and has presented papers at number of seminars in India and abroad. He is an internationally acclaimed Project Finance Lawyer. He is also associate with the promotion of Islamic Banking in India.

Except Mr. Ishtiaq Ali no other Directors are interested in the proposed resolution.

#### Item No. 8

In accordance with Section 260 of the Companies Act, 1956 Dr. J. A. Prem 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 Dr. J. A. Prem to the office of Director under the provisions of Section 257 of the Companies Act, 1956.

Dr. Prem, B. Tech in Textiles and did his post graduation in Personnel Management from Mumbai University and Ph.D. in counseling & Leadership from University of Louisiana, U.S.A. He has 40 years experience of working in various positions in Textile Industry, various Ministries in Govt. of India and his last assignment being Deputy Commissioner of Custom in the Indian Revenue Service till 2001. Presently he is Managing Director of a reputed Consultancy firm in Mumbai. He is also associated with various Social Welfare Organizations apart from being founder Chairman of Crossroads Prison Ministries (NGO engaged in rehabilitation of prisoners and their families). He has also represented India in the International Conference of Prison Ministries at Budapest, Hungary and in the International YMCA Conference at Kentucky, USA & Glasgow, UK.

Except Dr. J. A. Prem no other Directors are interested in the proposed resolution.

#### Item No. 9 & 10

The Company has allotted Convertible Warrants to the promoters and a strategic investor as per the authority given by the members at their Extra Ordinary General Meeting held on 06<sup>th</sup> March, 2012. It would be necessary to increase Authorised Share Capital of the Company from Rs. 100.00 Crores to Rs. 150.00 Crores before conversion of such Warrants into the equity shares of the Company, and for that purpose; the Memorandum of Association and the Articles of Association of the Company are proposed to be suitably altered as set out at item No. 9 & 10 of the accompanying Notice.

The provisions of the Companies Act, 1956 require the Company to seek the approval of the Members for increase in the authorized share capital and for the alteration of capital clause of the Memorandum of Association and the Articles of Association of the

Company.

The Board of Directors accordingly recommends the resolutions set out at item Nos. 9 & 10 of the accompanying Notice for the approval of the Members. None of the Directors of the Company is, in any way, concerned or interested in the said resolutions.

By Order of the Board of Directors of

Nakoda Limited

**Rashmi Bhatt**

Company Secretary

Place: Mumbai  
Date: 12.05.2012

#### Annexure-A

Details of Directors seeking appointments / re-appointments at the 27<sup>th</sup> Annual General Meeting (Pursuant to Clause 49(IV)(E) of the Listing Agreement)

1	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. J Kumar Infra Projects Ltd. National Securities Depository Ltd. Reliance Capital Trustee Company Ltd. Reliance Home Finance Ltd. Sterling Addlife India Ltd. Halonix Limited
2	Name of the Director	Sh. P. J. Shah
	Date of Birth	02.05.1958
	Date of Appointment	10.05.2010
	Qualifications	B. Com. LL. B.
	Expertise in specific functional area	Corporate Legal Matters
	Directorships held in other Public companies	PSL Ltd.
3	Name of the Director	Sh. Arvind Sinha
	Date of Birth	14.05.1955
	Date of Appointment	06.08.2011
	Qualifications	B. Tech., MMS
	Expertise in specific functional area	Textile & Finance
	Directorships held in other Public companies	–
4	Name of the Director	Sh. Ishtiaq Ali
	Date of Birth	30.05.1953
	Date of Appointment	06.08.2011
	Qualifications	B.Sc., LL.M.
	Expertise in specific functional area	Corporate Legal Matters
	Directorships held in other Public companies	–
5	Name of the Director	Dr. J. A. Prem
	Date of Birth	27.01.1950
	Date of Appointment	06.08.2011
	Qualifications	B. Tech, Ph. D. in Counseling & Leadership
	Expertise in specific functional area	Textile Counseling
	Directorships held in other Public companies	–

## DIRECTORS REPORT

Your Directors have pleasure in presenting their 27<sup>th</sup> Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> December 2011.

### FINANCIAL RESULTS

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

(Rs. In Cr)

Year Ended 31 <sup>st</sup> December 2011	2011	2010
Turnover & Other Income	<b>2145.70</b>	1343.31
Gross Profit (before Financial Charges & Depreciation)	<b>109.90</b>	65.86
Interest & Financial Charges	<b>35.65</b>	24.98
Profit before Depreciation (Cash Profit)	<b>74.25</b>	40.88
Depreciation	<b>24.83</b>	7.73
Profit for the year	<b>49.42</b>	33.15

### FINANCIAL HIGHLIGHTS

The Gross Income of the Company for the year rose to Rs. 2145.70 Cr from Rs. 1343.31 Cr during the previous year showing a growth of 59.73%. Gross Profit before Financial Charges and Depreciation grew by 66.87% and stood at Rs. 109.90 Cr during the year compared to Rs. 65.86 Cr during the previous year. Profit for the year grew at an impressive rate of 49.08% and was registered at Rs. 49.42 Cr against Rs. 33.15 Cr during the previous year. The Company, accordingly, exhibited an all round improved performance with handsome growth.

### DIVIDEND

To plough back the profit for Company's proposed expansion plan your Directors recommend a dividend of Rs. 0.25 per equity share of Rs.5 each on 19,84,00,000 shares for the year ended 31<sup>st</sup> December, 2011 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.

### OPERATING RESULTS

The year 2011 was another year of rapid growth for the Company. Your Company showed a significant improvement in business as compared to the previous year despite high raw material and fuel prices. Your Company recorded 59.73% growth in net revenue at Rs. 2145.70 Cr from Rs. 1343.31 Cr in the year-ago period, which enabled the Company to maintain its track record of sustained year-on-year growth. The growth in revenue was largely driven by higher sales volumes, aided by new capacities of Polyester Chips of about 50149.77 MTPA which commenced commercial production during the year, and increase in product prices.

The volatility in raw material prices continued throughout the year. Effectively the average international price increase resulting in higher raw material costs for MEG and PTA was about 25% and 22% respectively. In rupee terms, the average price of raw materials during the year increased by 17% compared with the previous year. Notably, in the second half of the year, the Company's raw material prices increased by an unprecedented 61%. The speed and magnitude of the rise results in slowdown in demand but your Company was able to pass on the price increases to a large extent.

Tightness in supply due to planned and unplanned plant maintenance shut downs of major raw material suppliers resulted in shortage of PTA and MEG as well as increase in prices. This affected Company's operations for a part of the year.

### EXPANSION PROGRAMME

The on-going spinning expansion plan at an estimated cost of Rs.234 Cr. is in the advance stage of implementation and is expected to be completed during the last quarter of the current financial year.

Your Company has decided to venture in to further capacity expansion at a new location by setting up a 2,80,000 MTPA plant comprising of Continuous Polymerisation, Direct Melt Spinning for the manufacture of POY and FDY in the denier range of 30 to 500 having 12 to 578 filaments in Bright, Semi-dull, Full-dull, Cationic and Dope-dyed yarns. After the completion of the Expansion Project, Nakoda will be in a position to cater to the entire range of Polyester yarns in the domestic as well as international market. The project is estimated to cost Rs. 1935 Cr. and is proposed to be financed by a mix of equity and internal resources and also the long term debts. The required equity for the same is already raised partly through GDRs and partly through preferential allotments to the promoters and strategic investors.

### Highlights:

- State of the art R&D facilities to develop specialty yarns which cannot be afforded by small and medium units.
- About 50% of the production to be captively utilized at Surat Super Yarn Park Ltd. (SSYPL) located in vicinity of the project.
- To be the only fully integrated Polyester Filament Yarn plant in the country.
- To be the first fully automatic plant in India.
- 100% coal based captive power generation assuring uninterrupted quality power supply at much cheaper rates.
- Significant savings in packaging cost by elimination of cartons for the material to be supplied to SSYPL.
- Similar savings in the cost of certain inventories like spools, caps, pallets and some other goods.

### CAPITAL STRUCTURE

During the year under review, the share capital of your Company was changed / altered by further allotments as under:

Company has issued and allotted 7,20,00,000 equity shares of Rs. 5/- each at a premium of Rs. 10/- per equity share on conversion of 3,60,00,000 Warrants of Rs. 30/- each on 19.12.2011 to the Promoters' Group of the Company and Strategic investors.

It has also issued and allotted 2,03,20,000 Warrants of Rs. 50/- each optionally convertible into 10,16,00,000 equity shares of Rs. 5/- each at a premium of Rs. 5/- per equity share (i.e. 5 Equity Shares for each Warrant allotted) within 18 months from the date of allotment i.e. 30.03.2012 to the Promoters' Group of the Company and Non-promoter investors.

### SUBSIDIARY COMPANIES

During the year, Nakoda Green Power Ltd. has been formed as wholly owned subsidiary of the company.

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. P. P. Vora is retiring by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment. Sh. P. J. Shah is retiring by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Sh. Arvind Sinha, Sh. Ishtiaq Ali and Dr. J. A. Prem were appointed as Additional Directors of the company on 6<sup>th</sup> August 2011 to hold office till the date of annual general meeting. Their appointment as a regular director is proposed in the ensuing meeting.

### 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.

### 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 at Karanj for proper safety awareness a safety committee has been formed consisting of group of persons from different departments which overlooks safe working conditions.

The company has provided Safety shoes, Helmets, Safety belts with

full attachments, Gloves, Aprons etc as personal protective equipments, Fire alarm system is attached to security office and various other safety are taken for the safety of employees. Safety training and awareness programmes are being conducted throughout 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. Singapuri & Co. Chartered Accountants, Surat retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

#### **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 520 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.

For and on behalf of the Board of Directors

Place: Mumbai  
Date : 12.05.2012

B. G. Jain  
Chairman & Managing Director

## **MANAGEMENT DISCUSSION & ANALYSIS**

### **Industry Review**

The textile industry is of significant importance to the Indian economy. Industrial Sector accounts for about 25% of GDP and Textile industry's share is about 14% out of it. As per Ministry of Textiles data, textiles account for 2% of GDP, 12% of total manufacturing exports and employs about 35 million people. It is the second-largest employer after agriculture.

Manmade Fibres contribute to 67% of global fibre basket with cotton at 31%. The shift is even more prevalent with the intensifying issues of cotton shortage and price volatility.

In value terms, India's Textile industry is estimated to be worth US \$ 22 billion and domestic market of US \$ 56 billion. The industry had grown from US \$ 58 billion in 2006 at a CAGR of 7.69%. Segmentwise, garments constituted and estimated 64% of the domestic market, followed by household fabrics (nearly 17%), technical textiles (nearly 14.3%) and home textile (nearly 4.7%). In terms of textile units, the Indian Textile industry is one of the largest in the world.

As regards polyester products, the domestic demand increased by 13% during the year 2010-11. However, the year 2011-12 witnessed a sluggish phase due to volatility in the raw material prices, weakening of Rupee, higher interest cost and overall subdued market. The global polyester market also remained depressed during the period.

### **Opportunities, Threats & Future Outlook**

The share of MMF is expected to grow further as the world cotton production is almost nearing its physical maximum and the MMF industry is expected to fulfill the incremental demand. Polyester has overtaken cotton as the dominant fibre, but the cost and availability still plays a significant role in the inter-fibre substitution. Rising crude oil prices and moderating cotton prices will lead the polyester industry to grow at a slower rate in the near future.

Global PFY capacity is expected to grow at a CAGR of 4.4% from the unit 27 MMT to 42 MMT by 2020.

Your company maintains a price-premium for the vast majority of its products spanning chips to yarn. During the year we started the production and sales of specialty chips such as semi dull and Bright which provided better margins in the segment.

A resilient Indian economy with inclusive growth encompassing all round rural development should ensure increased demand for textiles and polyester textiles in particular. Polyester filament fabric owing to its low-cost, versatility of characteristics, durability and wrinkle –resistance as well the very low per-capita consumption holds outstanding potential in India. Nakoda, with a strong positioning in the industry is particularly well placed for the years to come. Your Company's capacity expansion in chips and yarn will yield benefits in times to come.

### **Indian Economy**

According to International Monetary Fund (IMF) Report, the Indian economy is expected to grow by about 7% for 2012. The Indian economy is being driven by high domestic demand and excellent export growth owing to its competitiveness. The population is young, well-employed and fuelled with strong wage increases across states and income categories. The economy is supported by a very healthy savings rate of 34.7% of GDP, the largest increase in working-age population in the world and a healthy financial sector.

Yet there are signs of a perceptible slowdown as witnessed by quarterly growth rates in last two quarters.

Rising manufacturing cost and high inflation may further slow the economy. Global stock market declines will hurt Indian equities and sentiments. Yet these may end up being positive for the economy in the long-term as extremely low interest rates in India of the past, skyrocketing labor costs and land rates as well as asset bubbles were threatening to derail the economy in far more dangerous ways.

Even if the economy were to slowdown the demand for polyester is expected to remain strong as polyester is a defensive sector. In the past consumers have shifted to value products like polyester in uncertain times.

### Risks and Concerns

Your Company remains exposed to adverse movements in raw material prices. Large changes in prices tend to cause uncertainty and reduce domestic demand for polyester filament yarn. Your company's emphasis on specialty value-added products, diversified product line, strong marketing capabilities, and brand premium should partly offset this risk. Yet short-term inventory losses may be inevitable in the case of large price declines.

High Crude oil prices will result in high raw material as well as natural gas and fuel oil costs which are key inputs for the Company. Unlike in the previous year it is possible that the Company and industry may not always be able to pass on the entire increase to the customer. Past history has shown that price increases are generally passed on.

Creation of new capacities in polyester yarn and chips may out-pace demand growth in the next 1-2 years. It may lead to price instability and pressure on profit margins. Yet the medium-term for the industry is widely expected to be very bright owing to the rapid demand growth expected.

In the 2008 financial crisis demand held up remarkably well in India as consumers shifted purchases toward value items like polyester clothing. Except for the drastic fall in oil prices which led to inventory losses in the industry, that year was generally a good one for the industry. This time oil prices are much lower than the \$147/barrel peak reached in pre-financial crisis and so has less room to cause large inventory losses. Moreover a recession-induced fall in oil prices will actually help the industry by reducing the price of PTA and MEG which are oil-derivatives. A global downturn will reduce oil prices, generalized economic growth and thus inflationary pressures. This will encourage the RBI to reduce interest rates which will have a positive impact on the Company. Any recession-induced oil price reduction will lower PTA and MEG prices, thus benefitting your Company.

### 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

	AS AT 31.12.2011	AS AT 31.12.2010
<b>A. POWER AND FUEL CONSUMPTION</b>		
Electricity (Hathuran Texturising Plant)		
Purchased Units (In 000's)	<b>2085.15</b>	1343.12
Total Amount (Rs. In Lacs)	<b>104.67</b>	68.96
Rate / Unit (Rs.)	<b>5.02</b>	5.13
(Excluding Electricity Duty)		
Own Generation		
i) Through Diesel		
Generator Units (In 000's)	<b>3962.79</b>	2325.08
Unit per liter of		
HSD/LDO/FO	<b>3.82</b>	3.38
Cost/Unit (Rs.)	<b>7.76</b>	7.47
ii) Through Gas		
Engine Units (In 000's)	<b>43340.96</b>	38402.73
Unit per scm	<b>3.35</b>	3.77
Cost/Unit (Rs.)	<b>4.03</b>	3.56
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
	<b>KWH/KGS</b>	<b>KWH/KGS</b>
<b>Products</b>		
POY, FDY & Texturised Yarn	<b>0.45</b>	0.62

### 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.

Replacement of Reciprocating compressors of low pressure & medium pressure Air of POY & FDY section with centrifugal compressor.

- C. Foreign Exchange Earnings : Rs.159.00 Lacs  
Foreign Exchange Outgo : Rs.157.92 Lacs

For and on behalf of the Board of Directors

Place: Mumbai

B. G. Jain

Date : 12.05.2012

Chairman & Managing Director

## CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company's commitment for effective corporate governance is continuous process to benchmark its efforts within accepted standards for the creation of golden and trustable value towards the shareholders.

Corporate Governance ensures fairness, transparency and integrity of the management. Corporate Governance is a way of life, rather than a mere legal compulsion. It further inspires and strengthens investor's confidence and commitment to the Company.

The Board of Directors represents the interest of the Company's stakeholders, for optimizing long-term value by way of providing necessary guidance and strategic vision to the Company. The basic philosophy of Corporate Governance in the Company is to achieve business excellence for long term stakeholder value. We believe that sound corporate governance is critical to enhance and retain stakeholders trust.

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. Their remit is also to ensure 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 a balanced 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 Ten inclusive of chairman cum managing director, joint managing director, five non-executive directors and three additional directors. Four Board Meetings were held during the year 2011 and all the operational and statutorily required information were placed before the Board. The details of the composition of the existing Board of Directors is 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	4	Yes	1	1	7
Sh. D. B. Jain	JMD	3	No	4	---	11
Smt. P. B. Jain	NED	2	No	1	---	3
Sh. B. L. Maheshwari	NED/I	3	No	1	1	9
Sh. S. K. Bhoan	NED/I	4	No	1	---	2
Sh. P. J. Shah	NED/I	3	No	1	---	2
Sh. P. P. Vora	NED/I	4	No	1	1	10
<b>Additional Directors (w.e.f. 06.08.2011)</b>						
Sh. Arvind Sinha	NED/I	2	No	---	---	1
Sh. Ishtiaq Ali	NED/I	1	No	---	---	2
Dr. J. A. Prem	NED/I	---	No	---	---	---

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 01.02.2011, 12.05.2011, 06.08.2011 & 07.11.2011 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 04.03.2011, 22.03.2011, 28.03.2011, 31.03.2011, 07.07.2011, 18.07.2011, 30.07.2011, 05.09.2011, 28.09.2011, 30.09.2011, 11.10.2011, 19.10.2011, 07.12.2011 & 19.12.2011 during the year under review.

The Non-Executive Directors are paid sitting fee at the rate of Rs. 10,000 for attending each Board meeting and Rs.5000/- for each committee meetings thereof. Each of the Non-Executive Directors is also paid commission amounting to Rs. 6,00,000 on an annual basis and the total commission payable to such directors shall not exceed 1% of the net profits of the company.



**Sitting Fee and Commission to the Non-Executive Directors, for 2011 are as detailed below:**

Name of the Non- Executive Director	Sitting Fee	Commission	Total
Smt. P. B. Jain	30000	600000	630000
Sh. B. L. Maheshwari	40000	600000	640000
Sh. S. K. Bhoan	40000	0	40000
Sh. P. J. Shah	40000	600000	640000
Sh. P. P. Vora	45000	600000	645000
<b>Additional Directors (w.e.f. 06.08.2011)</b>			
Sh. Arvind Sinha	20000	0	20000
Sh. Ishtiaq Ali	10000	0	10000
Dr. J. A. Prem	0	0	0
<b>Total</b>	<b>225000</b>	<b>2400000</b>	<b>2625000</b>

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	4,00,000/- P.M.	* Perquisites restricted to an amount equal to the annual salary
Sh. D. B. Jain	3,00,000/- 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 Company has constituted an Investor Grievance Committee, comprising of Sh. P. P. Vora, Sh. D. B. Jain and Smt. P. B. Jain. The Committee meets half yearly 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.

**DETAILS OF COMPLAINTS FOR THE YEAR 2011**

Sr. No.	Nature of Complaint	Received	Disposed	Pending
1	Non Receipt of Sub divided shares	3	3	Nil
2	Non Receipt of Bonus shares	6	6	Nil
3	Non receipt of Dividend Warrant	10	10	Nil
4	Non receipt of shares sent for transfer	4	4	Nil

**GENERAL MEETINGS**

General Meetings of the Company held during last three year:

Year	Location	Date	Time	Special Resolution
2008 AGM	Block No. 1&12 to 16, Village - Karanj, Taluka - Mandvi, Dist.- Surat.	24.06.09	12.30 P.M.	1. Mr. M. S. Nayak appointed as director of the Company.
EGM	Block No. 1&12 to 16, Village - Karanj, Taluka - Mandvi, Dist.- Surat.	04.01.10	12.30 P.M.	1. Alteration of AOA for subdivision of Authorised share capital. 2. Change in Name of the Company.
2009 AGM	Block No. 1&12 to 16, Village - Karanj, Taluka - Mandvi, Dist.- Surat.	10.06.10	12.30 P.M.	1. Mr. P. J. Shah appointed as director of the Company. 2. Resolution for issue of equity shares and/or Equity Shares through depository receipts and/or convertible bonds and/or other securities convertible into Equity Shares. 3. Resolution for Issue of Warrants on preferential basis. 4. Alteration of MOA for enhancement in Authorised share capital. 5. Alteration of AOA for enhancement in Authorised share capital. 6. Resolution to authorize the Board of Directors to create mortgage and or charge over all or any of the company's immovable and movable assets.
2010 AGM	Block No. 1&12 to 16, Village - Karanj, Taluka - Mandvi, Dist.- Surat.	27.06.11	11.30 . A.M	1. Mr. P. P. Vora appointed as director of the Company. 2. Alteration of articles 80(2) & 60 of the Articles of Association of the Company. 3. Resolution for payment of commission to the Non Executive Directors of the Company

**SUBSIDIARY COMPANIES**

Clause 49 defines a 'material non-listed Indian Subsidiary' as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

As on 31<sup>st</sup> December, 2011, the company has no such material non-listed subsidiary.

**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 have been denied access to the audit committee.
- Disclosure with respect to the utilization of monies raised through preferential issue to the audit committee has been made as required as per Clause 49(IV)(D) of Listing agreement.

**CODE OF CONDUCT**

The Board of Directors has adopted a code of conduct for Directors and Senior Management Personnel of the Company. It is placed on the website of the Company. All Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for

the year under review.

### CEO / CFO CERTIFICATION

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

### MEANS OF COMMUNICATION

- i) The Board of Directors of the Company approves and takes on record the quarterly, half yearly financial results in the proforma prescribed by Clause 41 of the Listing Agreement within 45 days of the close of the respective period.
- ii) 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. The highlights of the results are also published in Economic Times (+e paper), Business Standard (+e Paper), Business Line and DNA Money.
- iii) 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.
- iv) 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	Saturday, the 23 <sup>rd</sup> June, 2012 at 4.00 P. M. at Block No. 1 & 12 to 16, Village - Karanj, Taluka -Mandvi, Dist. - Surat - 394 110.
2.	Financial calendar December 2012 (Tentative) Annual General Meeting Results For the Quarter ended 31.03.2012 Results For the Quarter ended 30.06.2012 Results For the Quarter ended 30.09.2012 Results For the Quarter ended 31.12.2012	: May – June 2013 : Second Week of May 2012 : Second Week of August 2012 : Second Week of November 2012 : Second Week of February 2013
3.	Date of Book Closure	18 <sup>th</sup> June 2012 to 23 <sup>rd</sup> June 2012 (both days inclusive)
4.	Dividend Payment Date	On and from 15 <sup>th</sup> July 2012
5.	Registered office	Block No. 1 & 12 to 16, Village – Karanj, Taluka -Mandvi, Dist.- Surat - 394 110.
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 2012-13 has been paid to the exchange.</b> As on 31 <sup>st</sup> March 2011, there were 16237 shareholders of the Company.

### 7. Stock Market data During 2011

MONTH	SHARE PRICE		BSE SENSEX Corresponding to Share Price	
	HIGH	LOW	HIGH	LOW
January	17.00	13.50	20664.80	18038.48
February	14.45	09.75	18690.97	17295.62
March	13.90	11.00	19575.16	17792.17
April	14.20	12.00	19811.14	18976.19
May	12.93	11.55	19253.87	17786.13
June	12.90	10.76	18873.39	17314.38
July	12.40	10.80	19131.70	18131.86
August	11.49	09.25	18440.07	15765.53
September	12.80	09.65	17211.80	15801.01
October	11.59	10.15	17908.13	15745.43
November	10.80	08.86	17702.26	15478.69
December	10.45	07.95	17003.71	15135.86

### 8. Distribution of Shareholding as on March 31, 2012

Shareholding		Shareholders		Share Amount	
		Number	% To Total	In Rs.	% To Total
01	500	6991	43.06	9934375	43.06
501	1000	3250	20.02	13595945	20.02
1001	2000	4035	24.86	27748635	24.86
2001	3000	543	3.34	7060375	3.34
3001	4000	411	2.53	7730310	2.53
4001	5000	240	1.48	5734845	1.48
5001	10000	402	2.48	15200460	2.48
10001	50000	287	1.77	30000440	1.77
50001	100000	28	0.17	10266200	0.17
100001	And above.	49	0.30	864728415	0.30
	TOTAL	16237	100.00	992000000	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
19.12.2011	Warrant Conversion	7,20,00,000	5	19,84,00,000	99,20,00,000

**10. Shareholding Pattern as on March 31, 2012**

(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	0.86	371800	21.76
(b)	Central Government/ State Government(S)	0	0	0	0	0
(c)	Bodies Corporate	8	85641200	43.17	0	0
(d)	Financial Institutions/ Banks	0	0	0	0	0
(e)	Any Other (Specify)	0	0	0	0	0
	<b>Sub-Total(A)(1)</b>	<b>15</b>	<b>87349600</b>	<b>44.03</b>	<b>371800</b>	<b>0.43</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>15</b>	<b>87349600</b>	<b>44.03</b>	<b>371800</b>	<b>0.43</b>
<b>(B)</b>	<b>Public Shareholding</b>				N.A.	N.A.
1	Institutions				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	Non-Institutions				N.A.	N.A.
(a)	Bodies Corporate	289	4965985	2.50	0	0
(b)	Individuals-					
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	14408	17496417	8.82	0	0
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	129	27225679	13.72	0	0
(c)	Any Other (Specify) NRI	1392	1785919	0.90	0	0
	<b>Sub-Total(B)(2)</b>	<b>16218</b>	<b>51474000</b>	<b>25.94</b>	<b>0</b>	<b>0</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>16221</b>	<b>51485400</b>	<b>25.95</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	0	0
2	Public	1	59565000	30.02	0	0
	<b>TOTAL (C)</b>	<b>1</b>	<b>59565000</b>	<b>30.02</b>	<b>N.A.</b>	<b>N.A.</b>
	<b>Grand Total: (A)+(B)+(C)</b>	<b>16237</b>	<b>198400000</b>	<b>100.00</b>	<b>371800</b>	<b>0.19</b>

## 11. Corporate Benefits to Investors

**a. Bonus Issue of Fully Paid up Equity Shares**

Financial Year	Ratio
1991-92	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%
2010	27.06.2011	5%

## 12. Dematerialization and Liquidity of shares

The equity shares of the Company are traded in the B Group at the Mumbai stock Exchange. 17543870 shares being 88.43% of equity shares of the Company are dematerialized.

## 13. 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.

## 14. National Electronic Clearing Services (NECS)

Company is providing facility of "National Electronics Clearing Services" (NECS) for payment of dividend to shareholders. Shareholders holding shares in physical form are requested to provide details of their bank account for availing NECS facility. However, if the shares are held in dematerialized form, the NECS mandate has to be communicated to the respective Depository Participant (DP). Changes, if any, in the details furnished earlier may also be communicated to the company or DP, as the case may be.

## 15. Secretarial Audit

A Practicing Company Secretary carried out secretarial audit in each of the quarter in the financial year 2011, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The audit reports confirm that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total no of dematerialized shares held with depositories.

## 16. Outstanding GDRs, ADRs, Warrants or any Convertible Instruments etc.:

**GDRs:** Outstanding 19,85,500 GDRs as on March 31, 2012 represents 5,95,65,000 equity shares constituting 30.02% 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.

**WARRANTS:** Your Company has issued and allotted 2,03,20,000 Warrants of Rs. 50/- each optionally convertible into 10,16,00,000 equity shares of Rs. 5/- each at a premium of Rs. 5/- per equity share (i.e. 5 Equity Shares for each Warrant allotted) within 18 months from the date of allotment i.e. 30.03.2012 to the Promoters' Group of the Company and Non-promoter investors.

## 17. Address for Correspondence

Registrar & Share Transfer Agent

**MCS LIMITED**

Neelam Apartment, 88,  
 Sampatrao Colony, B/h Federation Bldg.,  
 Alkapuri, Baroda-390007  
 Phone : (0265) 2339397  
 Fax : (0265) 2341639  
 Email : [mcsLtdbaroda@yahoo.com](mailto:mcsLtdbaroda@yahoo.com)

**Nakoda Limited**

Secretarial Department  
 Administrative Office  
 A- 701, International Trade Centre, Majura Gate,  
 Ring Road, Surat-395002  
 Phone : (0261) 3060200  
 Fax : (0261) 3060222  
 Email : [rashmi.bhatt@nakodaltd.com](mailto:rashmi.bhatt@nakodaltd.com),  
[bhatttr@yahoo.co.in](mailto:bhatttr@yahoo.co.in)

**DECLARATION**

I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed the compliance with the provisions of the code of conduct for the year ended 31<sup>st</sup> December 2011.

Place: Mumbai  
 Date: 12.05.2012

D. B. Jain  
 Joint Managing Director

## 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, 2011 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, 2011 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, 2011 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, 2011;
      - (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 : 12.05.2012

## 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. (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that needed to be entered in the Register maintained under the said Section have been so entered.
- (b) In our opinion and according to the information and explanations made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
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 2011 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 given guarantees for loans taken by others from bank or financial institutions and we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
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 made preferential allotment of shares during the year to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956 of Rs. 81.00 Crore.
19. The company has not issued any debenture.
20. The company has raised Rs. 108.00 Crore through promoter's Group of Company's and strategic investors.
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 : 12.05.2012

## BALANCE SHEET AS AT 31ST DECEMBER, 2011

	SCHEDULES	AS AT 31.12.2011 (Rs. in Lacs)	AS AT 31.12.2010 (Rs. in Lacs)
<b>I. SOURCES OF FUNDS :</b>			
SHARE HOLDERS' FUNDS			
Share Capital	1	9,920.00	6,320.00
Share Warrant	2	0.00	2,700.00
Reserves & Surplus	3	<u>29,005.05</u>	<u>17,517.75</u>
		<u><b>38,925.05</b></u>	<u><b>26,537.75</b></u>
LOAN FUNDS			
Secured Loans	4	44,201.71	40,494.88
Unsecured Loans	5	<u>13,195.10</u>	<u>11,874.90</u>
		<u><b>57,396.81</b></u>	<u><b>52,369.78</b></u>
Deferred Tax Liability		<u>1,065.08</u>	<u>986.79</u>
<b>TOTAL</b>		<u><b>97,386.94</b></u>	<u><b>79,894.32</b></u>
<b>II. APPLICATION OF FUNDS :</b>			
<b>Fixed Assets</b>			
Gross Block	6	48,432.80	44,725.16
Less : Depreciation		<u>7,438.45</u>	<u>4,955.35</u>
Net Block		<u>40,994.35</u>	<u>39,769.81</u>
Capital Work in Progress		<u>8,398.76</u>	<u>3,245.31</u>
		<u><b>49,393.11</b></u>	<u><b>43,015.12</b></u>
Investments	7	1,182.40	815.20
<b>CURRENT ASSETS, LOANS AND ADVANCES :</b>			
Inventories	8	24,605.15	10,863.98
Sundry Debtors	9	58,089.60	35,674.73
Cash & Bank Balances	10	24,509.94	18,790.87
Loans & Advances	11	<u>2,121.00</u>	<u>1,560.91</u>
		<u><b>109,325.69</b></u>	<u><b>66,890.49</b></u>
Less : Current Liabilities & Provisions	12	<u>62,916.27</u>	<u>31,328.99</u>
Net Current Assets		<u><b>46,409.42</b></u>	<u><b>35,561.50</b></u>
Miscellaneous Expenditure (To the extent not written off)	13	402.01	502.50
<b>TOTAL</b>		<u><b>97,386.94</b></u>	<u><b>79,894.32</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, 12.05.2012

For and on Behalf of the Board

**B. G. Jain**

Chairman & Managing Director

**D. B. Jain**

Joint Managing Director

**Rashmi Bhatt**

Company Secretary

Surat, 12.05.2012

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2011

	SCHEDULES	AS AT 31.12.2011 (Rs. in Lacs)	AS AT 31.12.2010 (Rs. in Lacs)
<b>INCOME :</b>			
Sales	14	213,869.71	133,889.22
Less : Excise Duty / VAT		<u>13,241.63</u>	<u>6,365.34</u>
Net Sales		200,628.08	127,523.88
Other Income	15	700.05	441.42
Variation in Stocks		(+) <u>299.09</u>	(+) <u>1,281.90</u>
<b>TOTAL</b>		<u><u>201,627.22</u></u>	<u><u>129,247.20</u></u>
<b>EXPENDITURE :</b>			
Consumption of Materials	16	180,220.72	116,465.50
Manufacturing Expenses	17	7,845.73	4,612.66
Payments to and Provisions For Employees	18	665.83	430.35
Financial Expenses	19	3,565.36	2,498.15
Administrative & Selling Expenses	20	567.61	360.28
GDR Issue Expenses (Written Off)		<u>100.50</u>	<u>0.00</u>
<b>TOTAL</b>		<u><u>192,965.75</u></u>	<u><u>124,366.94</u></u>
Profit before Depreciation & tax		8,661.47	4,880.26
Less : Depreciation		<u>2,483.10</u>	<u>772.99</u>
Profit Before Tax		6,178.37	4,107.27
Less : Provision for Taxation		<u>1,236.33</u>	<u>791.96</u>
Profit after tax		4,942.04	3,315.31
Balance Brought Forward from last year		6,923.21	5,247.30
Less : Deferred Tax Liability		<u>78.28</u>	<u>272.14</u>
Balance available for appropriations		<u><u>11,786.97</u></u>	<u><u>8,290.47</u></u>
<b>APPROPRIATIONS:</b>			
Less : Transfer to General Reserve		1,000.00	1,000.00
Proposed Dividend		496.00	316.00
Tax on Proposed Dividend		<u>80.46</u>	<u>51.26</u>
Balance Carried to Balance Sheet		<u><u>10,210.51</u></u>	<u><u>6,923.21</u></u>
		<u><u>11,786.97</u></u>	<u><u>8,290.47</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, 12.05.2012

For and on Behalf of the Board

**B. G. Jain** Chairman & Managing Director  
**D. B. Jain** Joint Managing Director  
**Rashmi Bhatt** Company Secretary  
Surat, 12.05.2012



**SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET  
AS AT 31ST DECEMBER, 2011**

	<b>AS AT 31.12.2011 (Rs. in Lacs)</b>	<b>AS AT 31.12.2010 (Rs. in Lacs)</b>
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
20,00,00,000 Equity Shares of Rs.5/- each	<b>10,000.00</b>	10,000.00
	<u><b>10,000.00</b></u>	<u>10,000.00</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
19,84,00,000 Equity Shares of Rs. 5/- each fully paid up	<b>9920.00</b>	6320.00
(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.		
(vii) 7,20,00,000 Shares fully paid up converted from convertible Warrants.		
<b>TOTAL</b>	<u><b>9,920.00</b></u>	<u>6,320.00</u>
<b>SCHEDULE - 2 : WARRANT</b>		
3,60,00,000 Warrants of Rs. 30/- each	<b>0.00</b>	2,700.00
<b>TOTAL</b>	<u><b>0.00</b></u>	<u>2,700.00</u>
<b>SCHEDULE - 3 : RESERVES &amp; SURPLUS</b>		
Share Premium Account	<b>15,205.50</b>	8005.50
General Reserve	<b>3,275.36</b>	2275.36
Capital Reserve	<b>268.00</b>	268.00
Investment Subsidy	<b>45.68</b>	45.68
Profit & Loss Appropriation	<b>10,210.51</b>	6923.21
<b>TOTAL</b>	<u><b>29,005.05</b></u>	<u>17,517.75</u>
<b>SCHEDULE - 4 : SECURED LOANS</b>		
Term Loans	<b>13,099.47</b>	17,420.13
Corporate Loans	<b>5,085.80</b>	3,033.18
Working Capital Loans	<b>14,158.20</b>	9,706.06
Vehicles Loans	<b>74.69</b>	94.25
Buyer Credit Term Loan	<b>11,783.55</b>	10,241.26
<b>TOTAL</b>	<u><b>44,201.71</b></u>	<u>40,494.88</u>
<p>Note :- (i) Term Loans of Rs. 250 crore (Phase-I) and Term Loan of Rs. 153.00 crore (Phase-II) are secured by Pari Passu first charge on all existing immovable and movable assets of the company situated &amp; proposed to be situated at Block No.17 to 19 at Karanj &amp; Block No. A/1, B/1, M/1 at Textile Park, Hathuran and second charge on all Current Assets of the Company.</p> <p>(ii) Term Loans of Rs. 18.00 crore for FDY lines are secured by Hypothecation of 6 FDY lines covered under said loans.</p> <p>(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 &amp; 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 &amp; Machineries situated at POY division at Karanj on which GIC Ltd. &amp; GSFC having First charge.</p> <p>(iv) The Loan for Vehicles have been secured by specific charges on the vehicles covered under the said loan.</p> <p>(v) Corporate Loan from Syndicate Bank is secured by EMT of Land &amp; Hypothecation of 9 Wind Mills situated at Tirunelveli, Tamilnadu.</p> <p>(vi) Corporate Loan from Indian Overseas Bank is secured by Hypothecation of 7 Wind Mills situated at Ratlam, MP.</p>		
<b>SCHEDULE- 5 : UNSECURED LOANS</b>		
Agency Deposit	<b>351.00</b>	351.00
Term Loan From Bank	<b>2,529.20</b>	1,500.00
Others	<b>10,314.90</b>	10,023.90
<b>TOTAL</b>	<u><b>13,195.10</b></u>	<u>11,874.90</u>

**SCHEDULE - 6 : FIXED ASSETS**

(Rs. In Lacs)

Particulars	Gross Block			Depreciation				Net Block	
	As On 01.01.11	Addition	Deduction	As On 31.12.11	As On 01.01.11	Addition	Deduction	As On 31.12.11	As On 31.12.10
Land	212.09	0.00	0.00	212.09	0.00	0.00	0.00	212.09	212.09
Building & Godown	4,058.13	0.00	0.00	4,058.13	243.00	127.04	0.00	370.04	3,688.09
Plant & Machinery	39,497.85	3,317.11	0.00	42,814.96	4,325.36	2,288.17	0.00	6,613.53	36,201.43
Electric Installation	355.08	0.00	0.00	355.08	167.69	18.63	0.00	186.32	168.76
Office Equipment	182.04	319.78	0.00	501.82	34.15	14.76	0.00	48.91	452.91
Furniture & Fixtures	92.04	0.00	0.00	92.04	52.17	1.94	0.00	54.11	37.93
Vehicles	327.93	70.75	0.00	398.68	132.98	32.56	0.00	165.54	233.14
<b>TOTAL</b>	<b>44,725.16</b>	<b>3,707.64</b>	<b>0.00</b>	<b>48,432.80</b>	<b>4,955.35</b>	<b>2,483.10</b>	<b>0.00</b>	<b>7,438.45</b>	<b>40,994.35</b>
Previous Year	13,882.63	30,842.53	0.00	44,725.16	4,182.36	772.99	0.00	4,955.35	
Capital Work In Progress									8,398.76
<b>TOTAL</b>									<b>49,393.11</b>
									<b>43,015.12</b>

(Rs. In Lacs)

**AS AT**  
**31.12.2011**

**AS AT**  
**31.12.2010**

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

Nakoda Green Power Ltd. (9,99,994 Equity Share of Rs. 10/- each)	<b>100.00</b>	0.00
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>314.00</b>	56.80
Canara Bank Robeco Mutual Fund	<b>10.00</b>	0.00
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 of 5000 KRW each)	<b>306.45</b>	306.45
Nakoda Holdings Mauritius Ltd. (10000 Equity Share of 100 USD each)	<b>450.00</b>	450.00
<b>TOTAL</b>	<b>1,182.40</b>	815.20

**SCHEDULE - 8 : INVENTORIES**

Raw Materials including WIP	<b>17,884.85</b>	4,547.76
Finished goods	<b>6,155.74</b>	5,856.65
Fuel, Oil Chemical & Packing Material and Stores Spares	<b>564.56</b>	459.57
<b>TOTAL</b>	<b>24,605.15</b>	10,863.98

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

Outstanding for a period exceeding six months	<b>6.53</b>	14.24
Others	<b>58,083.07</b>	35,660.49
<b>TOTAL</b>	<b>58,089.60</b>	35,674.73

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

Cash & Cheque in Hand	<b>17.75</b>	14.34
With Schedule Bank in :		
Fixed Deposits	<b>24,459.82</b>	18,617.54
Current Account	<b>32.37</b>	158.99
<b>TOTAL</b>	<b>24,509.94</b>	18,790.87

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

Deposits with Govt. Authorities	<b>41.94</b>	4.23
Share Application Money	<b>799.65</b>	296.40
Advances Recoverable in Cash or in kind	<b>1,279.41</b>	1,260.28
<b>TOTAL</b>	<b>2,121.00</b>	1,560.91

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

Acceptances Under L/C	<b>40,309.69</b>	30,648.45
Buyer Credit Working Capital	<b>21,746.67</b>	

**Sundry Creditors**

(1) Dues of small scale industrial undertaking(s)	<b>4.46</b>	4.42
(2) Other	<b>79.81</b>	30.74
Other Liabilities	<b>199.18</b>	278.12
Provision for Dividend & Tax	<b>576.46</b>	367.26

**TOTAL**
**62,916.27**
31,328.99
**SCHEDULE - 13 : MISCELLANEOUS EXPENDITURE**

(To the extent not written off)

GDR Issue Expenses	<b>402.01</b>	502.50
	<b>402.01</b>	502.50

**SCHEDULE - 14 : SALES**

	AS AT 31.12.2011 (Rs. in Lacs)	Quantity in MT/MTR	AS AT 31.12.2010 (Rs. in Lacs)	Quantity in MT/MTR
PTA	2,120.83	3014.000 MT	0.00	0.00 MT
Chips	44,144.90	55149.770 MT	1.06	1.500 MT
POY	28,819.62	33328.710 MT	30,717.84	34943.859 MT
FDY	38,417.99	42024.410 MT	20,965.01	22522.968 MT
Texturised / D. T. Yarn	21,391.82	19116.709 MT	9,048.77	8280.480 MT
Polyester Yarn	12,446.29	12034.880 MT	23,162.38	20626.850 MT
Chips - Trading	3,343.45	4176.930 MT	1,649.95	2333.500 MT
Salt	666.85	338540.000 MT	4,263.80	1455221.800 MT
Soyabean Meal	356.85	2270.000 MT	69.77	443.000 MT
Fancy Shirting / Grey	59,176.37	72387298.000 Mtr	25,211.43	38786819.200 Mtr
Indian Raw Cotton	1,692.26	1733.560 MT	18,326.79	12669.064 MT
Wind Power	1,292.48	30146734 UNIT	472.42	11123488 UNIT
<b>TOTAL</b>	<b>213,869.71</b>		<b>133,889.22</b>	

**SCHEDULE - 15 : MISCELLANEOUS INCOME**

Interest	<b>290.39</b>	164.51
Other Income	<b>378.85</b>	246.72
Insurance Claim	<b>30.81</b>	30.19
<b>TOTAL</b>	<b>700.05</b>	441.42

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

Opening Stock	<b>4,547.76</b>	2,743.62
Purchase	<b>193,557.81</b>	118,269.64
	<b>198,105.57</b>	121,013.26
Less : Closing Stock	<b>17,884.85</b>	4,547.76
<b>TOTAL</b>	<b>180,220.72</b>	116,465.50

**SCHEDULE - 17 : MANUFACTURING EXPENSES**

	Provisional Current Year	Previous Year		
Fuel Consumed			<b>2,158.83</b>	1,559.24
Opening Bal.	24.18	14.15		
Add : Purchase	2182.33	1569.27		
Less : Clos. Bal.	47.68	24.18		
Oil, Chemicals & Packing Material Consumed			<b>1,912.93</b>	1,217.35
Opening Bal.	205.58	181.64		
Add : Purchase	2026.44	1241.29		
Less : Clos. Bal.	319.09	205.58		

Repairs & Maintenance to Building		124.36	59.74
Stores spares & Maintenance to Machineries Consumed		927.18	542.34
Opening Bal.	229.81	205.57	
Add : Purchase	895.16	566.58	
Less : Clos. Bal.	<u>197.79</u>	<u>229.81</u>	
Insurance Premium		<b>88.17</b>	41.53
Transportation & Octroi		<b>659.56</b>	266.25
Factory Expenses		<b>61.24</b>	28.76
Customs Clearing Expenses		<b>352.44</b>	249.17
Lease Rental Charges		<b>1,561.02</b>	648.28
<b>TOTAL</b>		<b><u>7,845.73</u></b>	<b><u>4,612.66</u></b>
<b>SCHEDULE - 18 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>			
Salaries, Wages & Others Employees Benefits		<b>589.28</b>	379.71
Contribution to P.F. & Other Funds		<b>76.55</b>	50.64
<b>TOTAL</b>		<b><u>665.83</u></b>	<b><u>430.35</u></b>
<b>SCHEDULE - 19 : FINANCIAL CHARGES</b>			
Interest payment on Fixed Loans		<b>3,182.90</b>	2,257.23
Other Loans		<b>382.46</b>	240.92
<b>TOTAL</b>		<b><u>3,565.36</u></b>	<b><u>2,498.15</u></b>
<b>SCHEDULE - 20 : ADMINISTRATIVE &amp; SELLING EXPENSES</b>			
Printing & Stationery		<b>12.42</b>	9.05
Traveling Expenses		<b>68.06</b>	52.48
Other Repairs & Maintenance		<b>17.36</b>	17.37
Postage & Telephone Expenses		<b>37.09</b>	26.15
Office Expenses		<b>15.74</b>	10.38
Rent		<b>131.23</b>	51.20
Legal & Professional Expenses		<b>64.03</b>	46.08
Directors Sitting Fees		<b>3.29</b>	3.64
Subscription & Membership Fees		<b>4.48</b>	3.40
Rates & Taxes		<b>4.27</b>	2.06
Donations		<b>36.47</b>	26.28
Staff Welfare Expenses		<b>15.16</b>	11.30
Audit Fee		<b>2.76</b>	2.76
Electricity Expenses		<b>30.19</b>	18.75
Advertisement & Recruitment Exp.		<b>31.24</b>	21.19
Listing Fee		<b>2.66</b>	2.48
Sales Commission		<b>62.14</b>	39.18
Secretarial Exp		<b>6.15</b>	4.26
Vehicle Maintenance		<b>22.87</b>	12.27
<b>TOTAL</b>		<b><u>567.61</u></b>	<b><u>360.28</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, 12.05.2012

For and on Behalf of the Board

**B. G. Jain** Chairman & Managing Director  
**D. B. Jain** Joint Managing Director  
**Rashmi Bhatt** Company Secretary  
Surat, 12.05.2012

**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.

**(E) Investments:**

Investments are stated at cost of acquisition.

**(F) Inventories:**

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

**(G) Retirement Benefits:**

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

**(H) Excise Duty:**

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

**(I) Revenue Recognition:**

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

**(J) Foreign Currency Transactions:**

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

**(K) Borrowing Cost**

Borrowing Cost that are directly attributable to the acquisition, construction of qualifying assets,

Wherever applicable, are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**(L) Impairment Loss**

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

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

- Where control exists
 

- Nakoda Syntex Pvt. Ltd.	- Koncept Infotainment Pvt. Ltd.
- B. G. Jain Investment Pvt. Ltd.	- Nakoda Realities Pvt. Ltd.
- G. P. Shah Investment Pvt. Ltd.	- Nakoda Energy Pvt. Ltd.
- P. B. Jain Investment Pvt. Ltd.	- Nakoda Financial Services Pvt. Ltd.
- Varju Investment Pvt. Ltd.	- Nakoda Infrastructure & Leasing Pvt. Ltd.
- Nakoda Shipyard Pvt. Ltd.	- Surat Super Yarn Park Ltd.
- Nakoda Holdings Mauritius Ltd., Mauritius	- Nakoda Green Power Ltd.
- Indo Korean Petrochem Ltd., South Korea	
- 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	
		2011	2010	31st Dec 2011	31st Dec 2010
Where Control Exists	Share Warrant issued	NIL	2700	NIL	8100.00
	Share issued	10800.00	NIL	NIL	NIL
	Investments & Loans	938.36	NIL	1249.72	351.40
Key Management Personnel	Remuneration etc.	76.00	60.00	5.09	5.00

**2. 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. 909.74 lacs (Pre. Year Rs. 143.75 lacs).
- Claim against the Company not acknowledged as debt : Rs. NIL
- Uncalled Liabilities : Rs. NIL
- Corporate Guarantee given : USD 650 Lacs.

3. Salary and wages 589.28/- Lacs- (Pre. year 379.71/- Lacs) includes remuneration paid to Directors 76 Lacs (Pre. year 60 Lacs)

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

5.	<b>Auditor's Remuneration</b>	Current Year Rs. in Lacs	Previous Year Rs. In Lacs :
	(a) As Auditor's : (including tax audit)	4.46 Lacs	2.76 Lacs
	(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	2.91	0.97

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)

	2011	Manufacturing	Trading	Total
	<b>Segment Revenue</b>			
1	Income from Sales	134066.81	79802.90	213869.71
2	<b>Segment Result</b>			
	Profit Before Interest & Tax	8021.06	1722.67	9743.73
	Less : Interest	2235.12	1330.24	3565.36
	Total Profit/(Loss) before Tax	5785.94	392.43	6178.37
	Exceptional items			
	Profit/(Loss) after Exceptional items	5785.94	392.43	6178.37
	Provision for Taxation	1157.82	78.51	1236.33
	<b>Net Profit</b>	<b>4628.12</b>	<b>313.92</b>	<b>4942.04</b>
3	<b>Capital Employed</b>	-	-	38523.04
Capital Employed has not been identified with any of the reportable segments, as the assets used in the company's business and liabilities contracted are used interchangeable between segments.				

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

	Opening as on 01-01-11	Debit/(Credit) during the year	Closing as at 31-12-11
Deferred Tax Liability			
Unabsorbed depreciation Under Income Tax Act,1961	(75624439)	(30882935)	(106507374)
Unabsorbed Losses Under Income Tax Act,1961	(23055010)	23055010	---
<b>Total</b>	<b>(98679449)</b>	<b>(7827925)</b>	<b>(106507374)</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.

	31/12/2011	31/12/2010
Profit as per P&L A/c (Rs. in Lacs)	4942.04	3315.31
Weighted number of Equity Share	198400000	126400000
Face Value of Share	5.00	5.00
Basic & Diluted EPS	2.49	2.62

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

	Items	Units Nos.	Capacity		Production	
			Registered	Installed	Current Year	Previous Year
1.	Chips	M.T.	140000	140000	110857	525
2.	POY					
3.	FDY	M.T.	101000	99500	89307	66982
4.	Texturised Yarn	M.T.	30000	29870	19476	8579
5.	Draw Twisted Yarn					

10. Turnover : (Rs. in Lacs)

Items	Units	Current Year		Previous Year	
		Qty.	Value	Qty.	Value
Chips	M.T.	55150	44144.90	2335	1651.01
POY	M.T.	75353	68530.28	57467	51682.85
FDY					
Texturised / D.T. Yarn	M.T.	19117	21391.82	8280	9048.77

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

<b>Raw Material</b>	<b>(Rs. in Lacs)</b>
i. PTA Indegineous	32911.05
ii. PTA Imported	45627.70
iii. MEG Indegineous	31613.51
iv. Chips Imported	2339.08
v. POY Imported	4766.94
vi. Fuel, Oil & Chemicals, Packing Material, components, Stores & Spares Etc	5103.93

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

	PTA (Mt)	MEG (Mt)	Chips (Mt)	POY/FDY (Mt)	Texturised (Mt)
Opening Stock	1050.000	389.000	4962.854	1367.987	326.788
Purchase	141296.042	52579.356	4176.930	6714.000	0.000
Transfer from PTA/MEG/ Chips/POY	—	—	60857.176	89307.134	19476.281
<b>Total</b>	<b>142346.042</b>	<b>52968.356</b>	<b>69996.960</b>	<b>97389.121</b>	<b>19803.069</b>
Sales	3014.000	—	59326.700	75353.120	19116.709
Consumption	128464.522	50331.146	—	19476.281	—
Wastage	—	—	1101.420	—	—
Closing Stock	10867.520	2637.210	9568.840	2559.720	686.360
<b>Total</b>	<b>142346.042</b>	<b>52968.356</b>	<b>69996.960</b>	<b>97389.121</b>	<b>19803.069</b>

	Polyester Yarn (Mt)	Salt (Mt)	Soyabean Meal (Mt)	Fancy Shirting (Mtr)	Indian Row Cotton (Mt)
Opening Stock	289.546	338540.000	5104.000	2066874.000	—
Purchase	14082.634	—	—	72109079.000	1733.560
Transfer from Chips/POY	—	—	—	—	—
<b>Total</b>	<b>14372.180</b>	<b>338540.000</b>	<b>5104.000</b>	<b>74175953.000</b>	<b>1733.560</b>
Sales	12034.880	338540.000	2270.000	72387298.000	1733.560
Consumption	—	—	—	—	—
Wastage	—	—	2834.000	—	—
Closing Stock	2337.300	—	—	1788655.000	—
<b>Total</b>	<b>14372.180</b>	<b>338540.000</b>	<b>5104.000</b>	<b>74175953.000</b>	<b>1733.560</b>

## 13. Value of imports on C.I.F. Basis (Rs. in Lacs) :

Raw Materials

 Current Year  
 52733.72

 Previous Year  
 7287.63

## 14. Earning in Foreign Exchange (Rs. in Lacs) :

(a) FOB Value of Export

 Current Year Rs.  
 18.00  
 141.20

 Previous Year Rs.  
 ---NIL—  
 ---NIL—

(b) Interest

## 15. Expenditure in foreign currency (Rs. in Lacs) :

 Current Year  
 157.92

 Previous Year  
 ---NIL—

## 16. Consumption of Imported Raw Material (Rs. in Lacs) :

 Current Year  
 49818.43

 Previous Year  
 3877.44

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

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

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

As per our attached report of even date.

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

Chartered Accountants

**N. M. SINGAPURI**

Partner

Membership No. 11601

Registration No. 110264W

Surat, 12.05.2012

For and on Behalf of the Board

**B. G. Jain**

Chairman &amp; Managing Director

**D. B. Jain**

Joint Managing Director

**Rashmi Bhatt**

Company Secretary

Surat, 12.05.2012

## 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 2011	
		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
	NIL		NIL
<b>III</b>	<b>Position of Mobilisation and Deployment of Funds (Rs. In Lacs)</b>		
	Total Liabilities		Total Assets
	97,386.94		97,386.94
	<b>Sources of Funds</b>		
	Paid-up Capital		Share Application Money
	9,920.00		0.00
	Share Warrant & FCD		Reserves & Surplus
	0.00		29,005.05
	Secured Loans		Unsecured Loans
	44,201.71		13,195.10
	Deferred Tax Liability		
	1,065.08		
	<b>Application of Funds</b>		
	Net Fixed Assets		Investments
	40,994.35		1,182.40
	Net Current Assets		Deferred Tax Assets
	46,409.42		0
	Misc. Expenditure		Accumulated Losses
	402.01		NIL
<b>IV</b>	<b>Performance of Company (Rs. In Lacs)</b>		
	Turnover (Net)		Total Expenditure
	213,869.71		192,965.75
	+ - Profit/Loss Before Tax		+ - Profit/Loss After Tax
	8,661.47		4,942.04
		(Please tick appropriate box + for profit, - for loss)	
	Earning per Share in Rs.		Dividend Rate %
	2.49		5 %
<b>V</b>	<b>Generic Names of Four 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>	
	Item Code No	39076010	
	(ITC Code)		
	Product Description	<b>POLYESTER CHIPS</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, 2011, 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, 2011 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 : 12.05.2012



## CASH FLOW STATEMENT FOR THE 12 MONTHS ENDED ON 31ST DECEMBER, 2011

	AS AT 31.12.2011	(Rs. In Lacs) AS AT 31.12.2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit After Tax and Extraordinary items	4,942.04	3,315.31
Add : Depreciation	2,483.10	772.99
Interest	3,565.36	2,498.15
Operating Profit before Working Capital Charges	10,990.50	6,586.45
Add / (Less) : (Increase) / Decrease in Current Assets		
Debtors	(22,414.87)	(7,957.38)
Inventories	(13,741.17)	(3,144.25)
Loans & Advances	(560.09)	534.67
Add / Less : Increase / Decrease in Current Liabilities & Provisions	(25,725.63)	(3,980.51)
Cash Generated From Operations	36,039.41	11,479.44
Misc. Expenditure (Not written off)	100.49	(502.50)
Interest Paid	(3565.34)	(2226.01)
Net Cash Flow From Operating Activities	6,848.93	4,770.42
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase Of Fixed Assets	(3707.64)	(30842.53)
Capital Work In Progress	(5153.45)	4,391.61
Purchase of Investments	(367.20)	(756.41)
Sales of Investments	0.00	0.00
Profit on Sale of Fixed Assets	0.00	0.00
Net Cash Flow From Investing Activities	(9228.29)	(27207.33)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increasing in Share Capital	3,600.00	4,660.00
Increasing in Share Premium	7,200.00	6,970.00
Share Application Money	(2700.00)	2,700.00
Proceeds From Borrowings	(745.31)	27,464.88
Increase in Capital Reserve	0.00	0.00
Proceeds From Unsecured Loans	1,320.20	(6703.60)
Dividend & Dividend Tax Paid	(576.46)	(367.26)
Net Cash Flow From Financing Activities	8,098.43	34,724.02
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>5,719.07</b>	<b>12,287.12</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>18,790.87</b>	<b>6,503.75</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>24,509.94</b>	<b>18,790.87</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, 12.05.2012

For and on Behalf of the Board

**B. G. Jain** Chairman & Managing Director  
**D. B. Jain** Joint Managing Director  
**Rashmi Bhatt** Company Secretary  
Surat, 12.05.2012

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## 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 2011, 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. 29235.30 lacs as at 31<sup>st</sup> Dec.2011, total revenue of Rs. 31317.35 and net cash flow amounting to Rs. 348.74 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 2011.
- (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 : 12.05.2012

## CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER, 2011

SCHEDULES	AS AT 31.12.2011 (Rs. in Lacs)	AS AT 31.12.2010 (Rs. in Lacs)
<b>I. SOURCES OF FUNDS :</b>		
SHARE HOLDERS' FUNDS		
Share Capital	1 <b>9,920.00</b>	6,320.00
Share Warrant	2 <b>0.00</b>	2,700.00
Reserves & Surplus	3 <b>28,962.96</b>	17,741.58
	<b>38,882.96</b>	<b>26,761.58</b>
Minority Interest	<b>494.56</b>	285.09
LOAN FUNDS		
Secured Loans	4 <b>59,982.73</b>	51,662.89
Unsecured Loans	5 <b>19,321.91</b>	10,383.30
	<b>79,304.64</b>	<b>62,046.19</b>
Deferred Tax Liability	<b>1,065.08</b>	986.79
<b>TOTAL</b>	<b>119,747.24</b>	<b>90,079.65</b>
<b>II. APPLICATION OF FUNDS :</b>		
<b>Fixed Assets</b>		
Gross Block	6 <b>62,623.32</b>	53,573.64
Less : Depreciation	<b>8,587.89</b>	5,275.51
Net Block	<b>54,035.43</b>	48,298.13
Capital Work in Progress	<b>10,756.19</b>	3,245.31
	<b>64,791.62</b>	51,543.44
Investments	7 <b>325.95</b>	58.75
<b>CURRENT ASSETS, LOANS AND ADVANCES :</b>		
Inventories	8 <b>35,873.08</b>	12,481.91
Sundry Debtors	9 <b>58,089.60</b>	35,989.52
Cash & Bank Balances	10 <b>24,858.68</b>	21,625.63
Loans & Advances	11 <b>8,176.96</b>	2,559.75
	<b>126,998.32</b>	72,656.81
Less : Current Liabilities & Provisions	12 <b>72,994.69</b>	34,681.85
Net Current Assets	<b>54,003.63</b>	37,974.96
Miscellaneous Expenditure (To the extent not written off)	13 <b>626.04</b>	502.50
<b>TOTAL</b>	<b>119,747.24</b>	<b>90,079.65</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, 12.05.2012

For and on Behalf of the Board

**B. G. Jain**      Chairman & Managing Director  
**D. B. Jain**      Joint Managing Director  
**Rashmi Bhatt**      Company Secretary  
Surat, 12.05.2012

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR  
THE YEAR ENDED 31ST DECEMBER, 2011**

	SCHEDULES	AS AT 31.12.2011 (Rs. in Lacs)	AS AT 31.12.2010 (Rs. in Lacs)
<b>INCOME :</b>			
Sales	14	243,229.21	140,817.53
Less : Excise Duty / VAT		<u>13,241.63</u>	<u>6,365.34</u>
Net Sales		229,987.58	134,452.19
Other Income	15	2,657.89	1,403.28
Variation in Stocks		<u>(234.64)</u>	<u>1,935.72</u>
<b>TOTAL</b>		<b><u>232,410.83</u></b>	<b><u>137,791.19</u></b>
<b>EXPENDITURE :</b>			
Consumption of Materials	16	203,361.97	123,867.29
Manufacturing Expenses	17	11,479.60	4,738.36
Payments to and Provisions For Employees	18	2,670.85	470.61
Financial Expenses	19	4,615.64	2,718.73
Administrative & Selling Expenses	20	1,071.17	506.34
GDR Issue Expenses (Written Off)		<u>100.50</u>	<u>0.00</u>
<b>TOTAL</b>		<b><u>223,299.73</u></b>	<b><u>132,301.33</u></b>
Profit before Depreciation & tax		9,111.10	5,489.86
Less : Depreciation		<u>3,158.71</u>	<u>1,093.15</u>
Profit Before Tax		5,952.39	4,396.71
Less : Provision for Taxation		<u>1,236.33</u>	<u>792.63</u>
Profit after tax		4,716.06	3,604.08
Add: Share of (Profit)/Loss transferred to Minority Interest		<u>51.25</u>	<u>0.00</u>
Profit after tax (After adjustment for Minority Interest)		4,767.31	3,604.08
Balance Brought Forward from last year		7,208.18	5,243.50
Less : Deferred Tax Liability		<u>78.28</u>	<u>272.14</u>
Balance available for appropriations		<b><u>11,897.21</u></b>	<b><u>8,575.44</u></b>
<b>APPROPRIATIONS:</b>			
Less : Transfer to General Reserve		1,000.00	1,000.00
Proposed Dividend		496.00	316.00
Tax on Proposed Dividend		<u>80.46</u>	<u>51.26</u>
Balance Carried to Balance Sheet		<b><u>10,320.75</u></b>	<b><u>7,208.18</u></b>
		<b><u>10,897.21</u></b>	<b><u>7,575.44</u></b>
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, 12.05.2012

For and on Behalf of the Board

**B. G. Jain** Chairman & Managing Director  
**D. B. Jain** Joint Managing Director  
**Rashmi Bhatt** Company Secretary  
Surat, 12.05.2012

**SCHEDULES ATTACHED CONSOLIDATED BALANCE SHEET  
AS AT 31ST DECEMBER, 2011**

	<b>AS AT 31.12.2011 (Rs. in Lacs)</b>	<b>AS AT 31.12.2010 (Rs. in Lacs)</b>
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
20,00,00,000 Equity Shares of Rs.5/- each	<u>10,000.00</u>	<u>10,000.00</u>
	<b>10,000.00</b>	<b>10,000.00</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
19,84,00,000 Equity Shares of Rs. 5/- each fully paid up	<b>9,920.00</b>	6,320.00
(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.		
(vii) 7,20,00,000 Shares fully paid up converted from convertible Warrants.		
<b>TOTAL</b>	<u><b>9,920.00</b></u>	<u><b>6,320.00</b></u>
<b>SCHEDULE - 2 : WARRANT</b>		
3,60,00,000 Warrants of Rs. 30/- each	10800.00	
Less : Uncalled Money	<u>8100.00</u>	
<b>TOTAL</b>	<u><b>0.00</b></u>	<u><b>2,700.00</b></u>
	<b>0.00</b>	<b>2,700.00</b>
<b>SCHEDULE - 3 : RESERVES &amp; SURPLUS</b>		
Share Premium Account	<b>15,205.50</b>	8005.50
General Reserve	<b>3,275.36</b>	2275.36
Capital Reserve	<b>268.00</b>	268.00
Foreign Currency Translation Reserve	<b>(152.33)</b>	(61.14)
Investment Subsidy	<b>45.68</b>	45.68
Profit & Loss Appropriation	<b>10,320.75</b>	7208.18
<b>TOTAL</b>	<u><b>28,962.96</b></u>	<u><b>17,741.58</b></u>
<b>SCHEDULE - 4 : SECURED LOANS</b>		
Term Loans	<b>20,132.55</b>	28,588.14
Corporate Loans	<b>5,085.80</b>	3,033.18
Working Capital Loans	<b>22,906.14</b>	9,706.06
Vehicles Loans	<b>74.69</b>	94.25
Buyer Credit Term Loan	<b>11,783.55</b>	10,241.26
<b>TOTAL</b>	<u><b>59,982.73</b></u>	<u><b>51,662.89</b></u>
<b>Note:-</b>		
(i) Term Loans of Rs. 250 crore (Phase-I) and Term Loan of Rs. 153.00 crore (Phase-II) 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 & Rs. 7033.08 crore secured by 1st Pari Passu Charges on entire Fixed Assets situated at 443, Jung-ri Seokjeok-eup, Chilgok-gun Gyeongbuk, South Korea.		
(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 GIIC Ltd. & GSFC having First charge & Rs. 8747.94 crore secured by 1st Pari Passu charges on stock & Book Debts situated at 443, Jung-ri Seokjeok-eup, Chilgok-gun Gyeongbuk, South Korea.		
(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.		
(vi) Corporate Loan from Indian Overseas Bank is secured by Hypothecation of 7 Wind Mills situated at Ratlam, MP.		
<b>SCHEDULE- 5 : UNSECURED LOANS</b>		
Agency Deposit	<b>351.00</b>	351.00
Term Loan From Bank	<b>2,529.20</b>	0
Others	<b>16,441.71</b>	10032.30
<b>TOTAL</b>	<u><b>19,321.91</b></u>	<u><b>10383.30</b></u>

**SCHEDULE - 6 : FIXED ASSETS**

(Rs. In Lacs)

Particulars	Gross Block				Depreciation				Net Block	
	As On 01.01.11	Addition	Deduction/ Adjustment	As On 31.12.11	As On 01.01.11	Addition	Deduction/ Adjustment	As On 31.12.11	As On 31.12.11	As On 31.12.10
Land	212.09	0.00	0.00	212.09	0.00	0.00		0.00	212.09	212.09
Building & Godown	4,528.98	57.72	225.99	4,812.69	258.43	154.70	7.41	420.54	4,392.15	4,270.55
Plant & Machinery	47,838.57	5,977.99	2,094.05	55,910.61	4,616.29	2,881.28	139.64	7,637.21	48,273.40	43,222.28
Electric Installation	355.08	0.00	0.00	355.08	167.69	18.63	0.00	186.32	168.76	187.39
Office Equipment	212.43	605.47	14.58	832.48	45.01	67.67	5.21	117.89	714.59	167.42
Furniture & Fixtures	92.04	0.00	0.00	92.04	52.17	1.94	0.00	54.11	37.93	39.87
Vehicles	334.45	70.75	3.13	408.33	135.92	34.49	1.41	171.82	236.51	198.53
<b>TOTAL</b>	<b>53,573.64</b>	<b>6,711.93</b>	<b>2,337.75</b>	<b>62,623.32</b>	<b>5,275.51</b>	<b>3,158.71</b>	<b>153.67</b>	<b>8,587.89</b>	<b>54,035.43</b>	<b>48,298.13</b>
Previous Year	13,882.63	39,691.01	0.00	53,573.64	4,182.36	1,093.15	0.00	5,275.51		
Capital Work In Progress									10,756.19	3,245.31
<b>TOTAL</b>									<b>64,791.62</b>	<b>51,543.44</b>

(Rs. In Lacs)

**AS AT**  
**31.12.2011**                      **AS AT**  
**31.12.2010**

**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>314.00</b>	56.80
Canara Bank Robeco Mutual Fund	<b>10.00</b>	0.00
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>325.95</b>	<b>58.75</b>

**SCHEDULE - 8 : INVENTORIES**

Raw Materials	<b>28,166.82</b>	5,472.94
Finished goods	<b>6,589.63</b>	6,510.46
Fuel, Oil Chemical & Packing Material and Stores Spares	<b>1,116.63</b>	498.51
<b>TOTAL</b>	<b>35,873.08</b>	<b>12,481.91</b>

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

Outstanding for a period exceeding six months	<b>6.53</b>	14.25
Others	<b>58,083.07</b>	35,975.27
<b>TOTAL</b>	<b>58,089.60</b>	<b>35,989.52</b>

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

Cash & Cheque in Hand	<b>19.78</b>	16.39
With Schedule Bank in		
Fixed Deposits	<b>24,799.66</b>	21,442.37
Current Account	<b>39.24</b>	166.87
<b>TOTAL</b>	<b>24,858.68</b>	<b>21,625.63</b>

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

Deposits with Govt. Authorities	<b>1,316.44</b>	817.06
Share Application Money	<b>59.88</b>	296.40
Advances Recoverable in Cash or in kind	<b>6,800.64</b>	1,446.29
<b>TOTAL</b>	<b>8,176.96</b>	<b>2,559.75</b>

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

Acceptances Under L/C	<b>40,309.69</b>	30,648.45
Buyer Credit Working Capital	<b>21,746.67</b>	0.00

**Sundry Creditors**

(1) Dues of small scale industrial undertaking(s)	<b>4.46</b>	4.42
(2) Other	<b>5,726.39</b>	224.49
Other Liabilities	<b>4,631.02</b>	3,437.23
Provision for Dividend & Tax	<b>576.46</b>	367.26
<b>TOTAL</b>	<b><u>72,994.69</u></b>	<b><u>34,681.85</u></b>

**SCHEDULE - 13 : MISCELLANEOUS EXPENDITURE**  
 (To the extent not written off)

GDR Issue Expenses	<b>402.01</b>	502.50
Pre-Operative Expenses	<b>224.03</b>	0.00
<b>TOTAL</b>	<b><u>626.04</u></b>	<b><u>502.50</u></b>

**SCHEDULE - 14 : SALES**

	AS AT 31.12.2011 (Rs. in Lacs)	Quantity in MT/MTR	AS AT 31.12.2010 (Rs. in Lacs)	Quantity in MT/MTR
PTA	<b>2,120.83</b>	<b>3014.000 MT</b>	0.00	
Chips	<b>51,828.08</b>	<b>66657.096 MT</b>	3,162.93	7890.424 MT
POY	<b>50,495.94</b>	<b>56165.368 MT</b>	34,484.28	40648.666 MT
FDY	<b>38,417.99</b>	<b>42024.410 MT</b>	20,965.01	22522.968 MT
Texturised / D. T. Yarn	<b>21,391.82</b>	<b>19116.709 MT</b>	9,048.77	8280.480 MT
Polyester Yarn	<b>12,446.29</b>	<b>12034.880 MT</b>	23,162.38	20626.850 MT
Chips Trading	<b>3,343.45</b>	<b>4176.930 MT</b>	1,649.95	2333.500 MT
Salt	<b>666.85</b>	<b>338540.000 MT</b>	4,263.80	1455221.800 MT
Soyabean Meal	<b>356.85</b>	<b>2270.000 MT</b>	69.77	443.000 MT
Fancy Shirting / Grey	<b>59,176.37</b>	<b>72387298.000 Mtr</b>	25,211.43	38786819.200 Mtr
Indian Raw Cotton	<b>1,692.26</b>	<b>1733.560 MT</b>	18,326.79	12669.064 MT
Wind Power	<b>1,292.48</b>	<b>30146734 UNIT</b>	472.42	11123488.000 UNIT
<b>TOTAL</b>	<b><u>243,229.21</u></b>		<b><u>140,817.53</u></b>	

**SCHEDULE - 15 : MISCELLANEOUS INCOME**

Interest	<b>336.08</b>	164.51
Other Income	<b>584.41</b>	1,208.58
Insurance Claim	<b>1,737.40</b>	30.19
<b>TOTAL</b>	<b><u>2657.89</u></b>	<b><u>1403.28</u></b>

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

Opening Stock	<b>5,974.60</b>	2,743.62
Purchase	<b>225,743.30</b>	127,098.27
	<b>231717.90</b>	129841.89
Less : Closing Stock	<b>28,355.93</b>	5,974.60
<b>TOTAL</b>	<b><u>203,361.97</u></b>	<b><u>123,867.29</u></b>

**SCHEDULE - 17 : MANUFACTURING EXPENSES**

	Current Year	Previous Year		
Fuel Consumed			<b>2,158.83</b>	1,559.24
Opening Bal.	24.18	14.15		
Add : Purchase	2182.33	1569.27		
Less : Clos. Bal.	<u>47.68</u>	<u>24.18</u>		
Oil, Chemicals & Packing Material Consumed			<b>1,912.93</b>	1,217.35
Opening Bal.	205.58	181.64		
Add : Purchase	2026.44	1241.29		
Less : Clos. Bal.	<u>319.09</u>	<u>205.58</u>		
Repairs & Maintenance to Building			<b>167.85</b>	80.61
Stores spares & Maintenance to Machineries Consumed			<b>927.18</b>	542.34
Opening Bal.	229.81	205.57		
Add : Purchase	895.16	566.58		
Less : Clos. Bal.	<u>197.79</u>	<u>229.81</u>		
Insurance Premium			<b>133.88</b>	41.53

Transportation & Octroi	659.56	266.25
Factory Expenses	236.30	30.74
Customs Clearing Expenses	352.44	249.17
Lease Rental Charges	2,296.96	697.21
Supplies Exp.	32.03	19.69
Packing Exp.	394.73	0.00
Water & Gas	1,027.36	0.00
Electricity Exp.	1,179.55	34.23
<b>TOTAL</b>	<b>11,479.60</b>	<b>4,738.36</b>
<b>SCHEDULE - 18 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
Salaries, Wages & Others Employees Benefits	2,594.30	419.97
Contribution to P.F. & Other Funds	76.55	50.64
<b>TOTAL</b>	<b>2,670.85</b>	<b>470.61</b>
<b>SCHEDULE - 19 : FINANCIAL CHARGES</b>		
Interest payment on Fixed Loans	4,233.16	2,331.65
Other Loans	382.48	387.08
<b>TOTAL</b>	<b>4,615.64</b>	<b>2,718.73</b>
<b>SCHEDULE - 20 : ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Printing & Stationery	12.42	9.05
Traveling Expenses	77.69	56.09
Other Repairs & Maintenance	18.25	17.72
Postage & Telephone Expenses	37.21	28.99
Office Expenses	38.28	34.56
Rent	131.23	51.20
Legal & Professional Expenses	66.93	47.89
Directors Sitting Fees	3.29	4.17
Subscription & Membership Fees	5.50	3.72
Rates & Taxes	7.38	4.77
Donations	36.47	26.28
Staff Welfare Expenses	15.16	11.30
Audit Fee	5.65	3.21
Electricity Expenses	30.50	19.00
Advertisement & Recruitment Exp.	31.24	21.19
Listing Fee	2.66	2.48
Sales Commission	124.58	44.39
Secretarial Exp.	6.94	4.69
Vehicle Maintenance	25.74	12.68
Freight Exp.	242.65	91.61
Service Fees	151.40	11.35
<b>TOTAL</b>	<b>1,071.17</b>	<b>506.34</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, 12.05.2012

For and on Behalf of the Board

**B. G. Jain** Chairman & Managing Director  
**D. B. Jain** Joint Managing Director  
**Rashmi Bhatt** Company Secretary  
Surat, 12.05.2012



**SCHEDULE 21 : NOTES FORMING PARTS OF THE CONSOLIDATED ACCOUNTS**
**1. STATEMENT OF 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 Limited	Subsidiary	South Korea	77.11%
Gerback Holdings Pte. Ltd.	Subsidiary	Singapore	66.67%
Nakoda Green Power Ltd.	Subsidiary	India	100%

**3. Related Party disclosure as per 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., South Korea
  - Gerback Holdings Pte. Ltd., Singapore
- Key Management Personnel :
  - Konzept Infotement 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.
  - Nakoda Green Power Ltd.

**(b) Key Management Personnel :**

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

Shri D. B. Jain (Joint Managing Director)

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

Transaction with related parties:

(Rs. In Lacs)

Type of Related Party	Description of Nature of Transaction	Volume of Transaction		Outstanding as on	
		2011	2010	31st Dec 2011	31st Dec 2010
Where control Exists	Share warrant issued	NIL	2700.00	NIL	8100.00
	Share Issued	10800	NIL	NIL	NIL
	Investments & Loans	938.36	NIL	1249.72	351.40
Key management Personnel	Remuneration etc.	76.00	60.00	5.09	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. 909.74 lacs (Pre. Year Rs. 143.75 lacs)
  - Claim against the Company not acknowledged as debt : Rs. NIL
  - Uncalled Liabilities : Rs. NIL
  - Corporate Guarantee given : USD 650 Lacs
5. Salary and wages Rs. 2594.30/- Lacs (Pre. year Rs. 431.92/- Lacs) includes remuneration paid to Directors Rs. 76 Lacs (Pre year Rs. 60 Lacs)
6. The balances of debtors, creditors, deposits, loans & advances are subject to confirmation

7. Auditor's Remuneration	Current Year Rs in Lacs	Previous Year Rs. In Lacs
(a) As Auditor's : (including tax audit)	5.91	4.21
(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	2.91	0.97

8. Segment Information as per Accounting Standard 17:

A) Primery Segment Reporting (by Activity Segment) - The two identified Segments are (i) Manufacturing (ii) Trading (Rs.in Lacs)

	2011	Manufacturing	Trading	Total
<b>Segment Revenue</b>				
1 Income from Sales		163426.31	79802.90	243229.21
<b>Segment Result</b>				
Profit Before Interest & Tax		8845.36	1722.67	10568.03
Less : Interest		3285.40	1330.24	4615.64
Total Profit/(Loss) before Tax		5559.96	392.43	5952.39
Exceptional items				
Profit/(Loss) after Exceptional items		5559.96	392.43	5952.39
Provision for Taxation		1157.82	78.51	1236.33
Add: Share of (Profit)/Loss transferred to Minority Interest		51.25		51.25
<b>Net Profit</b>		<b>4453.39</b>	<b>313.92</b>	<b>4767.31</b>
3 <b>Capital Employed</b>		-	-	38256.92

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 :

Deferred Tax Liability	Opening as on 01-01-11	Debit/(Credit) during the year	Closing as at 31-12-11
Unabsorbed depreciation Under Income Tax Act, 1961	(75624439)	(30882935)	(106507374)
Unabsorbed Losses Under Income Tax Act, 1961	(23055010)	23055010	—
<b>Total</b>	<b>(98679449)</b>	<b>(7827925)</b>	<b>(106507374)</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.

	31/12/2011	31/12/2010
Profit as per P&L/c (Rs. in Lacs)	4716.06	3604.08
Weighted number of Equity Share	198400000	126400000
Face Value of Share	5.00	5.00
Basic & Diluted EPS	2.38	2.62

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	212000	212000	122327	12045
2.	POY	MT	187400	175100	111620	75742
3.	FDY					
4.	Texturised Yarn					
5.	Draw Twisted Yarn	MT	30000	29870	19476	8579

12. Turnover : (Rs. in Lacs)

Items	Units	Current Year		Previous Year	
		Qty.	Value	Qty.	Value
Chips	MT	66657	51828.08	10224	4813
POY	MT	98190	90206.41	63172	51683
FDY					
Texturised / D.T. Yarn	MT	19117	21391.82	8280	9049

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 Indeginius & Imported (PTA, MEG, Chips, POY) 148848.11  
 (ii) Fuel, Oil & Chemicals, Packing Material, components, Stores & Spares Etc 5789.81

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

	PTA (Mt.)	MEG (Mt.)	Chips (Mt.)	POY/FDY (Mt.)	Texturised (Mt.)
Opening Stock	2402.000	1125.000	5215.614	2280.592	326.788
Purchase	177101.042	66677.356	4176.930	6714.000	0.000
Transfer from PTA/MEG/Chips/POY	-	-	72327.176	111620.387	19476.281
<b>Total</b>	<b>179503.042</b>	<b>67802.356</b>	<b>81719.720</b>	<b>120614.979</b>	<b>19803.069</b>
Sales	3014.000	-	70834.026	98189.778	19116.709
Consumption	152499.786	59998.543	-	19476.281	-
Wastage	-	-	1199.420	-	-
Closing Stock	23989.256	7803.813	9686.274	2948.920	686.360
<b>Total</b>	<b>179503.042</b>	<b>67802.356</b>	<b>81719.720</b>	<b>120614.979</b>	<b>19803.069</b>

	Polyester Yarn (Mt.)	Salt (Mt)	Soyabean Meal (Mt)	Fancy Shirting (Mtr)	Indian Raw Cotton (Mt)
Opening Stock	289.546	338540.000	5104.000	2066874.000	-
Purchase	14082.634	-	-	72109079.000	1733.560
Transfer from Chips/POY	-	-	-	-	-
<b>Total</b>	<b>14372.180</b>	<b>338540.000</b>	<b>5104.000</b>	<b>74175953.000</b>	<b>1733.560</b>
Sales	12034.880	338540.000	2270.000	72387298.000	1733.560
Consumption	-	-	-	-	-
Wastage	-	-	2834.000	-	-
Closing Stock	2337.300	-	-	1788655.000	-
<b>Total</b>	<b>14372.180</b>	<b>338540.000</b>	<b>5104.000</b>	<b>74175953.000</b>	<b>1733.560</b>

15. Value of imports on C.I.F. Basis (Rs. in Lacs)

Raw Materials	Current Year 52733.72	Previous Year 7287.63
---------------	--------------------------	--------------------------

16. Earning in Foreign Exchange (Rs. in Lacs):

(a) FOB Value of Export	Current Year 18.00	Previous Year ---NIL---
(b) Interest	141.20	---NIL---

17. Expenditure in foreign currency (Rs. in Lacs)

Current Year 157.92	Previous Year ---NIL---
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18. Consumption of Imported Raw Material (Rs. in Lacs):

Current Year 49818.43	Previous Year 3877.44
--------------------------	--------------------------

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

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, 12.05.2012

For and on Behalf of the Board

**B. G. Jain** Chairman & Managing Director  
**D. B. Jain** Joint Managing Director  
**Rashmi Bhatt** Company Secretary  
Surat, 12.05.2012

**CONSOLIDATED CASH FLOW STATEMENT FOR THE 12 MONTHS ENDED ON 31ST DECEMBER, 2011**

	(Rs. In Lacs)	
	AS AT 31.12.2011	AS AT 31.12.2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit After Tax and Extraordinary items	4,716.06	3,604.08
Add : Depreciation	3158.71	1093.15
Interest	4,615.64	2,718.73
Operating Profit before Working Capital Charges	<u>12490.41</u>	<u>7415.96</u>
Add / (Less) : (Increase) / Decrease in Current Assets		
Debtors	(22,100.08)	(8272.17)
Inventories	(23,391.17)	(4762.18)
Loans & Advances	(5,617.21)	(486.82)
Add / Less : Increase / Decrease in Current Liabilities & Provisions	<u>(38618.06)</u>	<u>(6105.21)</u>
Cash Generated From Operations	<u>12894.87</u>	<u>8723.40</u>
Misc. Expenditure (Not written off)	(123.54)	(502.50)
Minority Interest	209.47	285.09
Interest Paid	<u>(3928.54)</u>	<u>(2718.69)</u>
Net Cash Flow From Operating Activities	<u>9052.26</u>	<u>5787.29</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase Of Fixed Assets	(6,711.93)	(39691.01)
Capital Work In Progress	(7,510.88)	4391.61
Purchase of Investments	(267.20)	0.00
Sales of Investments	0	0.00
Profit on Sale of Fixed Assets	0	0.00
Net Cash Flow From Investing Activities	<u>(14490.01)</u>	<u>(35299.40)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increasing in Share Capital	3600.00	4660.00
Increasing in Share Premium	7200.00	6970.00
Share Application Money	(2,700.00)	2700.00
Proceeds From Borrowings	(4,880.24)	34312.97
Increase in Capital Reserve	0.00	0.00
Foreign Currency Translation Reserve	(91.19)	(39.39)
Proceeds From Unsecured Loans	8,938.61	(6423.06)
Dividend & Dividend Tax Paid	(576.46)	(367.26)
Net Cash Flow From Financing Activities	<u>11490.72</u>	<u>41813.26</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>6052.97</b>	<b>12301.15</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>18805.71</b>	<b>6504.56</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>24858.68</b>	<b>18805.71</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, 12.05.2012

For and on Behalf of the Board

**B. G. Jain** Chairman & Managing Director  
**D. B. Jain** Joint Managing Director  
**Rashmi Bhatt** Company Secretary  
Surat, 12.05.2012

**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, 2011	Country of Incorporation	Reporting Currency	Exchange rate as on December 31, 2011	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	0.043	5002.26	130.53	27783.44	27783.44	—	30773.39	(220.90)	0.00	(220.90)	—
Nakoda Holdings Mauritius Ltd.	100.00%	Mauritius	USD	50.000	500.00	(10.39)	496.89	496.89	—	—	(3.00)	0.00	(3.00)	—
Gerback Holdings Pte. Ltd.	66.67%	Singapore	USD	50.000	749.95	(15.20)	734.75	734.75	—	10.23	(2.07)	0.00	(2.07)	—
Nakoda Green Power Ltd.	100.00	India	INR	—	100.00	0.00	220.22	220.22	—	—	0.00	0.00	0.00	—

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

Place: Mumbai  
 Date : 12.05.2012

## 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	31/12/2011
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%
	Nakoda Green Power Ltd.	100.00%
	b) Extent of interest of Nakoda Holding Mauritius Ltd. (Subsidiary Company) in Gerback Holding Pte. Ltd., Singapore.	66.67%
	c) Extent of interest of Gerback Holding 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, 2011	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, 2011	Rs. (225.97) Lacs
	ii) For the previous financial of the subsidiary since it became the Holding Company's subsidiary.	Rs. 288.77 Lacs

**NAKODA LIMITED**

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

**Electronic Clearing Services (ECS)**

Folio no.

Telephone No.

**M/s. MCS Ltd.**

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

Dear Sir,

I request you to register ECS mandate against my account as under:

1. Name of the Sole/First Shareholder

2. Name of the Bank

3. Address of the Bank

4. Account Type

5. Account No. as appearing on the  
Cheque issued by the Bank

6. 9 Digit Code No. of the Bank  
as appearing on the MICR Cheque  
issued by the Bank

I hereby declare that the particulars given are correct and complete. If the payment transaction through NECS is delayed or not affected at all due to incomplete or incorrect information or for any reasons, I would not hold the Company or the Registrars & Share Transfer Agents responsible

Place: \_\_\_\_\_

Date: \_\_\_\_\_

-----  
Signature of the Sole/First Shareholder

Encl: A photo copy of the Cheque / a blank cheque duly cancelled

(TEAR HERE)

**NAKODA LIMITED**

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

**PROXY FORM**

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

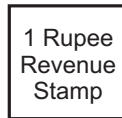
I/We \_\_\_\_\_ of \_\_\_\_\_ being a member/members of the

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

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

as my/our proxy to vote for me/our behalf at the 27<sup>th</sup> Annual General Meeting of the Company, to be held at \_\_\_\_\_ and at adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.



Signature:

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

------(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 27<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 at 4.00 P. M. on Saturday, the 23<sup>rd</sup> June, 2012.

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

SCISSOR (TEAR HERE) SCISSOR



BOOK-POST

If undelivered, Please return to :

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