

15th Annual Report 1999

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nakoda textile industries limited



NAKODA TEXTILE INDUSTRIES LIMITED

Board of Directors

- | | |
|-----------------------|-------------------------|
| (1) Mr. G. P. Shah | Chairman |
| (2) Mr. B. G. Jain | Managing Director |
| (3) Mrs. P. B. Jain | |
| (4) Mr. S. M. Thakkar | |
| (5) Dr. T. D. Patel | |
| (6) Mr. V. Mahalingam | Nominee Director (GLIC) |

Company Secretary

Mrs. Rashmi Bhatt

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Auditors

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

Bankers

Canara Bank,
K.M. Road,
Surat.

Regd. Office

11, Govt. Industrial Estate,
Masat, Silvassa (D. & N.H.)

Works

Texturising Plants :

- (I) 11, Govt. Industrial Estate,
Masat, Silvassa (D. & N.H.)
- (II) Block No. 1 & 12.
Village - Karanj,
Taluka - Mandvi,
Dist. - Surat.

POY Plant

Block No. 13 to 16
Village - Karanj,
Taluka - Mandvi,
Dist. - Surat.

Corporate Office

738, Ajanta Shopping Centre,
Ring Road, Surat-395003.



NOTICE

NOTICE is hereby given that the 15th Annual General Meeting of the Members of NAKODA TEXTILE INDUSTRIES LIMITED will be held on Friday, the 30th June, 2000 at 12.30 P.M. at the Company's Registered Office at 11, Govt. Industrial Estate, Masat, Silvassa.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts for the year ended 31st December, 1999 together with the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Smt. P. B. Jain who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

To consider and if thought fit to pass with or without modification, following resolutions

4. AS A SPECIAL RESOLUTION

RESOLVED THAT pursuant to Section 94 of the Companies Act, 1956 the Authorised Share Capital of the Company being Rs. 40.00 crores be and is hereby re-classified into 3,00,00,000 equity shares of Rs. 10/- each and 10,00,000 preference shares of Rs. 100/- each thereby cancelling 1.00 crore equity shares of Rs. 10/- each which have not been taken or agreed to be taken by any person and creating 10.00 lacs preference shares of Rs. 100/- each with such rights, privileges and conditions provided by any statutory enactment for the time being in force and as may be provided by these Articles or by a special resolution passed at a General meeting duly convened and held for the purpose.

5. AS A SPECIAL RESOLUTION

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 amended by substituting the following Clause thereof:

V. The Authorised Share Capital of the Company is Rs.40,00,00,000 (Rupees forty crores only) divided into 3,00,00,000 (Three crores only) equity shares of Rs.10/- each and 10,00,000 (Ten lacs only) preference shares of Rs.100/- each.

6. AS A SPECIAL RESOLUTION

RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Article V of the Articles of Association of the Company be and is hereby

amended by substituting the following Article thereof:

The Authorised Share Capital of the Company is Rs.40,00,00,000 (Rupees forty crores only) divided into 3,00,00,000 (Three crores only) equity shares of Rs.10/- each and 10,00,000 (Ten lacs only) Preference shares of Rs. 100/- each with such rights, privileges and conditions provided by any statutory enactment for the time being in force and as may be provided by these Articles or by a special resolution passed at a General Meeting duly convened and held for the purpose.

7. AS A SPECIAL RESOLUTION

RESOLVED THAT, in terms of section 81 and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the provisions of Articles of Association of the Company and subject to the consent of the Securities and Exchange Board of India (SEBI) and all other concerned authorities and departments, if any and to the extent necessary, and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed in granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "The Board" which term shall be deemed to include any committee of the Board), at its sole discretion, the consent of the Company be and is hereby accorded to the Board to create, offer and issue equity and / or preference shares at par or at premium by way of Public/Rights/Preferential Issue/Private Placement or in such other manner, in such trench or trenches in Indian Rupees of an aggregate amount of Rs. 20.00 crores including premium, if any to such person or persons, whether shareholder of the Company or not and at such time as the Board may, in their absolute discretion and in the best interest of the company may deem fit.

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

By Order of the Board

Place : Surat.

Date : 29.04.2000

RASHMI BHATT

Company Secretary



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 20th June, 2000 to 30th June, 2000 (both days inclusive).
4. Members are requested :
 - a) to bring their copies of Annual Reports and Attendance slip at the time of the meeting.
 - b) to quote their Folio No.(s) in all correspondence.
 - c) to forward their queries, if any, so as to reach the Registered Office of the Company on or before 23rd June, 2000 enabling the management to keep the information ready.
5. Members are requested to notify any change in their address immediately to the Company's Corporate Office at 738, Ajanta Shopping Centre, Ring Road, Surat- 395003.
6. Nomination Facility :
The Companies (Amendment) Act, 1956 has introduced through Section 109 A, the facility of nomination to shareholders. This facility is mainly useful for all investors holding the shares in single name. Investors are advised to avail this facility to avoid the process of transmission by law. Investors holding shares in physical form may send the nomination form to the corporate office of the Company at 738, Ajanta Shopping Centre, Ring Road, Surat.

Rs.10/- each. As explained earlier, there is a proposal for the Company to issue preference shares in future. In view of this and with a view to enabling the Company to issue preference shares in future as and when required for its operations, the Board of Directors of the Company considered that the Authorised Share Capital of the Company should be re-classified by cancelling equity share capital of Rs. 10.00 crores and creating preference share capital of Rs. 10.00 crores. However the total Authorised Share capital of the Company shall remain unchanged. The amendments to Clause V of the Memorandum of Association and Article 5 of the Articles of Association as set out in Item Nos. 5 & 6 respectively of the Notice are consequential.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

Item No.7

Your Company has been successful in acquiring production facilities of Garware Nylons Ltd.(In liqn.). The assets will be utilised to produce Polyester Chips, Polyester Yarn, Textile grade Nylon Yarn, Nylon Industrial yarn, Nylon tyre cord fabric. The total capital outlay is Rs. 30.00 crores. The resolution in item No.7 is put forth thereby enabling the Board to raise resources by way of either Public/Rights/Preferential Issue/Private Placement of either equity and or preference shares subject to the approval of Shareholders and as per the prevailing SEBI guidelines in this regard at any stage later on to part finance the capital cost.

The directors of the Company are deemed to be concerned or interested in the resolution to the extent of their Shareholding in the Company.

By Order of the Board

Place : Surat.
Date : 29.04.2000

RASHMI BHATT
Company Secretary

EXPLANATORY STATEMENT

Under section 173(2) of the Companies Act, 1956.

Item No. 4, 5 & 6

The Authorised Share Capital of the Company is Rs.40.00 crores divided into 4 00 crore equity Shares of



DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting their 15th Annual Report together with Audited Accounts for the year ended 31st December, 1999.

FINANCIAL RESULTS

	AS AT 31.12.99 (Rs.In Lacs)	AS AT 31.12.98 (Rs.In Lacs)
Turnover & Other Income	6833.62	4403.73
Gross Profit (before financial charges & depreciation)	809.05	511.16
Interest & Financial Charges	427.88	298.34
Profit before Depreciation (Cash Profit)	381.17	212.82
Depreciation	224.39	159.95
Profit for the year	156.78	52.87

OPERATIONS

During the year your Company's installed capacity of POY plant has been enhanced to 12,500 M.T.P.A. by installing balancing equipments. The Company has achieved turnover of Rs. 6833.62 lacs as against Rs. 4403.73 lacs for the previous year. The profit for the year has increased to Rs. 156.78 lacs as against Rs. 52.87 lacs last year achieving a growth of 197%.

The Company has constantly endeavoured to increase operational efficiency and reduce cost of production with a view to strengthen competitiveness to suit present conditions.

The Company has successfully implemented energy conservation scheme first time in the POY/PFY industry.

It has revolutionised packing system by introducing "Eco-Pack". The Company has also applied for design under Design & Patent Act. Besides it has improved production process to match intersectional capacity resulting into enhanced production and economising cost of production.

EXPANSION AND FUTURE OUTLOOK

Your Company has been successful in acquiring production facilities of Garware Nylons Ltd. (In liquidation) from the Honourable High Court, Mumbai.

It will enhance our production facilities and lead to backward integration and diversification in the Nylon industry. The assets will be utilised to produce polyester chips, Nylon Textile yarn, Nylon Industrial yarn, Nylon Tyre Cord yarn & Nylon Tyre cord Fabric. The product integration will help the Company to become one of the leading unit in Synthetic yarn industry.

FINANCE

The Company has become regular in repayment of the dues to the Institutions. The Company is in process of raising funds for the projects mentioned here in above.

DIVIDEND

The Board of Directors does not recommend any dividend for the accounting year 1999 in order to conserve resources.

DIRECTORS

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

EMPLOYEES

There is no employee getting remuneration as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (particulars of Employees) Rules, 1975 as amended.

Y2K COMPLIANCE

All computer hardware & software available in the company are Y2K Compatible and the company had successful & smooth rollover to new millennium without facing any problem on Y2K account.

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.

ACKNOWLEDGEMENT

Your Directors express their gratitude and sincere appreciation for the continued co-operation received from Bankers and Financial Institutions throughout the year and for the utmost faith reposed by the Investors and Shareholders in the Company. They also place on record their sincere appreciation for the efforts put in by employees of the Company at all levels.

For and on behalf of the Board

Place : Surat.
Date : 29.04.2000

G.P.SHAH
CHAIRMAN



ANNEXURE TO THE DIRECTORS' REPORT FORM A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	AS AT 31.12.99	AS AT 31.12.98
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
a) Purchased Units (In 000's)	563.92	849.80
Total Amount (Rs. in Lacs)	18.98	32.66
Rate/Unit (Rs.) (Excludes Electricity duty)	3.37	3.84
b) Own Generation		
i) Through Diesel Generator Units (In 000's)	9748.18	8117.35
Unit per Ltr. of Diesel Oil	3.75	3.25
Cost / Unit (Rs.)	2.93	2.66
ii) Through Steam Turbine / Generator	0.00	0.00
2. Coal, Furnace Oil, others / internal Generation	0.00	0.00
B. CONSUMPTION PER UNIT OF PRODUCTION		
Products (POY/Texturised/Twisted Yarn)		
	KWH/KGS	KWH/KGS
POY	0.95	1.26
Texturised Yarn	1.10	1.36
Twisted Yarn	1.28	1.48

FORM B

A. RESEARCH AND DEVELOPMENT	
1. Specific area in which R & D carried out by the Company	: Packing of Partially Oriented Yarn.
2. Benefit derived as a result of above R & D	: "ECO-PACK" system was developed to replace the conventional Paper Box packing system. This is cost saving, environment friendly, prevents pollution, safe, easy & convenient to handle.
3. Future plan of action	: Evaluating the possibilities of cost reduction in conventional Paper Tube winding of POY to reduce cost & to facilitate efficient handling of POY. Development of production process in the field of polymerisation / polycondensation in manufacturing polyester / Nylon chips for energy conservation.
4. Expenditure on R & D	: Rs. 25.00 Lacs approximately.
B. Technology Absorption, Adaption and Innovation	: Not Applicable
C. Foreign Exchange Earnings	: NIL
Foreign Exchange Outgo	: 1,05,39,077.00

For and on behalf of the Board
G.P.SHAH
CHAIRMAN

Place : Surat.
Date : 29.04.2000