

16th Annual Report 2000

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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) Dr. T. D. Patel | |
| (5) Mr. D. B. Jain | |
| (6) Mr. S. M. Thakkar | |
| (7) Mr. J. B. Jadia | Nominee Director (GIIC) |
| (8) Mr. D. R. Patel | Nominee Director (GSFC) |

Company Secretary

Mrs. Rashmi Bhatt

Auditors

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

Bankers

Canara Bank
K. M. Road,
Surat.

Registered Office

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

Works :

Texturising Division

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

POY Division

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

Corporate Office

738, Ajanta Shopping Centre,
Ring Road, Surat - 395002



NOTICE

Notice is hereby given that the 16th Annual General Meeting of the members of NAKODA TEXTILE INDUSTRIES LIMITED will be held on Saturday, the 30th June, 2001 at 11.30 A.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, 2000 together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sh. G.P. Shah who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. T.D. Patel who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

5. As A Special Resolution

"RESOLVED THAT Mr. Devendra B. Jain who was appointed as an Additional Director by the Board of Directors and holds office up to 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, proposing his candidature for the Office of Director, be and is hereby appointed as a director of the Company."

6. As A Special Resolution

"RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to take necessary action to discontinue listing of the Company's securities at Vadodara Stock Exchange subject to the necessary approvals from the concerned authorities including the Ministry of Finance, concerned stock exchange and/or other concerned Govt. authorities like, SEBI, etc."

7. As A Special Resolution

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

80(2)-Every deed or other instrument except the

share certificates to which the seal of the Company is required to be affixed shall unless the same is executed by a duly constituted attorney of the Company be signed by any of the Directors and countersigned by some officer of the Company duly authorised in this behalf.

60- The remuneration of every director for attending board meeting shall be such sum not exceeding Rs. 5000/- or as the Directors may fix for every meeting of the Board or a committee thereof attended by him. The Directors shall be entitled to be paid in advance and in addition to the above remuneration, their reasonable travelling, hotel and other expenses incurred in consequence of their attendance at board meeting or meeting of the committee thereof or otherwise execution of any of their duties as Director."

8. As A Special Resolution

"RESOLVED THAT under section 198, 269, 310 and all other enabling applicable provisions, if any, of the Companies Act 1956, approval of the Company be and is hereby accorded to the revision in remuneration of Sh. B.G. Jain, Managing Director w.e.f. 1st April 2001, detailed more specifically in the Explanatory Statement."

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

By Order of the Board

Place : Surat

Date : 30.04.2001

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, 2001 to 30th June, 2001 (both days inclusive).
4. 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 forward their queries, if any, so as to reach the Registered office of the Company on or before 23rd June, 2001 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 - 395002.

By Order of the Board

Place : Surat

Rashmi Bhatt

Date : 30.04.2001

Company Secretary

ANNEXURE TO NOTICE

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

Item No.5

In accordance with section 260 of the Companies Act, 1956 Mr. Devendra B. Jain holds office as an Additional 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. Devendra B. Jain for the office of director under the provisions of section 257 of the Companies Act, 1956.

Mr. Devendra B. Jain aged 23 years has completed his MBA with specialisation in Finance and his introduction on the Board would benefit the Company. Hence, the Board recommends that the resolution set out in item No. 5 be carried out.

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

Item No.6

In terms of the prospectus for the Company's Public Issue in July 1992, the Company's securities are listed at the following Stock Exchanges, namely,

1. Mumbai 2. Ahmedabad 3. Vadodara

Keeping in view the insignificant volume of transactions, and as part of the overall review of the efficiency of our operations and also with a view to cut down Company's overheads, it is proposed, subject to the necessary approvals from the Ministry of Finance and/or other concerned Authorities like SEBI, Stock Exchanges, etc. to discontinue Company's Listing Agreement with Vadodara Stock Exchange.

This is not likely to affect the shareholders interest in general, since your Company's securities will continue to be listed in the other 2 stock exchanges.

The shareholders are requested to accord their approval to the proposed Resolution.

**Item No. 7**

The existing clause in the Articles of Association of the Company at 80(2) requires that the Seal be signed by Managing Director of the Company. It is felt that for convenience authority to sign the Seal be given to any of the Directors and countersigned by some officer of the Company duly authorised in this behalf. Hence the said resolution.

As per the amendment made to rule 10B of Companies (Central Government) General Rules & Forms, 1956, vide notification No. GSR 58(E) dt. 17.01.2000 Companies can pay sitting fees to Directors up to an amount not exceeding Rs. 5000/- for every meeting of the Board or Committee attended by every Director. In view of this the alteration in Article 60 of Articles of Association of the Company is proposed.

Item No. 8

In partial modification of the Agreement dt. 31.08.1996 executed by the Company with the Managing Director, the Board in its meeting held on 30th April 2001 made the following modifications in the remuneration of Sh. B.G. Jain w.e.f. 1st April 2001 which is subject to your approval.

1. The Managing director shall be entitled to following remuneration and perquisites:
 - a. Salary Rs. 25,000/- per month
 - b. Perquisites :
 - i) Provident fund, superannuation and gratuity benefit in accordance with the Company's rules and regulations in force from time to time.
 - ii) Reimbursement of medical expenses actually incurred, total cost of which to Company shall not exceed Rs. 15,000/- in any year.
 - iii) Leave on full pay and allowance as per the rules of the Company but not exceeding four weeks leave for every completed year of service, subject to the condition that leave accumulated but not availed will not be allowed to be encashed.
 - iv) Reimbursement of actual fare for self and family (wife and minor children) once

a year to and from any place in India.

v) Free use of Company car and driver, monetary value of which may be evaluated as per rule 3 of the Income Tax Rules, 1962.

vi) Free telephone facilities at his residence and reimbursement of actual electricity expenses at his residence.

vii) Personal accident insurance of an amount premium of which does not exceed Rs. 3,000/-

viii) Reimbursement of entrance fee and subscription for membership of a club.

2. In addition to above, the Managing Director will be reimbursed entertainment or other expenses actually and properly incurred in connection with the Company's business subject to a maximum of Rs. 3,000/- per month.
3. The remuneration aforesaid including the benefits and amenities aforesaid with the exception of the commission payable on net profit shall nevertheless be paid and allowed as the minimum remuneration for any year in case of absence or inadequacy of profit of such year.

The Board recommended the passing of resolution as set out in item no. 8 of the notice read with the explanation given above.

The aforesaid appointment and remuneration payable to the Managing Director as given above may be regarded as an abstract of the terms of his appointment and memorandum of interest under section 302 of the Companies Act, 1956. Shri B. G. Jain, Shri G. P. Shah, Smt. P. B. Jain & Shri D. B. Jain directors of the Company are interested in this resolution.



DIRECTORS' REPORT

TO,

The Members,

Your Directors have pleasure in presenting their 16th Annual Report together with Audited Accounts for the period ended 31st December, 2000.

FINANCIAL RESULTS

	AS AT 31.12.2000 (Rs. In Lacs)	AS AT 31.12.1999 (Rs. In Lacs)
Turnover & other Income	10306.95	6833.62
Gross Profit (before Financial Charges & Depreciation)	955.19	809.05
Interest & Financial Charges	481.03	427.88
Profit before Depreciation (Cash Profit)	474.16	381.17
Depreciation	247.94	224.39
Profit for the year	226.22	156.78

OPERATIONS

During the year your Company's production of POY has increased from 8921 MT in the previous year to 11394 MT this year thereby achieving a growth of 27%. The Company has achieved turnover of Rs. 10306.95 lacs against Rs. 6833.62 lacs for the previous year. The profit for the year has increased to Rs. 226.22 lacs as against Rs. 156.78 lacs last year achieving a growth of 44%.

As a result of constant efforts for improvement in operational efficiency and reduction in cost of production, your Company has achieved successful savings in energy consumption as well as packing material cost.

EXPANTION AND FUTURE OUTLOOK

The production facilities of Garware Nylons Ltd. (In Liqn.) acquired by the Company could not be utilised for production since purchase/lease of Land and Building of the Company (In Liqn.) is delayed. In the circumstances Company has disposed off current assets and certain

equipments. The Company is in process of disposal of remaining equipments of plants. The acquisition cost reduced by sale proceeds of current assets and equipments sold are shown as value of the assets.

The partially oriented yarn industry is becoming competitive. However improvement in operational efficiency, cost management and technological changes are expected to add to the financial performance.

FINANCE

Company has received share application money from friends and relatives for acquiring assets of Garware Nylons Ltd. (In Liqn.). The Company had also availed a loan from Canara Bank amounting to Rs. 500.00 lacs for acquiring assets of Garware Nylons Ltd. (In Liqn.) which is fully repaid.

DIVIDEND

The Board of Directors does not recommend any dividend for the accounting year 2000 in order to conserve resources.

DIRECTORS

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

Dr. T. D. Patel is retiring by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

During the year Mr. D. B. Jain joined the Board of Directors of the Company as an Additional Director. He is an MBA in Finance.

GIIC has nominated Shri J. B. Jadia on the Board of Directors in place of Shri V. Mahalingam. GSFC has nominated Shri D. R. Patel on the Board of Directors w.e.f. 23.06.2000.



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.

AUDIT COMMITTEE

The Company has formed an Audit Committee comprising of Dr. T. D. Patel, Shri S. M. Thakkar & Shri D. B. Jain directors of the Company as the Members of the committee.

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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other

irregularities;

- (iv) that the directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Place : Surat
Date : 30.04.2001

G. P. Shah
Chairman