

# **17th Annual Report 2001**

Report  junction.com



**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. D. B. Jain	
(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,  
0, 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

#### POY Division

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

#### Texturising Division

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

### Corporate Office

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



## NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the Members of NAKODA TEXTILE INDUSTRIES LIMITED will be held on Saturday, the 29th June, 2002 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, 2001 together with the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri S. M. Thakkar who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Smt. P. B. Jain who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS :

5. To consider and if thought fit to pass with or without modification, following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or enactment thereof for the time being in force), the company hereby approves the reappointment and the terms of remuneration of Shri B. G. Jain as Managing Director of the Company for a period of 5 years with effect from September 01, 2001 upon the terms and conditions as set out in the Explanatory Statement annexed to this Notice and that the Board of Directors be and is hereby authorised to execute an agreement in such manner as may be agreed upon between the Board of Directors and Shri B. G. Jain."

By Order of the Board

Place : Surat

Date : 29-04-2002

**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, 2002 to 29th June, 2002 (both days inclusive).
4. Dematerialisation has been compulsory for trading in the Equity Shares of the company with effect from 30-09-2001.
5. 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 Corporate Office of the Company on or before 23rd June, 2002 enabling the management to keep the information ready.
6. 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

Date : 29-04-2002

**Rashmi Bhatt**  
Company Secretary



## ANNEXURE TO NOTICE

Explanatory Statement Pursuant to section 173(2) of the Companies Act, 1956.

### Item No. 5

Shri B. G. Jain was appointed as Managing Director with effect from 1-9-96 for a period of 5 years. The term expired on 31-08-2001. Considering his qualification and experience, the Board felt desirable that the company should avail of his services. The Board of Directors had subject to approval of members of the company, reappointed Shri B. G. Jain as Managing Director for a period of 5 years with effect from 01-09-2001 on the following terms and conditions.

1. The Managing Director shall carry out duties as may be entrusted to him subject to the supervision and control of the Board of Directors and he shall also perform such other duties and services as shall from time to time be entrusted to him by the Board of Directors.
2. Agreement is for a period of five years from 01-09-2001.
3. 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 a 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.
4. 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.
5. 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. 5 of the notice read with the explanation given above.

The aforesaid re-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 17th Annual Report together with Audited Accounts for the year ended 31st December, 2001.

### FINANCIAL RESULTS

	AS AT 31-12-2001 (Rs. In Lacs)	AS AT 31-12-2000 (Rs. In Lacs)
Turnover & Other Income	10996.37	9533.61
Gross Profit (before		
Financial Charges &		
Depreciation)	1043.97	955.19
Interest & Financial		
Charges	486.39	481.03
Profit before Depre-		
ciation (Cash Profit)	557.58	474.16
Depreciation	261.71	247.94
Profit for the year	295.87	226.22

### MANAGEMENT DISCUSSION & ANALYSIS OPERATION & FUTURE OUTLOOK

Your company has reported satisfactory financial and operating performance during the period under review i.e. year 2001.

The company has achieved turnover of Rs. 10996.37 lacs against Rs. 9533.61 lacs for the previous year. Gross profit for the year increased by 9.29% to Rs. 1043.97 lacs compared to Rs. 955.19 lacs of the previous year. Net profit also increased from Rs. 226.22 lacs to Rs. 295.87 lacs.

Your company has enhanced its POY production capacity in the month of October, 2001 by installing 4 additional POY lines making total 8 POY lines with production capacity of 21600 MTPA. Your company projects its sales to exceed Rs. 150 crores in the year 2002.

### FINANCIAL REVIEW

During the year the assets lying at Garware Nylons Ltd. were partly sold (259 lacs) and partly shifted to Karanj Plant (350 lacs). The resources

received out of the above sale were utilised for the expansion of the plant.

The company has availed working capital facilities from Canara Bank. It has increased to Rs. 2250 lacs during the year to take care of additional requirements.

### INDUSTRY STRUCTURE AND DEVELOPMENT

Polyester Yarn industry, a part of man-made textiles is passing through a competitive phase. Competition gets more stiff every day. Resultantly margin becomes waferthin. Two major players' production facilities are acquired by Reliance, hence Reliance's share in POY market has increased to 40% in addition to virtual control over supply of PTA & MEG the raw materials for producing PET and POY/PFY/PSF. Effectely no. of players are declining in the industry and existing units have undertaken debottle necking exercise to increase production and cost control. A few non-operational plants have resumed production. Rest will also resume in near future. The demand for POY has increased by 8.4% over 2001-02 exceeding 7,70,000 MTPA. It is expected to rise at similar pace for next 2-3 years assuring reasonable growth.

### OPPORTUNITIES & CHALLENGES

Your company expects a growth rate of 7% to 8% in the demand of POY for the year. With the increased production capacity and existing market strength it is sure to achieve newer heights.

Your company faces stiff market competition in its business. Adoption of suitable business strategies enables it to consistently post improved performance despite competitive conditions.

### RISK & CONCERNS

Your Company is exposed to the industry risk factors of interest rate variation, volatility in prices of the raw material co-related with global prices of crude oil and market prices of finished products. Your company manages these risks by maintaining a conservative financial profile, and by following prudent business and risk management practices.





### ADEQUACY OF INTERNAL CONTROL

Your company has a proper and adequate system of internal controls to ensure monitoring of all business transactions and reconciliation as well as periodical physical verification of the assets.

Your company ensures adherence to all the internal control policies and procedures as well as compliance with all regulatory guidelines.

### HUMAN RESOURCE DEVELOPMENT (HRD)

Your company has a team of able and experienced professionals of the industry. It provides numerous opportunities for development of the employees.

### DEMATERIALISATION OF SHARES WITH NSDL/CDSL

Consequent upon SEBI making dematerialisation of your Company's shares compulsory for investors, Your company has signed an agreement with NSDL & CDSL for holding and trading shares in the demat mode.

Members of the company, desirous of dematerialising the shares held in the company may do so by complying with the necessary formalities and for the said purpose such member is required to open an account with any Depository Participant (DP) registered with SEBI. The company shall be pleased to provide you any assistance in this regard upon hearing from you.

### DIVIDEND

The Board of Directors does not recommend any dividend for the accounting year 2001 in order to conserve resources.

### DIRECTORS

There is no change in the composition of the Board of Directors Since the last report.

Shri S. M. Thakkar is retiring by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

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

Shri B. G. Jain's term of appointment as Managing Director of the Company ended on

31st August, 2001. The Board of Directors at its meeting held on 30th July, 2001 approved re-appointment of Shri B. G. Jain as Managing Director of the company for a period of five years with effect from 1st September, 2001. Your approval is being sought for the re-appointment of Shri B. G. Jain as Managing Director at the 17th Annual General Meeting of the company.

### SAFETY, ENVIRONMENT & POLLUTION CONTROL MEASURES

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

In order to improve environment, tree plantations within the factory complex is being done on a continuous basis.

### LISTING

Securities of your company continue to be listed with Mumbai, Ahmedabad & Vadodara stock Exchanges.

Annual listing fees have been paid to the stock Exchanges in time.

### 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 the Board of Directors) Rules, 1988 applicable to the company and forming part of this report are set out in Annexure to this report.

### AUDITORS

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



## **DIRECTORS' RESPONSIBILITY STATEMENT**

### **DIRECTORS CONFIRM :**

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the directors have 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 have 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 have 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 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 : 29-04-2002

**G. P. SHAH**  
Chairman

Report  junction.com



**ANNEXURE TO THE DIRECTORS' REPORT  
FORM - A**

**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

	AS AT 31-12-2001	AS AT 31-12-2000
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>1. Electricity</b>		
a) Purchased Units (In 000's)	896.01	599.18
Total Amount (Rs. in Lacs)	28.03	16.99
Rate/Unit (Rs.) (Excludes Electricity duty)	3.13	2.84
b) Own Generation		
i) Through Diesel Generator Units (In 000's)	12575.18	11608.92
Unit per Ltr. of HSD / LDO	3.75	3.98
Cost / Unit (Rs.)	3.16	3.74
ii) Through Steam Turbine / Generator	0.00	0.00
<b>2. Furnace Oil</b>		
Liters (In 000's)	420.00	312.00
Amount Rs. (In lacs)	38.40	32.33
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
	<b>KWH/KGS</b>	<b>KWH/KGS</b>
<b>Products</b>		
POY	0.87	0.86
Texturised Yarn	1.09	1.08

**FORM - B**

**A. RESEARCH AND DEVELOPMENT**

- |  |   |                |
|--|---|----------------|
| 1. Specific area in which R & D carried out by the company | : | Not Applicable |
| 2. Benefit derived as a result of above R & D              | : | Not Applicable |
| 3. Future plan of action                                   | : | Not Applicable |
| 4. Expenditure on R & D                                    | : | Not Applicable |

**B. Technology Absorption, Adaption and Innovation** : Not Applicable

**C. Foreign Exchange Earnings** : NIL

**Foreign Exchange Outgo** : 4079940

For and on behalf of the Board .

Place : Surat.  
Date : 29-04-2002

**G. P. SHAH**  
Chairman