



Twenty Sixth Annual Report - 2010

NAKODA LIMITED

ISO 9001-2008

Board of Directors

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

Registered Office & Plant

Unit : 1

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

Unit : 2

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

Corporate Office

15B, 15th Floor, Earnest House,
194, Nariman Point,
Mumbai 400 021

Administrative Office

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

Company Secretary

Mrs. Rashmi Bhatt

Auditors

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

Bankers

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



Taking a leap into the next growth curve

Chairman's Message

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

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

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

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

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

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

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

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

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

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

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

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

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

Sincerely

B. G. Jain
 CMD

NOTICE

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

ORDINARY BUSINESS:

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

SPECIAL BUSINESS:

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

6. As An Ordinary Resolution

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

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to vary and / or alter the terms and conditions of the agreement in such manner, from time to time as it may be agreed between the Company and Shri B. G. Jain."

7. As An Ordinary Resolution

"RESOLVED THAT under Section 198, 269, 310 and other enabling applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded to the revision in remuneration of Sh. D. B. Jain Joint Managing Director with effect from 1st July 2011, detailed more specifically in the Explanatory Statement."

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

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to vary and / or alter the terms and conditions of the agreement in such manner, from time to time as it may be agreed between the Company and Shri D. B. Jain."

8. As A Special Resolution

"Resolved that Mr. P. P. Vora who was appointed as an additional director by the Board of Directors and holds office upto the date of Annual General Meeting of the Company, and in respect of whom the company has received a notice in writing from a member under the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company."

9. As A Special Resolution

"RESOLVED THAT, articles 80(2) & 60 of the Articles of Association of the Company be and are hereby substituted as under: 80(2). Every deed or other instrument except the share certificates to which the seal of the Company is required to be affixed shall unless the same is executed by a duly constituted attorney of the Company be sealed and signed by any one of the Directors on behalf of the Company.

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

10. As A Special Resolution

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

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

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

By Order of the Board

RASHMI BHATT

Company Secretary

Place: Mumbai

Date : 12.05. 2011

NOTES

- A member entitled to attend and vote is entitled to appoint a proxy to attend and vote thereat and the proxy need not be a member of the Company. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the annual general meeting.
- Members/ Proxies should bring the attendance slip duly filled in for attending the meeting.
- The Register of Members and Share transfer Books of the Company will remain closed from 20th June 2011 to 27th June 2011 (both days inclusive).
- As required in the terms of the Clause 49 of the Listing Agreement, the details of the Directors retiring by rotation and eligible for re-appointment at item no.2, 3, 6 & 8 is given in the Annexure-A.
- Members are requested:
 - to bring their copies of Annual Report and Attendance slip at the time of the meeting.
 - to quote their Folio No.(s) in all correspondence.
 - who hold share in dematerialization form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
 - to forward their queries, if any, so as to reach the Administrative office of the Company on or before 24th June, 2011 enabling the management to keep the information ready.
- Members are requested to note that all correspondence relating to share transfer, Change of Address and Dematerialization should be addressed to the Administrative office at A - 701, International Trade Centre, Majura Gate, Ring Road, Surat 395002 / MCS Ltd., Neelam Apartment, 88, Sampatrao Colony, B/h Federation Bldg., Alkapuri, Baroda 390 007.

By Order of the Board

RASHMI BHATT

Company Secretary

Place: Mumbai

Date : 12.05. 2011

EXPLANATORY STATEMENT

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

Item No. 6

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

- The Managing Director shall be entitled to following remuneration and perquisites.
 - Salary Rs. 4,00,000/- per month.
 - Perquisites:
 - Provident fund, superannuation and gratuity benefit in accordance with the Company's rules and regulations in force from time to time.
 - Reimbursement of medical expenses actually incurred, total cost of which to Company shall not exceed Rs. 25,000/- in any year.
 - Leave on full pay and allowance as per the rules of the Company but not exceeding four weeks leave for every completed year of service, subject to the condition that leave accumulated but not availed will not be allowed to be encashed.
 - Reimbursement of actual fare for self and family (wife and minor children) once a year to and from any place in India.
 - Free use of Company car and driver, monetary value of which may be evaluated as per rule 3 of the Income Tax Rules, 1962.
 - Free telephone facilities at his residence and reimbursement of actual electricity and gas expenses at his residence.
 - Personal accident insurance of an amount premium of which does not exceed Rs. 6,000/-.
 - Reimbursement of entrance fee and subscription for membership of a club.
- In addition to above, the Managing Director will be reimbursed entertainment or other expenses actually and properly incurred in connection with the company's business subject to a maximum of

Rs. 6,000/- per month.

3. The remuneration aforesaid including the benefits and amenities aforesaid shall nevertheless be paid and allowed as the minimum remuneration, for any year in case of absence or inadequacy of profit of such year.

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

This Explanatory statement together with the accompanying Notice should be treated as an abstract of the terms of Agreement and Memorandum of concern or interest under section 302 of the Companies Act, 1956.

The Board recommended the passing of resolution as set out in item no. 6 of the notice read with the explanation given above.

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

Item No. 7

In partial modification of the agreement executed by the Company with the Joint Managing Director, the Board in its meeting held on 12th May 2011 made the following modifications in the remuneration of Sh. D. B. Jain w.e.f. 1st July 2011 which is subject to your approval.

1. The Joint Managing Director shall be entitled to following remuneration and perquisites.
 - a) Salary Rs. 3,00,000/- per month.
 - b) Perquisites:
 - i) Provident fund, superannuation and gratuity benefit in accordance with the Company's rules and regulations in force from time to time.
 - ii) Reimbursement of medical expenses actually incurred, total cost of which to Company shall not exceed Rs. 20,000/- in any year.
 - iii) Leave on full pay and allowance as per the rules of the Company but not exceeding four weeks leave for every completed year of service, subject to the condition that leave accumulated but not availed will not be allowed to be encashed.
 - iv) Reimbursement of actual fare for self and family (wife and minor children) once a year to and from any place in India.
 - v) Free use of Company car and driver, monetary value of which may be evaluated as per rule 3 of the Income Tax Rules, 1962.
 - vi) Free telephone facilities at his residence and reimbursement of actual electricity and gas expenses at his residence.
 - vii) Personal accident insurance of an amount premium of which does not exceed Rs. 5,000/-.
 - viii) Reimbursement of entrance fee and subscription for membership of a club.
2. In addition to above, the Joint Managing Director will be reimbursed entertainment or other expenses actually and properly incurred in connection with the company's business subject to a maximum of Rs. 5,000/- per month.
3. The remuneration aforesaid including the benefits and amenities aforesaid shall nevertheless be paid and allowed as the minimum remuneration, for any year in case of absence or inadequacy of profit of such year.

This Explanatory statement together with the accompanying Notice should be treated as an abstract of the terms of Agreement and Memorandum of concern or interest under section 302 of the Companies Act, 1956.

The Board recommended the passing of resolution as set out in item no. 7 of the notice read with the explanation given above.

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

Item No.8

In accordance with Section 260 of the Companies Act, 1956 Mr. P. P. Vora holds office as a Director of the Company till the forthcoming Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. P. P. Vora to the office of Director under the provisions of Section 257 of the Companies Act, 1956. Mr. P. P. Vora is a B. Com, FCA, CAIIB. He is former Chairman & Managing Director of the Industrial Development Bank of India and former Chairman of National Housing Bank and Fertilizers and Chemicals Travancore Ltd. He was also the Director (Finance) of Gujarat State Fertilizers & Chemicals Ltd. and Executive Director of Gujarat Industrial Investment Corporation Ltd. Mr. Vora has wide experience in finance matters.

Item No. 9

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

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

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

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

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

Item No. 10

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

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

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

Annexure-A

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

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

DIRECTORS REPORT

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

FINANCIAL RESULTS

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

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

FINANCIAL HIGHLIGHTS

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

DIVIDEND

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

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

CARE RATING

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

REVIEW OPERATIONS

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

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

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

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

SHIFTING OF CORPORATE OFFICE OF THE COMPANY

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

CAPITAL STRUCTURE

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

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

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

SUBSIDIARY COMPANIES

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

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

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

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

DIRECTORS

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

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

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

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

INTERNAL CONTROL SYSTEMS

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

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

CORPORATE GOVERNANCE

In line with guidelines recommended by Securities & Exchange Board of India (SEBI), adequate steps have been taken to ensure that all the mandatory provisions of Clause 49 of the Listing Agreement are complied with. A separate report on Corporate Governance is included as part of the Annual Report. The Auditors' certificate confirming compliance of Corporate Governance is included in the said Corporate Governance report.

SAFETY, ENVIRONMENT & POLLUTION CONTROL MEASURES

During the year, no major accident took place in plant operations. Training programs for safety awareness and safe working conditions were held round the year. Your Company has complied with various emission standards and other environmental requirements as per pollution control norms.

In order to improve environment, continuous tree plantations is being done within the factory complex. The Company has

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

LISTING

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

EMPLOYEES

There is no employee getting remuneration as prescribed under section 217(2A) of the Companies (Particulars of Employees) rules, 1975 as amended.

STATUTORY INFORMATION

Statutory information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 applicable to the Company and forming part of this report are set out in Annexure to this report.

AUDITORS

M/s. N. M. 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 275 permanent employees.

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

FORWARD-LOOKING STATEMENTS

This report contains forward looking statements. All statements that address expectations or projections about the future are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performances or achievements could thus differ materially from those projected in any such forward-looking statements.

DIRECTORS RESPONSIBILITY STATEMENT

Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

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

Place: Mumbai
 Date : 12.05.2011

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

MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY STRUCTURE & DEVELOPMENT

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

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

OPPORTUNITIES, THREATS & FUTURE OUTLOOK

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

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

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

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

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

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

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

CHALLENGES, RISKS AND CONCERNS

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

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

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

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

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

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

ENERGY CONSERVATION

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

CAUTIONARY STATEMENT

Statements in this MDA may be 'forward looking statements' within the meaning of applicable securities laws and regulations. There are several factors which would be beyond the control of Management and as such, may affect the actual results which could be different from those envisaged.

ANNEXURE TO THE DIRECTORS' REPORT

FORM A

DISCLOSURES OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	ASAT 31.12.2010	ASAT 31.12.2009
A. POWER AND FUEL CONSUMPTION		
Electricity		
Purchased Units (In 000's)	1343.12	0.00
Total Amount (Rs. In Lacs)	68.96	0.00
Rate / Unit (Rs.)	5.13	0.00
(Excluding Electricity Duty)		
Own Generation		
i) Through Diesel		
Generator Units (In 000's)	2325.08	3811.46
Unit per liter of		
HSD/LDO/FO	3.38	3.52
Cost/Unit (Rs.)	7.47	6.33
ii) Through Gas		
Engine Units (In 000's)	38402.73	38666.69
Unit per scm	3.77	3.83
Cost/Unit (Rs.)	3.56	3.15

B. CONSUMPTION PER UNIT OF PRODUCTION		
	KWH/KGS	KWH/KGS
Products		
POY, FDY & Texturised Yarn	0.62	0.79

FORM B

A. RESEARCH AND DEVELOPMENT

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

B. Technology absorption adoption and Innovation:

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

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

Place: Mumbai
Date : 12.05.2011

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

CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

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

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

Key Board activities during the year

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

Corporate Social Responsibility (CSR)

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

Shareholders communications

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

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

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

BOARD OF DIRECTORS COMPOSITION

The present strength of the Board of Directors is Seven of which one is chairman cum managing director, one joint managing director and Five non-executive directors. Seven Board Meetings were held during the year 2010 and all the operational and statutorily required information were placed before the Board. The details of the composition of the existing Board of Directors are given below:

Name of the Directors	Category	Attendance		No. of other directorship and committee member / chairmanship		
		Board Meeting	Last AGM	Committee Membership	Committee Chairmanship	Other Directorship
Sh. B. G. Jain	CMD	7	Yes	1	1	6
Sh. D. B. Jain	JMD	7	Yes	4	---	9
Smt. P. B. Jain	NED	6	Yes	1	---	2
Sh. B. L. Maheshwari	NED/I	5	No	2	2	5
Sh. S. K. Bhoan	NED/I	5	No	1	---	2
Sh. Paresh J. Shah (w.e.f. 10.05.2010)	NED/I	---	No	1	---	2
Sh. P. P. Vora (w.e.f. 04.08.2010)	NED/I	2	No	1	1	11

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

BOARD PROCEDURE

The Board meets atleast once a quarter to review the quarterly performance and the financial results. A detailed agenda folder is sent to each Director in advance of the Board Meetings. To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting, on the overall performance of the Company, and with presentations by functional heads.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

The Company has constituted an audit committee, comprising of three directors viz. Sh. B. L. Maheshwari, Sh. D. B. Jain and Sh. P. J. Shah. The constitution of Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956. The committee met four times during the period under review.

Audit Committee met on 13.01.2010, 10.05.2010, 04.08.2010 & 25.10.2010 during the year under review.

The management of the Company is responsible for the Company's internal controls and the financial reporting process while the statutory auditors are responsible for performing independent audit of the Company's financial statements in accordance with the generally accepted auditing practices and for issuing reports based on such audits. The Audit Committee supervises these processes and thus ensures proper and timely disclosures to maintain the transparency, integrity and quality of financial control and reporting.

MANAGEMENT COMMITTEE

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

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

Sitting Fee and Remuneration

The Non-executive directors of the Company are paid total sitting fees Rs. 3,64,000/- for attending the meetings of the Board / committees during the year under review.

The details of the remuneration paid to Sh. B. G. Jain, Managing Director & Sh. D. B. Jain Joint Managing Director is given below:

Name	Salary	Perquisites
Sh. B. G. Jain	3,00,000/- P.M.	* Perquisites restricted to an amount equal to the annual salary
Sh. D. B. Jain	2,00,000/- P.M.	

* Perquisites include Housing, Medical Reimbursement, Entertainment reimbursement, Leave, Traveling reimbursement, Club fees, Personal Accident Insurance, Provident fund, superannuation fund, Telephone, Car, Gratuity etc. There was no Stock Option issued to any directors of the Company.

INVESTOR GRIEVANCE COMMITTEE

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

The Board has designated Smt. R. T. Bhatt, Company Secretary as the Compliance officer.

The no. of complaints received and replied to the satisfaction of the shareholders during the year under review were 39. No complaints / transfers remained outstanding without redressal during the year.

GENERAL MEETINGS

The last three Annual General Meetings of the Company were held as under:

	Location	Date	Time	Number Of Special Resolution Passed
AGM	Block No. 1 & 12 to 16, Village - Karanj, Taluka - Mandvi, Dist - Surat.	18.06.2008	12.30 P.M	4
AGM	Block No. 1 & 12 to 16, Village - Karanj, Taluka - Mandvi, Dist - Surat.	24.06.2009	12.30 P.M	4
AGM	Block No. 1 & 12 to 16, Village - Karanj, Taluka - Mandvi, Dist - Surat.	10.06.2010	12.30 P.M	6

DISCLOSURES

- There were no materially significant transactions with related parties, which were in conflict with the interests of the Company. Suitable disclosures as required by Accounting Standard (AS-18)- Related Party Transactions, has been made in the Annual Report.
- There were no penalties, strictures imposed on the Company by Stock Exchanges or Securities & Exchange Board of India (SEBI) or any other Statutory Authority on any matter related to Capital Markets during the last three years.
- No personnel has been denied access to the audit committee.
- Disclosure with respect to the utilization of funds raised through preferential issue to the audit committee has been made as required as per Clause 49(IV)(D) of Listing agreement.

CEO / CFO CERTIFICATION

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

MEANS OF COMMUNICATION

- The Board of Directors of the Company approves and takes on record the quarterly and unaudited half yearly financial results in the proforma prescribed by Clause 41 of the Listing Agreement within 45 days of the close of the respective period.
- The approved financial results are forthwith sent to the Listed Stock Exchanges and are published in the leading newspapers namely the Western Times English, Dhabkar Gujarati, Surat within forty-eight hours of approval thereof.
- As the Company's quarterly financial results are published in press and also posted on its website, the same are not mailed to the shareholders.

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	Monday, 27 th June, 2011 at 11.30 A.M. at Block No. 1&12 to 16, Village - Karanj, Taluka -Mandvi, Dist.- Surat - 394 110.	
2.	Financial calendar December 2010	Annual General Meeting 10.06.2010	Board Meeting 04.01.2010 13.01.2010 27.01.2010 10.05.2010 23.06.2010 04.08.2010 25.10.2010
3.	Date of Book Closure	20.06.2011 To 27.06.2011 (both days inclusive)	
4.	Registered office	Block No. 1&12 to 16, Village - Karanj, Taluka -Mandvi, Dist.- Surat-394 110.	
5.	Investors Correspondence For transfer / dematerialization of shares & any other query relating to the shares of the Company.	A-701, International Trade Centre, Majura Gate, Ring Road, Surat -395002 Phone : (0261) 3060200 Fax : (0261) 3060222 Email : bhatttrt@yahoo.co.in	
6.	Listing on Stock Exchanges	Equity Shares Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 Scrip Code : 521030 ISIN: INE559B01023 GDRs Luxembourg Stock Exchange, Luxembourg. Annual Listing fee for the year 2011-12 has been paid to the exchange.	