



# **Annual Report 2 0 1 2**

**NAKODA LIMITED**  
Annual Report 2012

**BOARD OF DIRECTORS**

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

**COMPANY SECRETARY**

Mrs. Rashmi Bhatt

**AUDITORS**

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

**REGISTERED OFFICE & MANUFACTURING FACILITY**

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

**ADMINISTRATIVE OFFICE**

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

**CORPORATE OFFICE**

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

**BANKERS**

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

## NOTICE

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting of the members of **NAKODA LIMITED** will be held on Tuesday 25<sup>th</sup> June 2013 at 11.30 A. M. at the Company's Registered Office at Block No. 1 & 12 to 16, Village - Karanj, Taluka - Mandvi, Dist. - Surat - 394110.

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts for the year ended on 31<sup>st</sup> December 2012 together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sh. S. K. Bhoan who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sh. D. B. Jain who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sh. B. L. Maheshwari who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.
6. To declare dividend.

### SPECIAL BUSINESS:

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

#### 7. As An Ordinary Resolution

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the members be and is hereby accorded to the re-appointment of Shri D. B. Jain as Joint Managing Director of the Company, for a period of 5(five) years with effect from July 01, 2013 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of appointment and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

Place: Mumbai  
Date: 11.05.2013

## 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 Board of Directors at its meeting held on 27<sup>th</sup> February 2013 has recommended a dividend of Rs. 0.25 per equity share of Rs. 5/- each for the financial year ended 31<sup>st</sup> December 2012. Dividend, if declared, at the Annual General Meeting, will be paid by the Company on or before 20<sup>th</sup> July 2013.
4. The Register of Members and Share transfer Books of the Company will remain closed from 18<sup>th</sup> June 2013 to 25<sup>th</sup> June 2013 (both days inclusive).
5. 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, 4 & 7 is given in Annexure-A.
6. Members are requested:
  - a) to bring their copies of Annual Report and Attendance Slip

at the time of the meeting.

- b) to quote their Folio No.(s) in all correspondence.
  - c) to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting, in case they hold shares in dematerialized form.
  - d) to forward their queries, if any, so as to reach the Administrative Office of the Company on or before 21<sup>st</sup> June, 2013 enabling the management to keep the information ready.
7. The members are requested to intimate immediately, any change in their address or bank mandates to their depository participants with whom they are maintaining their demat accounts or to the company's Share Transfer Agent, MCS Ltd., if the shares are held by them in physical form.

## EXPLANATORY STATEMENT

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

### Item No. 7

The Board of Directors of the Company (the 'Board'), at its meeting held on 11<sup>th</sup> May 2013 has, subject to the approval of Members, re-appointed Sh. D. B. Jain as Joint Managing director, for a further period of 5(Five) years from the expiry of their present term, which will expire on June 30, 2013 on the remuneration approved by the Board.

It is proposed to seek Members' approval for the re-appointment of and remuneration payable to, Shri D. B. Jain, as Joint Managing Director, in terms of the applicable provisions of the Companies Act, 1956("the Act").

Broad particulars of the terms of re-appointment of and remuneration payable to Shri D. B. Jain are as under:

#### (a) Salary, Perquisites and Allowances per annum

(Rs. In Lacs)

Name	Salary	Perquisites & Allowances
Sh. D. B. Jain	3,50,000/-	* Perquisites restricted to an amount equal to the annual salary

The perquisites and allowances, as aforesaid, shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and / or allowances for utilization of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and family including dependents; medical insurance and such other perquisites and / or allowances. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost. The Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax Law, gratuity payable and encashment of leave shall not be included for the purpose of computation of the overall ceiling of remuneration.

#### (b) Reimbursement of Expenses

Reimbursement of expenses incurred for travelling, boarding and lodging including for their respective spouses and attendant(s) during business trips; provision of car for use on the Company's business; telephone expenses at residence and club membership shall be reimbursed and not considered as perquisites.

#### (c) General

The Joint Managing Director will perform his duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and confirm to and comply with all such directions and regulations as may from time to time be given and made by the Board and his functions will be under the overall authority of the Chairman & Managing Director.

The Joint Managing Director shall adhere to the Company's Code of

Business Conduct and Ethics for Directors and Management personnel.

Shri D. B. Jain satisfies all the conditions set out in Part – 1 of Schedule XIII to the Act for being eligible for the re-appointment. He is not disqualified from being appointed as director in terms of Section 274(1)(g) of the Act.

The above may be treated as an abstract of the terms of re-appointment of Shri D. B. Jain under Section 302 of the Act.

Shri D. B. Jain is interested in the resolution as set out at item no. 7 of the Notice which pertains to his re-appointment and remuneration payable to him. Further, Shri B. G. Jain, Chairman & Managing Director and Smt. P. B. Jain, Director may be deemed to be concerned or interested in the resolution pertaining to the re-appointment of, and remuneration payable to Shri D. B. Jain as they are related to each other. Save and except the above, none of the other Directors of the Company is in any way, concerned or interested in the resolution.

The Board recommends the resolution as set out at item no. 7 of the Notice for your approval.

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

Place: Mumbai  
Date: 11.05.2013

#### Annexure-A

Details of Directors seeking appointments / re-appointments at the 28<sup>th</sup> Annual General Meeting (Pursuant to Clause 49(IV)(E) of the Listing Agreement)

1	Name of the Director	Sh. S. K. Bhoan
	Date of Birth	16.06.1949
	Date of Appointment	25.04.2007
	Qualifications	B.Tech.
	Expertise in specific functional area	Finance & Textiles
	Directorships held in other Public companies	Nakoda Green Power Limited
2	Name of the Director	Sh. D. B. Jain
	Date of Birth	07.04.1978
	Date of Appointment	29.07.2000
	Qualifications	M.B.A.-Finance
	Expertise in specific functional area	Textile & Finance
	Directorships held in other Public companies	Surat Super Filament Limited Nakoda Green Power Limited
3	Name of the Director	Sh. B. L. Maheshwari
	Date of Birth	30.01.1960
	Date of Appointment	28.04.2006
	Qualifications	B.Com., F.C.A.
	Expertise in specific functional area	Finance
	Directorships held in other Public companies	Century Aluminum Mfg. Co. Ltd.

## DIRECTORS REPORT

Your Directors have pleasure in presenting their 28<sup>th</sup> Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> December 2012.

### FINANCIAL RESULTS

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

(Rs. In Cr)		
Year Ended 31 <sup>st</sup> December 2012	2012	2011
Turnover & Other Income	<b>2586.68</b>	2145.70
Gross Profit (before Financial Charges & Depreciation)	<b>133.73</b>	110.13
Interest & Financial Charges	<b>46.60</b>	35.65
Profit before Depreciation (Cash Profit)	<b>87.13</b>	74.48
Depreciation	<b>27.54</b>	25.84
Profit for the year	<b>59.59</b>	48.64

### FINANCIAL HIGHLIGHTS

The Gross Income of the Company for the year rose to Rs. 2586.68 Cr from Rs. 2145.70 Cr during the previous year showing a growth of 20.55%. Gross Profit (before Financial Charges and Depreciation) grew by 21.43% and stood at Rs. 133.73 Cr for the year compared to Rs. 110.13 Cr during the previous year; Profit for the year grew at an impressive rate of 22.51% and was registered at Rs. 59.59 Cr against Rs. 48.64 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 for the year ended 31<sup>st</sup> December, 2012 for your consideration.

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

### OPERATING RESULTS

The year 2012 was another year of growth for the Company. Your Company showed an improvement in business as compared to the previous year despite high raw material and fuel prices. Your Company recorded 20.55% growth in net revenue at Rs. 2586.68 Cr from Rs. 2145.70 Cr last year, which enabled the Company to maintain its track record of sustained year-on-year growth. The growth in revenue was largely driven by higher sales volumes, aided by new capacities of POY, FDY & DTY of about 60000 MTPA which commenced commercial production during the year.

### EXPANSION PROGRAMME

Your Company is setting up a 2,80,000 MTPA plant comprising of Continuous Polymerisation, Direct Melt Spinning for the manufacture of POY and FDY in the denier range of 30 to 500 having 12 to 578 filaments in Bright, Semi-dull, Full-dull, Cationic and Dope-dyed yarns at new location. After the completion of the Expansion Project, Nakoda will be in a position to cater to the entire range of Polyester yarns in the domestic as well as international market. The project is estimated to cost Rs. 1746 Cr. and is proposed to be financed by a mix of equity, internal resources and also long term debts. The required equity for the same is already raised through GDRs and fully committed through preferential allotments to the promoters and strategic investors.

### CAPITAL STRUCTURE

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

Company has issued and allotted 4,86,00,000 equity shares of Rs. 5/- each at a premium of Rs. 5/- per equity share on conversion of 97,20,000 Warrants of Rs. 50/- each on 30.03.2013 to the Promoters' Group of the Company and Non-promoter investors.

It has also issued and allotted 2,92,00,000 Warrants of Rs. 100/- each convertible into 29,20,00,000 equity shares of Rs. 5/- each at a premium of Rs. 5/- per equity share (i.e. 10 Equity Shares for each Warrant allotted) within 18 months from the date of allotment i.e.



18.01.2013 to the Promoters' Group of the Company and Non-promoter investors.

### SUBSIDIARY COMPANIES

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

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

Sh. S. K. Bhoan is retiring by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

The Board has proposed reappointment of Sh. D. B. Jain as Joint Managing Director of the company for a period of five years w.e.f. 1<sup>st</sup> July 2013.

### INTERNAL CONTROL SYSTEMS

The Company has put in place adequate and effective system solutions to manage internal controls to ensure that all company assets and interests are safeguarded properly. All transactions are recorded, authorized and approved properly. Reliability and accuracy of accounting data are ensured with proper checks and balances for complying with various statutory requirements. The company has implemented SAP, a world class process to strengthen our Information Technology system and business processes and gone live on 03.01.2012. SAP is a comprehensive tool which enables the company to do the business in a more efficient and systematic manner.

### CORPORATE GOVERNANCE

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

### SAFETY, ENVIRONMENT & POLLUTION CONTROL MEASURES

During the year, no major accident took place in plant operations at Karanj. A safety committee has been formed consisting of group of persons from different departments which overlooks safe working conditions.

The company has provided Safety Helmets, Safety belts with full attachments, Gloves, Aprons, Shoes etc as personal protective equipments, Fire alarm system is attached to security office and various other measures are taken for the safety of employees. Safety training and awareness programmes are being conducted throughout the year.

Your Company has complied with various emission standards and other environmental requirements as per pollution control norms.

### LISTING

Equity Shares of your Company are listed on the Mumbai Stock Exchange and National Stock Exchange of India Ltd. Annual listing fees have been paid to the Stock Exchanges. GDRs are listed on Luxembourg Stock Exchange.

### EMPLOYEES

The relations with the employees have been cordial throughout the year under review. Your Directors place on record their sincere appreciation in respect of the services rendered by the employees of the Company at all levels.

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)

The company has a strength of 825 permanent employees. Human Resource Development continued to receive focused attention. Industrial relations continued to be cordial throughout the year.

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 : 11.05.2013

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

## MANAGEMENT DISCUSSION & ANALYSIS

### Industry Review

Domestic MMF industry is mainly driven by Polyester & Viscose. MMF is primarily used to produce blended fabrics and 100 percent cotton fabrics, which are, in turn, used in readymade garments, home textiles and other industrial textiles.

Manmade Fibres contribute to 67% of global fibre basket with cotton at 31%. Over the year, Natural fibres have lost significant market share to MMF mainly on account of the uncertainty in the availability of cotton and growing popularity of polyester.

The high volatility in cotton prices and ambiguous outlook forced downstream players to opt for polyester due to lesser price volatility and greater reliability of steady supplies of polyester.

As in the past both demand and supplies are expected to grow steadily.

### Opportunities, Threats & Future Outlook

CITI said that increasing cost of production in China has opened up huge opportunities for Indian Man-Made Fibre based textile industry to expand its market share.

Polyester has overtaken cotton as the dominant fibre, but the cost and availability still plays a significant role in the inter-fibre substitution. Rising crude oil prices and moderating cotton prices will lead the polyester industry to grow at a slower rate in the near future.

Textiles, which is the country's second largest employment generating sector after agriculture, employs over 4 crore people has been hit hard since the global economic slowdown in 2008. It is also facing problems of risk in raw material prices and high cost of credit.

India's textile exports declined 5.9% year to year during April – September 2012 because of slow down in major markets like the US & Europe.

A resilient Indian economy with inclusive growth encompassing all round rural development should ensure increased demand for textiles and polyester textiles in particular. Polyester filament fabric owing to its low-cost, versatility of characteristics, durability and wrinkle –resistance as well the very low per-capita consumption holds outstanding potential in India. Creation of new capacities in polyester yarn and chips may out-pace demand growth in the next 1-2 years. It may lead to price instability and pressure on profit margins. Yet the medium to long term projections for the industry is widely expected to be growth in demand. Your company's price-premium for the vast majority of its products and capacity expansion in chips and yarn will yield benefits in times to come.

### Risks and Concerns

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

Nakoda is subject to risks arising from interest rate fluctuations. Company borrows funds in the domestic market to meet the long-term and short-term funding requirements for its operation and funding its growth initiatives. A majority of the borrowings are floating rate debt and hence are exposed to upward movement in interest rates. As such Nakoda is exposed to risks relating to rate fluctuations.

### Conservation of Energy

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.

### Environmental Policy

Your Company is committed to carrying out all its activities with requisite measures to protect the environment. Accordingly, your Company is committed by policy to not only abide by the prevailing legal requirements but also to have a futuristic approach in carrying out continuous improvement in this regard.

### Cautionary Statement

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

## ANNEXURE TO THE DIRECTORS' REPORT FORM – A DISCLOSURES OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	AS AT 31.12.2012	AS AT 31.12.2011
<b>A. POWER AND FUEL CONSUMPTION</b>		
Electricity (Hathuran Texturising Plant)		
Purchased Units (In 000's)	<b>3801.91</b>	2085.15
Total Amount (Rs. In Lacs)	<b>224.30</b>	104.67
Rate / Unit (Rs.)	<b>5.90</b>	5.02
(Excluding Electricity Duty)		
Own Generation		
i) Through Diesel		
Generator Units (In 000's)	<b>346.26</b>	3962.79
Unit per liter of HSD/LDO/FO	<b>3.41</b>	3.82
Cost/Unit (Rs.)	<b>9.89</b>	7.76
ii) Through Gas		
Engine Units (In 000's)	<b>51264.00</b>	43340.96
Unit per scm	<b>2.90</b>	3.35
Cost/Unit (Rs.)	<b>5.13</b>	4.03
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
	<b>KWH/KGS</b>	<b>KWH/KGS</b>
<b>Products</b>		
Chips, POY, FDY & Texturised Yarn	<b>0.37</b>	0.45

## 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 : Rs. 257.46 Lacs
- Foreign Exchange Outgo : Rs. 19.78 Lacs

For and on behalf of the Board of Directors

Place: Mumbai  
Date : 11.05.2013

B. G. Jain  
Chairman & Managing Director

## CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Nakoda is committed to do business in an efficient, responsible, honest and ethical manner. The core values of the Company's Governance process includes independence, integrity, accountability, transparency, responsibility and fairness. The Company is committed to transparency in all its dealings and places high emphasis on business ethics. The basic philosophy of corporate Governance in the Company is to achieve business excellence and dedication to increase long term shareholder's value.

#### 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.

### 2. BOARD OF DIRECTORS

#### A. Composition of the Board

The present strength of the Board of Directors is 10 inclusive of Chairman and Managing Director, Joint Managing Director. Six Board Meetings were held during the year 2012 and all the operational and statutorily required information were placed before the Board. The details of the composition of the existing Board of Directors is given below:

Sr. No.	Name of the Director	PD/ NPD	ED/ NED/ ID*	Attendance In Board Meeting		Other Board	
				Held	Attended	Directorship	Committee Membership** (Including Chairmanship)
1	Sh. B. G. Jain	PD	ED	6	6	2	1
2	Sh. D. B. Jain	PD	ED	6	4	2	3
3	Smt. P. B. Jain	PD	NED-ID	6	5	1	1
4	Sh. B. L. Maheshwari	NPD	NED-ID	6	5	1	1
5	Sh. S. K. Bhoan	NPD	NED-ID	6	6	2	1
6	Sh. P. J. Shah	NPD	NED-ID	6	3	1	1
7	Sh. P. P. Vora	NPD	NED-ID	6	6	13	10
8	Sh. Arvind Sinha	NPD	NED-ID	6	6	1	--
9	Sh. Ishtiaq Ali	NPD	NED-ID	6	4	--	--
10	Dr. J. A. Prem	NPD	NED-ID	6	4	--	--

\*PD – Promoter Director, NPD – Non Promoter Director, ED – Executive Director, NED–Non Executive Director, ID–Independent Director

\*\* In Audit, Management and shareholder's Committees of Indian Public Limited Companies

#### B. Board Meetings held during the year 2012.

The Board meets at regular intervals to discuss and decide on various issues including strategy related matters pertaining to the business / Company.

Agenda papers containing all necessary information / documents are made available to the Board in advance to enable the board to take informed decisions and to discharge its functions effectively. Where it is not practicable to attach the relevant information as a part of agenda papers, the same are tabled at the meeting or / and the presentations are made by the concerned persons to the Board.

C. During the year 2012, the Board met six (6) times. Details of these meetings are as follows: -

Sr. no.	Date of Meeting	Board Strength	No. of Directors Present
1	05.01.12	10	8
2	08.02.12	10	10
3	12.05.12	10	8
4	28.07.12	10	9
5	30.10.12	10	8
6	08.12.12	10	6

D. Information on Directors seeking re-appointment at the ensuing Annual General Meeting:

Brief resume of director being reappointed at the ensuing AGM, nature of his expertise in specific functional areas and names of other companies in which he holds directorship are furnished as under:

(1) Mr. D. B. Jain

Mr. D. B. Jain - Joint Managing Director of the Company has done his graduation in commerce and is an M.B.A. He joined the company in the year 2001 and is currently responsible for managing business operations and looking after the execution of various expansion projects and other allied matters.

(2) Mr. B. L. Maheshwari

Mr. B. L. Maheshwari is a Practicing Chartered Accountant with over 25 years of significant experience in the field of Finance & Taxation. He is a well known personality in the field of Financial Advisory Services / Mergers and Acquisitions. He is associated with the company for the past 20 years.

(3) Mr. S. K. Bhoan

Mr. Bhoan, B.Tech. In Textile Technology Engineering and has over 40 years of experience in the Textile Industry, Textile Research Institutions and Financial Institutions. He has worked in IFCI as General Manager in the Project Finance Division and had also been successfully practicing as financial consultant.

### 3. COMMITTEES OF THE BOARD

#### (A) AUDIT COMMITTEE

The composition of the Audit Committee as on 31<sup>st</sup> December, 2012 was as follows:

1. Sh. B. L. Maheshwari – Chairman
2. Sh. D. B. Jain – Member
3. Sh. P. J. Shah – Member

Ms. Rashmi Bhatt, Company Secretary acts as a secretary to the Audit Committee

Note:

The powers of the Audit Committee as conferred by the Board of Directors are:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

The role of the Audit Committee includes the overview of the Company's financial reporting process and related disclosures to ensure that the financials are correct, sufficient and credible. The Committee will also undertake the review with our management of our annual and quarterly financial statements before submission to the Board for approval. The Committee shall also review the adequacy of our internal control systems, internal audit functions and discuss any significant findings of the internal auditors.

During the year 2012, the Audit Committee met Four (4) times. Details of these meetings are as follows:

Sr. No.	Date of Meeting
1	08.02.12
2	12.05.12
3	28.07.12
4	30.10.12

Attendance of the Members at the Audit Committee Meeting during 2012 was as follows:

Sr. No.	Name of the Audit Committee Members	Number of Audit Committee Meeting held while holding the office	Number of Audit Committee Meetings attended
1	Sh. B. L. Maheshwari	4	4
2	Sh. D. B. Jain	4	4
3	Sh. P. J. Shah	4	3

#### (B) MANAGEMENT COMMITTEE

Composition of the Management Committee as on 31<sup>st</sup> December, 2012 was as follows:

1. Sh. B. G. Jain – Chairman
2. Sh. S. K. Bhoan – Member
3. Sh. D. B. Jain – Member

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 14.02.12, 16.03.12, 30.03.12, 17.07.12, 26.07.12, 24.09.12, 15.10.12, 19.11.12, 18.12.12 & 29.12.12 during the year under review.

#### (C) INVESTOR GRIEVANCE COMMITTEE

Composition of the Investor Grievance Committee as on 31<sup>st</sup> December, 2012 was as follows:

1. Smt. P. B. Jain – Chairman
2. Sh. D. B. Jain – Member
3. Sh. P. P. Vora – Member

The Committee meets half yearly to review the Investors Grievance status as submitted by the Registrar and Transfer Agent M/s MCS Ltd.

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

The status of Shareholders Complaints as on 31<sup>st</sup> December 2012 is as follows:

Particulars	Opening as on 1 <sup>st</sup> January 2012	Received during the Year	Disposed during the Year	Balance as on 31 <sup>st</sup> December 2012
No. of Complaints	Nil	34	34	Nil

#### 4. REMUNERATION OF DIRECTORS

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

**Sitting Fee and Commission to the Non-Executive Directors, for 2012 are as detailed below:**

Name of the Non- Executive Director	Sitting Fee	Commission	Total
Smt. P. B. Jain	55000	600000	655000
Sh. B. L. Maheshwari	70000	600000	670000
Sh. S. K. Bhoan	60000	0	60000
Sh. P. J. Shah	45000	600000	645000
Sh. P. P. Vora	70000	600000	670000
Sh. Arvind Sinha	60000	250000	310000
Sh. Ishfaq Ali	40000	250000	290000
Dr. J. A. Prem	40000	250000	290000
<b>Total</b>	<b>440000</b>	<b>3150000</b>	<b>3590000</b>



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

Name	Salary	Perquisites
Sh. B. G. Jain	4,00,000/- P.M.	* Perquisites restricted to an amount equal to the annual salary
Sh. D. B. Jain	3,00,000/- P.M.	

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

## 5. GENERAL BODY MEETING

### A. Schedule of the last three Annual General Meetings of the Company is presented below:

General Meetings of the Company held during last three years:

Year	Location	Date	Time	Special Resolution
2009 AGM	Block No. 1&12 to 16, Village - Karanj, Taluka - Mandvi, Dist.- Surat.	10.06.10	12.30 P.M.	1. Mr. P. J. Shah appointed as director of the Company. 2. Resolution for issue of equity shares and/or Equity Shares through depository receipts and/or convertible bonds and/or other securities convertible into Equity Shares. 3. Resolution for Issue of Warrants on preferential basis. 4. Alteration of MOA for enhancement in Authorised share capital. 5. Alteration of AOA for enhancement in Authorised share capital. 6. Resolution to authorize the Board of Directors to create mortgage and or charge over all or any of the company's immovable and movable assets.
2010 AGM	Block No. 1&12 to 16, Village - Karanj, Taluka - Mandvi, Dist.- Surat.	27.06.11	11.30 A.M.	1. Mr. P. P. Vora appointed as director of the Company. 2. Alteration of articles 80(2) & 60 of the Articles of Association of the Company. 3. Resolution for payment of commission to the Non Executive Directors of the Company
EGM	Block No. 1&12 to 16, Village - Karanj, Taluka - Mandvi, Dist.- Surat.	06.03.12	12.30 P.M.	1. Resolution for Issue of Warrants on preferential basis.
2011 EGM	Block No. 1&12 to 16, Village - Karanj, Taluka - Mandvi, Dist.- Surat.	23.06.12	4.00 P.M.	1. Alteration of MOA for enhancement in Authorised share capital. 2. Alteration of AOA for enhancement in Authorised share capital.

## B. POSTAL BALLOT

14.03.12	1. Special resolution under Section 293(1)(a) to authorize the Board of Directors to create mortgage and or charge over all or any of the company's immovable and movable assets. 2. Special resolution under section 372A to authorise the Board of directors to make investments and to provide loan/ security / guarantee beyond the prescribed ceiling of the Act.
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## 6. SUBSIDIARY COMPANIES

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

As on 31<sup>st</sup> December, 2012, the company has no such material non-listed subsidiary.

## 7. DISCLOSURE

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

## 8. CODE OF CONDUCT

### Code of Conduct for Directors and Senior Management:

The Board of Directors of the Company has adopted a code of Conduct and made it applicable to the Board Members and Senior Management of the Company. The same has also been posted on the website of the Company.

The Board and Senior Management of the Company have affirmed compliance with the Code. The declaration by JMD to this effect has been made elsewhere in this Annual Report.

### Code of Conduct for Prevention of Insider Trading:

Pursuant to the requirements of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has adopted a code of Conduct for Prevention of Insider Trading. Company Secretary acts as the Compliance Officer. This Code of Conduct is applicable to all Directors and such other Designated Employees of the Company who can have access to unpublished price sensitive information relating to the Company.

## 9. MEANS OF COMMUNICATION

The financial Results of the Company are normally published in one National news paper (English) and one Regional news paper. These results can also be viewed from the Company's website [www.nakodaltd.com](http://www.nakodaltd.com). Further, the Financial Results and other required filings of the Company can also be viewed on the website of the Bombay Stock Exchange Limited ([www.bseindia.com](http://www.bseindia.com)).

## 10. GENERAL SHAREHOLDER INFORMATION

1.	Annual General Meeting Day, Date, Time & Venue	Saturday, the 25 <sup>th</sup> June, 2013 at 11.30A. M. at Block No. 1&12 to 16, Village - Karanj, Taluka -Mandvi, Dist. - Surat - 394 110.
2.	Financial calendar December 2013 (Tentative) Annual General Meeting Results For the Quarter ended 31.03.2013 Results For the Quarter ended 30.06.2013 Results For the Quarter ended 30.09.2013 Results For the Quarter ended 31.12.2013	: May – June 2014 : Second Week of May 2013 : Second Week of August 2013 : Second Week of November 2013 : Second Week of February 2014
3.	Date of Book Closure	18 <sup>th</sup> June 2013 to 25 <sup>th</sup> June 2013 (both days inclusive)
4.	Dividend Payment Date	On or before 20 <sup>th</sup> July 2013
5.	Registered office	Block No. 1 & 12 to 16, Village – Karanj, Taluka -Mandvi, Dist.- Surat - 394 110.
6.	Listing on Stock Exchanges	<b>Equity Shares</b> 1. Bombay Stock Exchange Limited    2. National Stock Exchange of India Ltd. P. J. Towers, Dalal Street,                      Exchange Plaza, Bandra Kurla Complex, Mumbai – 400 001                              Bandra (E), Mumbai - 400 051 Scrip Code : 521030                              Symbol: NAKODA ISIN: INE559B01023 <b>GDRs</b> Luxembourg Stock Exchange, Luxembourg. <b>Annual Listing fee for the year 2013-14 has been paid to the exchanges.</b> As on 31 <sup>st</sup> March 2013, there were 14942 Shareholders of the Company.

## 7. Stock Market data During 2012

MONTH	SHARE PRICE		BSE SENSEX Corresponding to Share Price	
	HIGH	LOW	HIGH	LOW
January	09.90	8.11	17258.97	15358.02
February	12.43	9.05	18523.78	17061.55
March	10.75	8.40	18040.69	16920.61
April	11.55	8.75	17664.10	17010.16
May	09.20	7.84	17432.33	15809.71
June	08.78	7.85	17448.48	15748.98
July	08.78	7.77	17631.19	16598.48
August	08.15	7.35	17972.54	17026.97
September	09.50	7.22	18869.94	17250.80
October	11.59	10.15	19137.29	18393.42
November	10.80	08.86	19372.70	18255.69
December	10.45	07.95	19612.18	19149.03

## 8. Distribution of Shareholding as on March 31, 2013

Shareholding Rs.		Shareholders		Share Amount	
		Number	% To Total	In Rs.	% To Total
01	5000	9378	62.7627	21524685	1.7429
5001	10000	3801	25.4384	25898395	2.0970
10001	20000	834	5.5816	13033585	1.0554
20001	30000	333	2.2286	8481280	0.6867
30001	40000	125	0.8366	4553505	0.3687
40001	50000	120	0.8031	5668450	0.4590
50001	100000	169	1.1310	12794515	1.0360
100001	And Above	182	1.2180	1143045585	92.5543
	<b>TOTAL</b>	<b>14942</b>	<b>100.00</b>	<b>1235000000</b>	<b>100.00</b>

## 9. Build up of Equity Share Capital

Date of Allotment	Nature of Allotment /Reasons	No. of Equity Shares issued	Face Value (Rs.)	Cumulative Shares	Cumulative paid-up capital
18.08.1985	Initial Allotment	10,000	100	10,000	10,00,000
09.02.1989	Preferential Issue	5,000	100	15,000	15,00,000
27.06.1990	Preferential Issue	50,000	100	65,000	65,00,000
17.09.1991	Bonus 1:1	65,000	100	1,30,000	1,30,00,000
17.09.1992	Sub Division	0	10	13,00,000	1,30,00,000
17.09.1992	Public Issue	47,55,000	10	60,55,000	6,05,50,000
30.06.1997	Preferential Issue	49,45,000	10	1,10,00,000	11,00,00,000
26.08.2006	Preferential Issue	40,00,000	10	1,50,00,000	15,00,00,000
20.02.2008	FCD Conversion	7,80,000	10	1,57,80,000	15,78,00,000
21.02.2009	Warrant Conversion	8,20,000	10	1,66,00,000	16,60,00,000
04.01.2010	Sub-Division	0	5	3,32,00,000	16,60,00,000
27.01.2010	Bonus 1:1	3,32,00,000	5	6,64,00,000	33,20,00,000
26.11.2010	GDR Underlying Shares	6,00,00,000	5	12,64,00,000	63,20,00,000
19.12.2011	Warrant Conversion	7,20,00,000	5	19,84,00,000	99,20,00,000
30.03.2013	Warrant Conversion	4,86,00,000	5	24,70,00,000	1,23,50,00,000