



Kakatiya Textiles Limited



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17th ANNUAL REPORT
1998-99

Kakatiya Textiles Limited**BOARD OF DIRECTORS**

Sri J.S Krishna Murthy	Executive Chairman
Sri. Garapati Venkateswara Rao	Director
Sri. C.K Rao	Director
Sri. S.S.R.Koteswar Rao	Director
Sri. J.S.Rao	Director
Sri. J.V.Choudary	Managing Director

General Manager (Fin) & Company Secretary
Sri. G. Narendra

REGISTERED OFFICE & MILLS

Post Box No.002, Nallabandagudem-508 206
Kodad Mandal, Nalgonda District

CORPORATE OFFICE

6-3-1090/C/1/A/101, 'Lovely Mansion', Raj Bhavan Road
Somajiguda, Hyderabad 500 082

SHARE TRANSFER AGENTS

M/s IKON VISIONS (P) LTD
Flat No.33, Sanali Heavens, 8-3-948
Ameerpet, Hyderabad 500 073, Andhra Pradesh

AUDITORS

M/s G.P. ASSOCIATES
Chartered Accountants
105, Divya Shakti Complex, Ameerpet
Hyderabad 500 016, Andhra Pradesh

BANKERS

ANDHRA BANK
Sultan Bazar Branch, Hyderabad

STATE BANK OF INDIA
Saifabad Branch, Hyderabad.

17TH ANNUAL GENERAL MEETING

Date : 30th September 1999. *Day* : Thursday

Time : 11.30 A.M. *Venue* : Registered Office

Kakatiya Textiles Limited**NOTICE**

NOTICE is hereby given that the 17th Annual General Meeting of Shareholders of the Company will be held on Thursday, 30th September, 1999 at 11.30 A.M. at the Registered Office of the Company at Nallabandagudem - 508 206, Kodad Mandal, Nalgonda District, Andhra Pradesh to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date, the Reports of the Directors and Auditors thereon.
2. To consider the appointment of M/s G.P.Associates, Chartered Accountants, as Auditors to hold the office till the conclusion of the next Annual General Meeting at such remuneration and terms as may be mutually agreed to between the Board of Directors and Auditor.

SPECIAL BUSINESS:

3. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. J.S.Krishna Murthy, a Director, who was appointed as an Additional Director, pursuant to Section 260 of the Companies Act, 1956 and Article 108 of the Articles of Association of the Company, in the meeting of the Board of Directors held on 18th January, 1999 and who holds the office as such upto the date of this meeting and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. J.S.Krishna Murthy as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

4. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. J.S.Rao, a Director, who was appointed as an Additional Director, pursuant to Section 260 of the Companies Act, 1956, and Article 108 of the Articles of Association of the Company, in the meeting of the Board of Directors held on 18th January, 1999 and who holds the office

as such upto the date of this meeting and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. J.S.Rao as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

5. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. J.V.Choudary, a Director, who was appointed as an Additional Director, pursuant to Section 260 of the Companies Act, 1956, and Article 108 of the Articles of Association of the Company, in the meeting of the Board of Directors held on 18th January, 1999 and who holds the office as such upto the date of this meeting and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. J.V.Choudary, as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr.Garapati Venkateswara Rao, a Director, who was appointed as an Additional Director, pursuant to Section 260 of the Companies Act, 1956, and Article 108 of the Articles of Association of the Company, in the meeting of the Board of Directors held on 18th February, 1999 and who holds the office as such upto the date of this meeting and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Garapati Venkateswara Rao, as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr.S.S.R.Koteswara Rao, a Director, who was appointed as an Additional Director, pursuant to Section 260 of the Companies Act, 1956, and Article 108 of the Articles of Association of the Company, in the meeting of the

Kakatiya Textiles Limited

Board of Directors held on 18th February, 1999 and who holds the office as such upto the date of this meeting and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr.S.S.R.Koteswara Rao as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

8. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. C.K.Rao, a Director, who was appointed as an Additional Director, pursuant to Section 260 of the Companies Act, 1956, and Article 108 of the Articles of Association of the Company, in the meeting of the Board of Directors held on 18th February, 1999 and who holds the office as such upto the date of this meeting and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. C.K.Rao, as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, the consent of the Company be and is hereby accorded to the appointment of Sri. J.S.Krishna Murthy, as Executive Chairman of the Company for a period of five years with effect from 18th February, 1999 on the following terms & conditions."

"RESOLVED FURTHER THAT Mr.J.S.Krishna Murthy shall be paid the following remuneration, perquisites, allowances and commission, if any, with effect from 18th February, 1999:

A Salary :

Rs. 40,000/- per month.

B) Perquisites:

- i) In addition to the aforesaid salary he shall also be entitled to the following perquisites like

unfurnished accommodation, gas, electricity, water, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance, etc., in accordance with rules of the Company. The monetary value of such perquisites being limited to Rs. 3,50,000/- per annum for the purposes of which limit:

- a. *Housing* : The expenditure on hiring unfurnished accommodation shall be subject to 60% of salary, over and above 10% payable by the appointee. The expenditure on gas, electricity, water shall be reimbursed at actual.
- b. *Reimbursement of Medical expenses* : Expenses incurred for self and family at actuals.
- c. *Club Fees*: Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- d. *Personal accident Insurance* : Premium not to exceed Rs. 4,000 per annum.
- e. *Leave Travel Concession* : For self and his family once in a year incurred in accordance with the Rules of the Company.

- ii) Company's contribution to Provident Fund and Superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961, and the same shall not be included in the computation of limits for perquisites aforesaid;

- iii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of the tenure, which shall be not included in the computation of limits for perquisites.

- iv) Use of Company's car with Driver for official purposes and telephone at residence (including payment for local calls and long distance official calls) shall not be included in perquisites evaluation.

In addition to salary, perquisites and other allowances, the Executive Chairman shall be paid Commission at the rate not exceeding 1% (one percent) on the net profits of the Company computed in the manner laid down in Section 309

Kakatiya Textiles Limited

of the Companies Act, 1956, subject to the provisions of Section 198 and other applicable provisions, if any, of the Companies Act, 1956, subject to overall ceiling under Section I of Part II of Schedule XIII to the Companies Act, 1956, for remuneration payable to Managerial Personnel in respect of Companies having profits.

Mr. J.V.Choudary and Mr. J. S. Rao, Directors are deemed to be interested or concerned in the Resolution.

10. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, the consent of the Company be and is hereby accorded to the appointment of Sri. J.V.Choudary as Managing Director of the Company for a period of five years with effect from 26th July, 1999 on the following terms & conditions."

"RESOLVED FURTHER THAT Mr.J.V.Choudary shall be paid the following remuneration, perquisites, allowances and commission, if any, with effect from 26th July, 1999 :

A Salary :

Rs. 40,000/- per month.

B) Perquisites:

i) In addition to the aforesaid salary he shall also be entitled to the following perquisites like unfurnished accommodation, gas, electricity, water, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance, etc., in accordance with rules of the Company. The monetary value of such perquisites being limited to Rs. 3,50,000/- per annum for the purposes of which limit:

a. *Housing* : The expenditure on hiring unfurnished accommodation shall be subject to 60% of salary, over and above 10% payable by the appointee. The expenditure on gas, electricity, water shall be reimbursed at actual.

b. *Reimbursement of Medical expenses* : Expenses incurred for self and family at actuals.

c. *Club Fees*: Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

d. *Personal accident Insurance* : Premium not to exceed Rs. 4,000 per annum.

e. *Leave Travel Concession* : For self and his family once in a year incurred in accordance with the Rules of the Company.

ii) Company's contribution to Provident Fund and Superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961, and the same shall not be included in the computation of limits for perquisites aforesaid;

iii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of the tenure, which shall be not included in the computation of limits for perquisites.

iv) Use of Company's car with Driver for official purposes and telephone at residence (including payment for local calls and long distance official calls) shall not be included in perquisites evaluation.;

C) Commission:

In addition to salary, perquisites and other allowances, the Managing Director shall be paid Commission at the rate not exceeding 1% (one percent) on the net profits of the Company computed in the manner laid down in Section 309 of the Companies Act, 1956, subject to the provisions of Section 198 and other applicable provisions, if any, of the Companies Act, 1956, subject to overall ceiling under Section I of Part II of Schedule XIII to the Companies Act, 1956, for remuneration payable to Managerial Personnel in respect of Companies having profits.

Mr. J.S.Krishna Murthy and Mr. J. S. Rao, Directors are deemed to be interested or concerned in the Resolution.

By order of the Board

Place : Hyderabad

G.NARENDER

Date : 31st August, 1999

General Manager

(Fin) & Company Secretary

Kakatiya Textiles Limited**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORMS TO BE VALID, SHALL BE LODGED WITH THE COMPANY'S CORPORATE OFFICE AT 6-3-1090/C/1/101, RAJ BHAVAN ROAD, SOMAJIGUDA, HYDERABAD NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 28.09.1999 to 30.09.1999 (both days inclusive):
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed herewith.
4. Members are requested to intimate any change in their address quoting their Registered Folio Number.
5. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
6. Shareholders are requested to kindly bring their copies of Annual Report to the Meeting and are also requested to send their queries, if any, to corporate office.

EXPLANATORY STATEMENT (Pursuant to Section 173(2) of the Companies Act, 1956):**ITEM NO.3, 4 & 5**

Mr. J.S.Krishna Murthy, Mr. J.S.Rao and Mr. J.V.Choudary were appointed as Additional Directors of the Company, in accordance with Section 260 of the Companies Act, 1956 and pursuant to Article 108 of Articles of Association of the Company, by the Board of Directors at their meeting held on 18th January, 1999 and as per provisions of Section 260 of the Companies Act, 1956 they hold their respective offices upto this Annual General Meeting.

In respect of above, the Company has received three Notices together with deposit of Rs. 500/- each aggregating to Rs. 1,500/- from Mr.K.R.V. Mohan Rao, Mr. Manne Sudheer Babu and Mr. Damodarachary Pinnam under Section 257 of the Companies Act, 1956 signifying their intention to propose Mr. J.S.Krishna Murthy, Mr. J.S.Rao and Mr. J.V.Choudary, respectively as candidates for the office of Directors and the Resolutions are proposed under Item Nos 3,4 & 5 of the Notice to appoint them as Directors of the Company.

None of the Directors, except Mr J.S.Krishna Murthy, Mr. J.S.Rao and Mr. J.V.Choudary are interested in these resolutions.

ITEM NO. 6, 7 & 8:

Mr. Garapati Venkateswara Rao, Mr. S. S. R. Koteswara Rao and Mr. C.K.Rao were appointed as Additional Directors of the Company, in accordance with Section 260 of the Companies Act, 1956 and Article 108 of Articles of Association of the Company, by the Board of Directors at their meeting held on 18th February, 1999 and as per

provisions of Section 260 of the Companies Act, 1956 they hold their respective office upto this Annual General Meeting.

In respect of above, the Company has received three Notices together with deposit of Rs. 500/- each aggregating to Rs. 1500/- from Mr. J.S. Krishna Murthy, Mr. J.S. Rao and Mr. J.V. Choudary, under Section 257 of the Companies Act, 1956 signifying their intention to propose Mr. Garapati Venkateswara Rao, Mr. S.S.R.Koteswara Rao and Mr. C.K.Rao, respectively as candidates for the office of Directors and the Resolutions are proposed under Item Nos 6, 7 & 8 of the Notice to appoint them as Directors of the Company.

None of the Directors except the Directors concerned, who are proposed to be appointed as Directors, are interested in these resolutions.

ITEM NO.9

Mr.J.S.Krishna Murthy was appointed as Chairman & Managing Director by the Board of Directors at their meeting held on 18th February, 1999. Subsequently, he has been re-designated as Executive Chairman with effect from 26th July, 1999.

Sri J.S.Krishna Murthy has been in the business for over 3 decades. He has been widely known for his ability to build & run the businesses effectively. He is the main promoter among the new promoters, who have taken over the management from the previous management.

Your Board is of the view that Sri J.S.Krishna Murthy's valuable industrial experience and expertise shall be of a great help to the Company. The Board accordingly, commends the resolution for your approval.

None of the Director is concerned or interested in this resolution, except Mr. J.S. Rao and Mr. J.V.Choudary

ITEM NO.10

Mr. J.V.Choudary was appointed as an Additional Director at the Board Meeting held on 18th January, 1999. Subsequently, he was appointed as Managing Director by the Board of Directors at their meeting held on 26th July, 1999.

Sri J.V.Choudary has an over-all marketing & selling experience of about 20 years. He is one among the promoters, who have acquired the management from the previous management.

His experience and expertise will help the Company in building a strong marketing base. The Board, accordingly, commends the resolution for your approval.

None of the Director is concerned or interested in this resolution, except Mr.J.S.Krishna Murthy and Mr. J.S.Rao.

By order of the Board

Place : Hyderabad
Date : 31st August, 1999

G.NARENDER
General Manager
(Fin) & Company Secretary