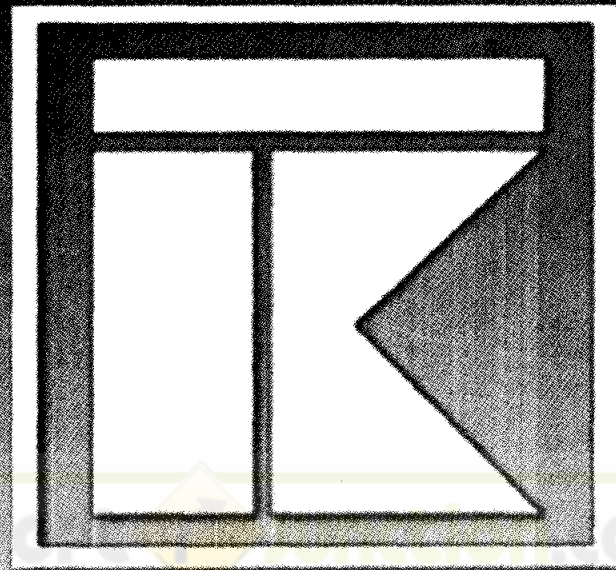


Kakatiya Textiles Limited



**19th Annual Report
2000-2001**

**BOARD OF DIRECTORS**

Sri J.S.Krishna Murthy	Chairman
Sri J.V.Choudary	Managing Director
Sri J.S.Rao	Director
Sri Garapati Venkateswara Rao	Director
Sri S.S.R. Koteswara Rao	Director
Sri P. Kutumba Rao	Director

AUDIT COMMITTEE

Sri S.S.R. Koteswara Rao, Chairman
 Sri J.S.Krishna Murthy
 Sri P. Kutumba Rao

AUDITORS

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

BANKERS

STATE BANK OF INDIA
 Saifabad Branch, Hyderabad

ANDHRA BANK
 Sultan Bazar Branch, Hyderabad

SHARE TRANSFER AGENTS

Ikon Visions (P) Ltd.,
 33, Sanali Heavens, 8-3-948
 Nagarjuna Nagar, Hyderabad - 500 079

REGISTERED OFFICE & MILLS

Nallabandagudem - 508 206
 Kodad Mandal, Nalgonda District, Andhra Pradesh.

CORPORATE OFFICE

6-3-1090/C/1/A/101, "LOVELY MANSION"
 Raj Bhavan Road, Somajiguda, Hyderabad 500 082

19TH ANNUAL GENERAL MEETING

Date : 25th August 2001 Day : Saturday
 Time : 11.00 A.M. Venue : Registered Office

Kakatiya Textiles Limited**NOTICE**

NOTICE is hereby given that the 19th Annual General Meeting of Shareholders of the Company will be held on Saturday, the 25th day of August, 2001 at 11.00 A.M. at the Registered Office of the Company at Nallabandagudem-508206, 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, 2001 and the Profit and Loss Account for the year ended on that date, the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri. S.S.R.Koteswara Rao, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri. Garapati Venkateswara Rao, who retires by rotation, and being eligible, offers himself for re-appointment.
4. 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:

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

"RESOLVED THAT Mr. P.Kutamba Rao, 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 at the Board Meeting held on 30th October, 2000 and who holds the office of Director 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. P.Kutamba Rao as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

By order of the Board

G.NARENDER

Place : Hyderabad
Date : 30th June, 2001

General Manager (Fin) &
Company Secretary

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 AT THE COMPANY'S REGISTERED OFFICE AT NALLABANDA GUEDEM, KODAD MANDAL, NALGONDA DISTRICT - 508 206, NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd August, 2001 to 25th August, 2001 (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, on the Accounts to the corporate office.

EXPLANATORY STATEMENT

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

Item No.1:

In accordance with Section 260 of the Companies Act, 1956 and Article 108 of Articles of Association of the Company, Mr. P.Kutamba Rao was appointed as Additional Director of the Company by the Board of Directors at their meeting held on 30th October, 2000. As per the provisions of Section 260 of the Companies Act, 1956 he holds the office of Director only up to the ensuing Annual General Meeting, unless appointed by the Shareholders

The Company has received a Notice together with a deposit of Rs. 500/- from Mr.K.R.V.Mohan Rao, a shareholder, under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. P.Kutamba Rao as a candidate for the office of Director. Accordingly, the Resolution is proposed under Item No. 5 of the Notice to appoint Sri P.Kutamba Rao as Director of the Company.

Your Directors commend the resolution for approval.

None of the Directors, except Mr. P.Kutamba Rao, is interested in this resolution.

By order of the Board

G.NARENDER

Place : Hyderabad
Date : 30th June, 2001

General Manager (Fin) &
Company Secretary

Kakatiya Textiles Limited**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in submitting their 19th Annual Report for the year 2000-2001 together with the Balance Sheet as at 31st March, 2001 and the Profit & Loss Account for the year ended on that date.

1. FINANCIAL RESULTS:

	Rs. In Lakhs	
	2000-01	1999-2000
1. Sales	1995.13	1873.84
2. Other Income	6.01	9.12
3. Total Expenditure	1784.79	1674.23
4. Gross Profit before Depreciation and Interest	216.35	208.77
5. Depreciation	60.78	56.07
6. Interest	115.83	59.15
7. Provision for Tax	—	—
8. Net Profit/(Loss)	25.21	93.55

2. PERFORMANCE:

The Company has achieved a turnover of Rs. 1995.13 lacs and earned a net profit of Rs.25.21 lacs, as compared to the turnover of Rs. 1873.84 lacs and net profit of Rs. 93.55 lacs for the year 1999-2000. During the year under review, the cotton prices have increased considerably while the yarn market was sluggish. In spite of that, your Company could manage to earn profit for the year.

3. FUTURE PROSPECTS:

In order to be competitive in the cotton procurement cost, your Company has started procurement of cotton Kapas directly from the farmers and getting it ginned on job work basis. This system is likely to save around Rs.5/- per kg. Further your Directors are keen to improve the productivity of the Company by adding certain balancing equipment at an estimated cost of Rs.100 lacs (approx). As a result, there would be a considerable saving on the overheads. With the above cost cutting methods, your Directors are confident that the performance of the Company in the current year would be better.

4. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Sri S.S.R.Koteswara Rao and Sri Garapati Venkateswara Rao, Directors, retire by rotation and, being eligible, offer themselves for reappointment.

Sri C.K.Rao has resigned from the office of the Director of the Company with effect from 30th October, 2000.

Sri J.S.Krishna Murthy, who was the Executive Chairman of the Company, has resigned as the Whole time Chairman and would be continuing as Non-Executive Chairman with effect from 1st July, 2001 without any remuneration.

5. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the annual accounts for the financial year ended 31st March, 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) That the Directors have prepared the annual accounts for the financial year ended 31st March, 2001 on a going concern basis.

6. AUDIT COMMITTEE:

Your Directors have constituted an Audit Committee of Directors comprising Mr.S.S.R.Koteswara Rao, Mr. P.Kutumba Rao and Mr.J.S.Krishna Murthy. Sri S.S.R. Koteswara Rao was appointed as Chairman of the Committee.

7. AUDITORS:

M/s G.P.Associates, Chartered Accountants, Hyderabad, the present Auditors, retire at the ensuing Annual Meeting, and are eligible for re-appointment.

8. PERSONNEL:

The relations between the Management and Employees continued to be cordial during the year under review. Your Directors place on record their sincere appreciation of the contribution made by the employees of the Company at all levels. As regards, information pursuant to Section 217(2AA) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 (as amended), there are no employees governed by the said provisions.

Kakatiya Textiles Limited



9. ADDITIONAL INFORMATION:

Information pursuant to Section 217(1) of the Companies Act, 1956 read with Companies Act, 1956 and further read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed herewith

Your Directors further wish to place on record their appreciation for the invaluable support given by the Bankers to the Company, State Bank of India and Andhra Bank.

On behalf of the Board

10. ACKNOWLEDGMENTS:

Your Directors take this opportunity to thank all the Central and State Government authorities, for their whole hearted co-operation and support in the Company's operations.

Place : Hyderabad
Date : 30th June, 2001

J.S. KRISHNA MURTHY
Executive Chairman



Kakatiya Textiles Limited**ANNEXURE TO DIRECTORS' REPORT:****PARTICULARS OF CONSERVATION OF ENERGY:**

A. Energy conservation measures	:	A thorough Energy Consumption audit was conducted to check the waste of power by avoiding unnecessary use of Power in the Mill. Further, the Company has added required additional capacitors to conserve the energy as per the Energy Consumption Audit Report.
B. Additional Investments and proposals if any being implemented for reduction of consumption of energy.	:	The Company is planning to modernise the Mill with certain balancing Equipment, which would in turn reduce the Consumption of Power.
C. Impact of the Measures at (A) & (B) above for reduction of energy consumption as consequent impact on the cost of production of goods.	:	Due to the above measures, there is a reduction in the consumption of energy resulting in the reduction of the cost of production.

FORM-A

Form for disclosure of particulars with respect to conservation of Energy:

POWER & FUEL CONSUMPTION

		<u>Current Year</u>	<u>Previous Year</u>
1. ELECTRICITY:			
a. PURCHASED			
Units	(KWH)	49,85,373	4058094
Total Amount	(Rs.)	2,09,77,060	1,56,84,183
Rate/Unit	(Rs.)	4.20	3.87
b. OWN GENERATION THROUGH DIESEL GENERATOR			
Units	(KWH)	14,20,748	25,12,420
Units Per Ltr. of Diesel oil	(Rs.)	3.66	3.60
Cost/Unit	(Rs.)	4.66	3.11
2. HUSK:			
Quantity	(Kgs)	3,10,000	1,49,405
Total cost	(Rs.)	1,88,612	1,32,522.00
Average cost	(Rs.)	0.61	0.89
3. CONSUMPTION PER UNIT OF PRODUCTION:			
Cotton Yarn	(Kgs.)	21,17,897	19,57,226
Electricity consumed	(KWH)	64,06,121	65,70,514
Consumption per Unit of production	(KWH)	3.02	3.35

FORM-B**RESEARCH & DEVELOPMENT:**

The Company is a Member of the South India Textile Research Association (SITRA), which has been carrying on various research activities on behalf of Member Mills. The Company has been taking advantage of the same from time to time.

FORM-C**FOREIGN EXCHANGE & OUTGO**

Foreign Exchange Earnings		NIL	NIL
Foreign Exchange Outflow-Traveling	[Rs.]	44,895	NIL

On behalf of the Board

Place : Hyderabad
Date : 30th June, 2001

J.S. KRISHNA MURTHY
Executive Chairman