

Kakatiya Textiles Limited



20th Annual Report
2001-2002

Kakatiya Textiles Limited**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-500 073

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.

20TH ANNUAL GENERAL MEETING

Date: 28th September, 2002 Day: Saturday
 Time: 12.00 Noon. Venue: Registered Office

Kakatiya Textiles Limited**NOTICE**

NOTICE is hereby given that the 20th Annual General Meeting of Shareholders of the Company will be held on Saturday, the 28th day of September, 2002 at 12.00 Noon 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, 2002 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.P.Kutumba Rao, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri.J.S.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.

By order of the Board

Place : Hyderabad

Date : 27th August, 2002

G.NARENDER
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 27th September, 2002 to 28th September, 2002 (both days inclusive).
3. Members are requested to intimate any change in their address quoting their Registered Folio Number.
4. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
5. 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.

6. MEMBERS ARE REQUESTED TO AVAIL THE FACILITY OF CONVERTING THEIR PHYSICAL SHAREHOLDINGS INTO ELECTRONIC MODE OF SHAREHOLDINGS FOR THEIR OWN CONVENIENCE.

Kakatiya Textiles Limited**DIRECTORS' REPORT**

Dear Members,

Your Directors present their 20th Annual Report for the year 2001-2002 together with the Balance Sheet as at 31st March, 2002 and the Profit & Loss Account for the year ended on that date.

1. FINANCIAL RESULTS :

(Rs. in Lakhs)

	2001-02	2000-01
1 Sales	1661.61	1995.13
2 Other Income	28.77	6.01
3 Total Expenditure	1812.81	1784.79
4 Gross Profit before Depreciation and Interest	18.69	216.35
5 Depreciation	—	60.78
6 Interest	136.78	115.83
7 Provision for Tax	—	—
8 Net Profit/(Loss)	(125.11)	25.21

2. PERFORMANCE :

The Company has achieved a turnover of Rs. 1661.61 lacs and incurred a loss of Rs.125.11 lacs, as compared to the turnover of Rs. 1995.13 lacs and net profit of Rs. 25.21 lacs for the year 2000-2001. During the year under review, the yarn prices have fallen considerably resulting in fall of turnover and operational loss. The local market has become very competitive due to fall in export market consequent upon the disturbances in USA after the 11th September, 2001 incident. Therefore, the Company has suffered a severe set back in its sales particularly in the second half of the financial year.

3. FUTURE PROSPECTS:

Though the yarn market was sluggish during the last financial year, it is expected that the market would be better in the current financial year. Further, the Company will have the advantage of lower cost of raw material due to own ginning facility. Your directors have informed in their last report that the Company wanted to take-up renovation of certain equipment and add certain balancing equipment to improve the profitability. However, due to liquidity problems, the proposal could not materialize. Realising the need & importance of renovation, your company is working out with its Bankers to raise necessary resources for the same. After the proposed renovation, the mill

would be competent to improve the productivity, resulting in higher turnover and profitability.

4. GINNING UNIT:

The Company has set-up a ginning unit in the existing mill premises and the unit has started its operations from October, 2001. Your Directors have informed in their last report that the Company was able to save Rs.5/- kg in its procurement cost through own ginning operations. Encouraged with such savings, the Company has set-up its own ginning unit with 6 gins. The Company is planning to increase its capacity by adding 7 more second hand gins. The additional capacity would be in place from the ensuing cotton season. With the additional capacity, ginning unit would be able to feed the spinning unit to the full extent.

5. DEMATERIALISATION OF EQUITY SHARES:

The Shares of the Company are being traded in dematerialized form and are available for trading under both the Depository Systems i.e National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with effect from 1st October, 2001. As on 23rd August, 2002, a total of 1,63,000 equity shares of the Company have been dematerialized.

6. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Sri P.Kutamba Rao and Sri J.Seshagiri Rao, Directors, retire by rotation and, being eligible, offer themselves for reappointment.

7. 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, 2002, 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 loss of the Company for the year under review;

Kakatiya Textiles Limited

- (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, 2002 on a going concern basis.

8. NON PROVISION OF DEPRECIATION:

With reference to the qualification of Auditors regarding the non-provision of Depreciation, your Directors would like to clarify that the decision of non provision of Depreciation was taken due to accumulated losses and also loss suffered by the Company for the year under review. The Depreciation, if provided, could have been Rs.55,57,516/-.

9. PROVIDENT FUND PAYMENTS:

As regards the qualification of Auditors in their report for delay in payment of PF contributions, your Directors would like to inform you that the payments were not regular during the years under review to the Provident Fund Department only because of liquidity problem. Efforts are being made to update the outstanding at the earliest.

10. AUDITORS:

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

11. 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.

12. CORPORATE GOVERNANCE:

As per the listing Agreement with Stock Exchanges,

the Company is required to comply with the Corporate Governance before 31st March, 2003. Your Directors would take appropriate steps to comply with the Corporate Governance requirements accordingly.

13. 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.

14. ACKNOWLEDGEMENTS:

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

On behalf of the Board

Place : Hyderabad
Date : 27th August, 2002

J.S.KRISHNA MURTHY
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 renovate certain 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 will be a reduction in consumption of energy in the process of manufacture, which would reduce the cost of production of goods.

FORM-A

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

POWER & FUEL CONSUMPTION

		Current Year	Previous Year
1. ELECTRICITY:			
a. PURCHASED			
Units	(KWH)	52,25,916	49,85,373
Total Amount	(Rs.)	2,26,79,685	2,09,77,060
Rate/Unit	(Rs.)	4.33	4.20
b. OWN GENERATION			
THROUGH DIESEL GENERATOR			
Units	(KWH)	6,57,748	14,20,748
Units Per Ltr. of Diesel oil	(KWH)	3.30	3.66
Cost/Unit	(Rs.)	5.79	4.66
2. HUSK:			
Quantity	(Kgs)	1,92,813	3,10,000
Total cost	(Rs.)	1,13,046	1,88,612
Average cost	(Rs.)	0.59	0.61
3. CONSUMPTION PER UNIT OF PRODUCTION:			
Cotton Yarn (40s average count)	(Kgs.)	12,01,004	13,88,299
Electricity consumed	(KWH)	58,83,664	64,06,121
Consumption per Unit of production	(KWH)	4.90	4.61

FORM-B**RESEARCH & DEVELOPMENT:**

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

FORM-C**FOREIGN EXCHANGE**

Foreign Exchange Earnings	NIL	NIL
Foreign Exchange Outflow-Traveling	NIL	44,895

On behalf of the Board

Place : Hyderabad
Date : 27th August, 2002

J.S.KRISHNA MURTHY
CHAIRMAN