



22nd Annual Report - 2013-14

Excelling with Spinning and Weaving



KALLAM SPINNING MILLS LIMITED

NH-5, Chowdavaram, Guntur-522019, A.P., INDIA.

COMPANY INFORMATION

Board of Directors	: ❖ Sri K. Haranadha Reddy , Non Executive Chairman ❖ Sri P.Venkateswara Reddy , Managing Director ❖ Sri G .V Krishna Reddy , Joint Managing Director ❖ Sri M. V Subba Reddy , Whole Time Director ❖ Sri M.R. Naik , Director ❖ Sri V.S.N Murthy , Nominee Director of IREDA ❖ Sri A.Krishna Murthy , Director ❖ Sri S. Pulla Rao , Director
Listed With	: Bombay Stock Exchange Limited
Bankers	: ❖ Andhra Bank , Main Branch, Kothapet, Guntur-522001. ❖ Indian Bank , Main Branch, Naaz Centre, Guntur-522001 ❖ Bank of Baroda , Guntur Branch, Near Hindu College, Guntur-522001.
Auditors	: M/s Brahmayya&co. , Chartered Accountants, 10-3-21, Sambasivapet, Guntur-522001
Cost Auditors	: P.Srinivas , Cost Accountant 97/2 RT Vijaya Nagar Colony, Besides Masab Tank, Hyderabad-500 057
Registered office & Spinning division	: N.H.5, Chowdavaram, Guntur-522019 Phones: 2344010, 2344017 Fax: 0863-2344000 E-mail: kallamsp@gmail.com, admin@ksml.in
Registrars & Share Transfer Agents	: Big share Services Pvt. Ltd. , 306, 3rd Floor, Rigt Wing, Amrutha Ville, Opp. Yashodha Hospital, Raj Bhavan Road, Somajiguda, Hyderabad – 500 082.Ph No.040-23374967 Fax No.040-23370295. Email : bsshyd@bigshareonline.com

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K. Haranadha Reddy is the founder and promoter of KSML and presently he is acting as Non Executive Chairman of the Board. He is aged about 78 years, holds a Masters Degree in Arts and graduate in Law. He has about 49 years of rich experience in cotton and spinning business. Further he got good experience in the Ginning, pressing, Oil Mills, Chillies, Rice Business etc. He has associated with the company since its inception.

Sri K. Haranadha Reddy is a director on the Board of M/s Kallam Housing and Real Estates (P) Ltd. He is not a member of any committee within the meaning of clause 49 of the listing agreement with the stock exchanges.

Shri K. Haranadha Reddy is also a Philanthropist. He started Kallam Academy of Educational Society, in the name of "Kallam Haranadha Reddy Institute of Technology" in Chowdavaram. Every year he gives education scholarships to poor students.

Sri Kallam Haranadha Reddy
Chairman



Mr. P.V.Reddy is the Managing Director of KSML aged 63 years. Mr. P.V.Reddy, hailing from an agricultural family, is having lot of dedication, commitment and hard work and a much disciplined personality. He has over 40 years of experience in Cotton, Ginning, Pressing and Spinning. Mr P.V.Reddy handles purchase of Raw Cotton and looks after all the Civil construction activity of the company.

Sri P.Venkateswara Reddy
Managing Director



Mr. G.V.K. Reddy is the Joint Managing Director of KSML and aged 57 years. He is a graduate in Mechanical Engineering with distinction from Andhra University and also University 1st Rank Holder. He is post graduate in Marine Engineering from Royal Naval Engineering College, Plymouth, UK. He has served in Indian Navy in various positions and took premature retirement as commander to start the family business of spinning in 1993. He has extensively toured of India with chairman to select suitable machinery for the spinning unit in 1993. He organised construction of spinning plant and erection of machinery in a record time. He also played a key role in organising public issue of the company in 1995. Mr. G.V.K. Reddy takes active part in day to day management, manufacturing, technical and liaisoning with Financial Institutions, banks, other Govt. Departments of the company. He is responsible for Hydro Electric plants operation and weaving & Dyeing unit.

Sri G.V. Krishna Reddy
Joint Managing Director



M.V.Subba Reddy is the whole time director of KSML aged 57 years. He is associated with the company since 1996 as purchase in charge (raw material) He is post graduate in commerce. He gained excellent knowledge in procurement of raw material sales of yarn and waste. He is also having experience in Accounts and looks after day to day administration of office, Accounts Department, Purchase of Raw Material for Ginning Unit.

Sri M.V.Subba Reddy
Whole Time Director



M.R.Naik is a Non-Executive Independent Director of KSML. He is aged about 76 years retired as IAS Officer, he served the community in various capacities in central and state Government organization and also served as a member in the consumer forums constituted by the state government and rendered valuable judgments in favour of consumers on several complaints came before for hearing. His knowledge and experience will be of great help to the company complying with various government and other institutional rules procedures and regulations.

Sri M.R. Naik
Director



V.S.N.Murthy is a nominee director of IREDA. He is aged about 74 years. He is a post graduate in commerce from Andhra University. He worked 7 years in M/s Singareni Collieries Ltd. He joined in 1970 in APIDC as a Chief Accountant and served for 27 years holding different positions in the Accounts and Finance Division. He retired in the year 1997 as Chief General Manager (Financial Services) He is the Chairman of the Audit Committee. He takes keen interest in analysing the Balance Sheet, advising the company in expansion programmes.

Sri V.S.N. Murthy
Nominee Director of IREDA

Mr. A.Krishna Murthy is a Non-Executive Independent Director of KSML. He is aged about 73 years, is a post graduate in law. He was selected as Asst. Labour Officer through Group-II-A, conducted by Andhra Pradesh Public Service Commission in 1966. He has retired as Joint Commissioner of Labour, in Labour, Employment & Training in 1999, after rendering 33 years of service in various capacities. He is practicing as Labour Law consultant and Advocate at Guntur for last 14 years. He has rich experience in the fields of Labour Law, Industrial Law Human Resources and personal Administration.

Sri A.Krishna Murthy
Director



Mr. S.Pullu Rao is a Non-Executive Independent Director of KSML. He is aged about 69 years. He is a Commerce Graduate from Andhra University. He joined in Indian Revenue Service and retired as Joint Commissioner of Income Tax in June 2005 after rendering about 40 years of Service in various capacities in Income Tax Department. He advises the company in tax related matters.

Sri S.Pullu Rao
Director



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Twenty-Second Annual General Meeting of the members of **KALLAM SPINNING MILLS LTD** will be held on Saturday, September 27, 2014 at 3.00 P.M. at the Registered Office of the Company at NH-5, Chowdavaram, and Guntur-522 019, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended March 31, 2014 and the Balance Sheet as at that date together with the reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on equity shares for the financial year 2013-14.
3. To appoint a Director in place of Shri M.V.Subba Reddy (DIN-00018719) who retires by rotation and being eligible, offers himself for re-appointment.
4. Appointment of Auditors and fix their remuneration

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

"RESOLVED that pursuant to the provision of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed there under, as amended from time to time M/s Brahmayya & Co., Chartered Accountants (Firm Registration No-000153S), be and is hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General meeting till the conclusion of the Twenty-Fifth Annual General Meeting of the Company to be held in the year 2017(subject to ratification of their appointment at every AGM) at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors."

Special Business

5. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary resolution:
"RESOLVED that pursuant to the provisions of Sections 196, 197 Schedule V and other applicable provisions, if any, of the Companies Act, 2013, Shri M.V. Subba Reddy (DIN-00018719) be and is hereby re-appointed as Whole-time Director of the Company, for a period of 3 years with effect from and including June 1, 2014 on such remuneration and terms and conditions as may be agreed between the Board of Directors and Shri. M.V Subba Reddy.
6. To appoint Shri M R Naik (**DIN : 01628537**) as an Independent Director and in this regard to consider and if thought fit to pass with or without modification the following resolution as an Ordinary resolution:
"RESOLVED that pursuant to the provisions of Sections 149,152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, read with Schedule IV to the Act, as amended from time to time Shri M R Naik (DIN No:01628537), a non executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from September 27, 2014 up to September 26, 2019."
7. To appoint Shri S Pulla Rao (**DIN : 02360239**) as an Independent Director and in this regard to consider and if thought fit to pass with or without modification the following resolution as an Ordinary resolution:
"RESOLVED that pursuant to the provisions of Sections 149,152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, read with Schedule IV to the Act, as amended from time to time Shri S Pulla Rao (DIN No:02360239), a non executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from September 27, 2014 up to September 26, 2019."
8. To appoint Shri A Krishna Murthy (**DIN : 00018725**) as an Independent Director and in this regard to consider and if thought fit to pass with or without modification the following resolution as an Ordinary resolution:
"RESOLVED that pursuant to the provisions of Sections 149,152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, read with Schedule IV to the Act, as amended from time to time Shri A Krishna Murthy (DIN No:00018725), a non executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from September 27, 2014 up to September 26, 2019."
9. To appoint Smt. V.Bhargavi (**DIN : 06950741**) as an Independent Director and in this regard to consider and if thought fit to pass with or without modification the following resolution as an Ordinary resolution:
"RESOLVED that pursuant to the provisions of Sections 149,152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, read with Schedule IV to the Act, as amended from time to time Smt. V.Bhargavi (DIN No: 06950741), who has submitted a declaration that she meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from September 27, 2014 up to September 26, 2019."

Place : Chowdavaram
Date : 11.08.2014

By order of the Board of Directors
P. Venkateswara Reddy
Managing Director

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, and vote on a poll, instead of himself / herself and such proxy need not be Member. The proxy form is enclosed which should be deposited at the Registered Office of the Company duly completed and signed, not later than 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from September 22, 2014 to September 27, 2014 (both days inclusive).
3. The accounts, the reports and all other documents required under the law to be annexed thereto will be available for inspection during working hours at the Registered Office of the Company on any working day prior to the date of the Annual General Meeting.
4. Dividend recommended by Directors, if approved by the members at the Annual General Meeting will be paid on or after 2nd October 2014 to those members whose names appear on the register of members as on 27th September 2014. In respect of shares held in electronic form the dividend will be payable on the basis of beneficial ownership as at the close of 22nd September 2014 as per the details furnished by National Securities Depository limited/Central Depository service (India) Limited for the purpose as on that date.
5. Members desiring to seek any information on the Annual Accounts to be explained at the meeting are requested to send their queries in writing to the Company at the Registered Office so as to reach at least 7 days before the date of the meeting to make the required information.
6. Members holding shares in physical form are requested to notify/send the following to the Company's Registrar and Transfer Agent at: Bigshare Services Private Limited, 306, 3rd Floor, Right Wing, Amrutha Ville, Opp. Yashodha Hospital, Raj Bhavan Road, Somajiguda, Hyderabad – 500 082 at the earliest not later than 16-09-2014.
 - Any change in their address/mandate/Bank details; and
 - Particular of their Bank Account, in case the same has not been sent earlier.
7. Members holding shares in the electronic form are advised to inform change in address/bank mandate directly to their respective Depository Participants. The address/bank mandate as furnished to the Company by the receptive Depositories viz. NSDL and CDSL will be printed on the dividend warrant.
8. Shareholders should note that as per statutory provisions, if the dividend amount remains unpaid/unclaimed for 7 years from the due date, the said unpaid/unclaimed amount has to be transferred to Investor Education & Protection Fund (IEPF) set up by Central Government. As such the unpaid / unclaimed amount in Dividend Accounts FY 2006-2007 has been transferred to IEPF. Shareholders who have not received / claimed the said dividend are requested to claim the same before due date.

EXPLANATORY STATEMENT U/S 102 OF THE COMPANIES ACT 2013 & INFORMATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING RE-APPOINTMENT OF DIRECTORS

(Pursuant to Clause 49VI (A) of the Listing Agreement with the Stock Exchanges)

Item No.3

Shri M.V.Subba Reddy is the Whole time Director/Director (Finance) of Kallam Spinning Mills Limited. He is associated with the company since its inception as purchase in-charge (Raw Material). He is Post graduate in commerce having experience in cotton purchase for the last 16 years with the company gained excellent knowledge in procurement of raw material sales of Yarn and waste. He is also having experience in accounts.

Item No. 5

Pursuant to Section 198 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, the shareholders at their 19th Annual General Meeting held on 27th August, 2011, appointed Shri M.V. Subba Reddy as Whole Time Director of the Company for a period of Three years with effect from 01.06.2011. The term of his appointment would come to an end on 31st May 2014. It is necessary to re-appointment him for another period of three years. Hence the Board at their meeting held on 27-05-2014 decides to reappointment him as Whole Time Director for another period of Three years on the recommendation of the Remuneration Committee.

Pursuant to Section 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V to the said act and subject to approval of the shareholders in General Meeting, Shri M.V. Subba Reddy be proposed to re-appoint as Whole Time Director of the Company for a period of Three years with effect from and including 1st June 2014 on such remuneration as per the details given below:

I. Remuneration:

- a) **Salary** : including dearness and other allowances Rs. 45000/- p.m with a yearly increment of Rs. 3000/-P.A.
- b) **Perquisites** :
 - i) House Rent Allowance Rs. 8000/- p.m
 - ii) Children's education allowance: Rs400/- p.m. per child Subject to a maximum of two children
 - iii) The Company shall provide a telephone at residence and Mobile phone
 - iv) Incentive: In order to encourage in-house ginning, a incentive of Rs. 5/-(Five) for each pressed bale in the ginning unit.

- c) **Insurance Premium** : The Company agrees to bear health insurance premium for self and family of such amount determined for sum of assured of Rs. 5,00,000/- for each self and family members.
- d) The company also agrees to reimburse the additional medical expenditure upto maximum of Rs.2,00,000/- lakhs if any incurred in excess of the insurance claim or claim not payable.
- e) **Accidental insurance premium** : The Company agrees to bear the premium to the extent of Rs 4000/- p.a
- f) Payment of Gratuity at the end of the tenure shall not exceed 15 days salary for each completed year of service or at the rate as may be notified by the government from time to time.
- g) Reimbursement of leave travel concession for self and family once in a year subject to a maximum of one month salary.

II Minimum Remuneration :

Not with standing anything to the contrary herein contained, where in any financial year during the currency of the tenure of Shri M.V.Subba Reddy, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, incentive, remuneration, benefits, perquisites and allowances as specifies above.

Item No. 6-9

Shri M R Naik , S.Pullarao and A.Krishna Murthy are Independent Directors of the Company and have held the position as such for more than 5 (five) years. It is proposed to appoint Shri M R Naik , S.Pullarao, A.Krishna Murthy and V.Bhargavi as Independent Directors under section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for a term up to the conclusion of the 27th Annual General Meeting of the Company in the year 2019.

Place : Chowdavaram
Date : 11.08.2014

By order of the Board of Directors
P. Venkateswara Reddy
Managing Director

