

ANNUAL REPORT 1999 - 2000



KALLAM SPINNING MILLS LIMITED

NH 5, CHOWDAVARAM
GUNTUR, A.P. - 522 019

KALLAM SPINNING MILLS LTD.

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KALLAM SPINNING MILLS LTD.

BOARD OF DIRECTORS

T.R.Dhinakaran	Chairman
K.Haranadha Reddy	Managing Director
G.V.Krishna Reddy	Whole Time Director
K.Nagi Reddy	Director
L.Sreerama Murthy	Director
M.R.Naik	Director
M.V.Subba Reddy	Director
N. Prabhakara Rao	Director

BANKERS

Andhra Bank
Main Branch, Kothapet
Guntur – 522 001.

AUDITORS

M/s. BRAHMAYYA & CO.,
Chartered Accountants,
10-3-21, Sambasivapet,
Guntur – 522 001.

REGISTERED OFFICE & FACTORY

N.H.5, Chowdavaram.
Guntur – 522 019.
Phones: 512001, 512005, 512006.
Grams: "GOLDENYARN"

SHARE TRANSFER AGENTS

SREE PADMA CORPORATE SERVICES PRIVATE LIMITED,
6-3-1085, Flat No. 206, Badam Sohana Apts, Somaji Guda,
HYDERABAD – 500 082, Telephone: 3306350.

KALLAM SPINNING MILLS LTD.

NOTICE TO SHARE HOLDERS

NOTICE is hereby given that the Eighth Annual General Meeting of the Shareholders of **KALLAM SPINNING MILLS LTD** will be held on Saturday, the 30th September, 2000 at 3.00 P.M. at the Registered Office of the Company at N.H.5, Chowdavaram, Guntur – 522 019, Andhra Pradesh. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2000 and Profit and Loss Account for the year ended 31st March, 2000 and the report of Directors and Auditors thereon.
2. To elect a Director in place of Sri K. Haranadha Reddy, who retires by rotation and being eligible, offers himself for re-election.
3. To elect a Director in place of Sri G.V.Krishna Reddy, who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in place of Sri L.Sreerama Murthy, who retires by rotation and being eligible, offers himself for re-election
5. To appoint Auditors to held office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED that pursuant to provisions of Section 293 (l) (d) of the companies Act, 1956 and Articles of Association of the Company, the Board of Directors be and is hereby authorised to raise or borrow from time to time, such sums of money or moneys from any individuals, firms, association of persons, financial institutions or from the Companys bankers (not including the loans obtained in the ordinary course of business) or from elsewhere on such terms and conditions as to repayment, interest or otherwise or it think fit and necessary for the prupose of the company, which may excede the aggregate of the paid up share capital of the company and its free reserves (not set apart for any specific purpose). However, the same shall not at any time in aggregate, excede Rs. 40,00,00,000/- (Rupees forty crores only)."

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

"RESOLVED that consent of the company be and is hereby accorded in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956, to the mortgage / hypothecation of all the existing immovable and movable properties and other equipments to be acquired in future as a security to the loans up to 40,00,00,000/- (Rupees forty crores) in aggregate together with interest, cost, charges, expenses and other moneys etc., pursuant to Sectlion 293(1) (d) of the companies Act, 1956 and that the Board of Directors of the company be and is hereby authorised to finalise the documents for the aforesaid mortgage/hypothecation charge on the assets and to do all such acts and things as may be necessary to give effect to the resolution".

Place : Guntur
Date : 30.06.2000.

By order of the Board of Directors
K.HARANADHA REDDY
MANAGING DIRECTOR

KALLAM SPINNING MILLS LTD.

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 and the proxy need not be a member of the company.
2. An explanatory statement pursuant to Section 173 (2) of the companies Act, 1956, in respect of Special business at item 6 & 7 of the above Notice is annexed.
3. In case the members wish to seek any information about the accounts and operations of Company, they are requested to send their queries in writing at least ten days before the date of the meeting so that the information can be made available at the time of meeting.
4. All communications relating to shares including any change in address are to be addressed to the companies transfer agents, SREE PADMA CORPORATE SERVICES PVT LTD., 6-3-1085, FLAT NO.206, BADAM SOHANA APTT, SOMAJIGUDA, HYDERBAD-500 082, TEL:3306350
5. The register of members and share transfer books of the company will remain closed from 24th September 2000 to 30th September 2000. (Both days inclusive)

ANNEXURE TO THE NOTICE

Explanatory statement pursuant to section 173(2) of the companies Act,1956.

ITEM No.6:

The company has been sanctioned Mini Hydel Power Project by Andhra pradesh Government. In view of this, it is necessitated to increase the borrowing powers of the board of directors of the company from the existing limit of Rs. 30.00 crores to Rs. 40.00 crores.

The proposed resolution is, therefore, recommended for your consent.

None of the Directors of the company are interested in the resolution.

ITEM NO.7:

The company has recommended a resolution under Section 293(1) (d) for increasing the borrowing powers up to Rs.40.00 crores for approval in this meeting. Simultaneously, in order to give effect to the said resolution after approval by this Annual General Meeting, the Company is required to attach necessary security to the lending institutions / banks / other body corporate and hence the said resolution.

The proposed resolution is, therefore, recommended for your consent.

None of the directors of the company are interested in the resolution.

Place : Guntur
Date : 30.06.2000

By order of the Board of Directors
K.HARANADHA REDDY
MANAGING DIRECTOR

KALLAM SPINNING MILLS LTD.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Eighth Annual Report together with the Audited Accounts for the year ended 31st March, 2000.

1. FINANCIAL RESULTS :

The Financial results for the year ended 31st March, 2000 are summarised below :

PARTICULARS	1999 - 2000 (Rs. In Lacs)	1998 - 99 (Rs. In Lacs)
Sales	2,825.82	2,402.11
Other income	41.04	15.03
Expenditure	2,376.23	2131.96
Profit before Interest, Depreciation & Tax..	490.63	285.18
Depreciation	99.79	100.67
Interest	263.90	236.10
Profit/(Loss)before tax	126.94	(51.59)
Provision for tax.	6.00	--
Profit / (Loss) after tax	120.94	(51.59)

2. REVIEW OF OPERATIONS :

The year 1999 - 2000 is a good year for the company. The raw material prices were at reasonable levels. The company achieved an export growth of 17% over previous year and registered an over all growth of 19% over its last year turnover. As a result of these cumulative factors, the company performed well in this year.

The company successfully completed its expansion programme from 12096 to 18144 spindles capacity. During the year under consideration 2016 spindles were installed by way of 2 No's G5/1 Ring frames from Lakshmi Machine Works Ltd, Coimbatore.

The company was sanctioned Rs.150 lacs of working capital term loan and Rs.170 lacs Equipment loan under Technological Upgradation Fund Scheme (TUFS) by ICICI LTD.

It was informed that in the last annual report that AP Govt had sanctioned 4.0 MW capacity Hydro Electric Power Plant. Your company had entered agreement with APTRANSCO and State Irrigation Dept. All the Land where the project is to be implemented is also in the process of acquisition.

The product of the company is moving fast in export front due to quality concept observed at all levels of management, which may stimulate further improvement in export sales.

3. FUTURE OUTLOOK:

The Company is adding six more Combers and one more Auto Coner with total cost of Rs.200 lacs to the existing production facilities to improve the value addition by increasing combed production. This coupled with expanded capacity will improve its profitability.

Andhra Pradesh State Govt. with its recent Govt. order raised a ray of hope among the spinning mills by allowing set off facility of purchase tax paid by the mills on purchase of the cotton within state against the sales tax on sale of yarn within / outside the state. This will improve the profitability of the company.

The company is being in active consultation with the IREDA / FI / BANKS to raise financial assistance to complete the Hydro power projects having a total capacity of 4 MW which is to be captivley consumed. This been successfully completed, your company is able to save considerable amount in energy costs.

4. EXPORTS:

- The company has registered an export growth of 17% over previous year. The board is optimistic in export front in view of its all round strength and quality consciousness had the company maintained.

5. DIRECTORS:

Your Directors place on record their appreciation of the contribution made by Shri T. Venkateswarlu, who was expired as a director of our company.

In accordance with the Articles of Association of your company Shri K. Haranadha Reddy, Shri. G.V.Krishna Reddy and Shri L. Sreerama Murthy retire at the forthcoming Annual General Meeting and being eligible to offer themselves for reappointment

6. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed in terms of 217(10) (e) of the Companies Act, 1956 read together with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is annexed herewith and forms part of this report.

7. PARTICULARS OF EMPLOYEES:

There is no employees coming under the purview of Section 217 (2A) of the companies Act, 1956

8. FIXED DEPOSITS:

Your Company has not accepted any deposits from the public during the year under review or any other years.

9. AUDITORS:

M/s. Brahmayya & Co., Chartered Accountants, Guntur, the Company's auditors retire at the conclusion of the ensuing Annual General Meeting. They have signed their willingness to accept re - appointment and have further confirmed their eligibility under Section 224 (1B) of the Companies Act, 1956.

10. INTERNAL AUDIT:

The company has a qualified Finance Manager (Chartered Accountant). The company also employees an independent Accounts Officer to internal audit the company who reports directly to the whole time director. Hence the company did not go for an Internal Auditing firm.

11. PERSONNEL:

Your Directors wish to thank the Employees at all levels of the Company for their excellent support and contribution made by them towards achieving the objectives of the Company.

12. ACKNOWLEDGEMENT:

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from ICICI Ltd., Andhra Bank and various other Departments of both State and Central Governments, Customers and Suppliers during the year under review.

Place : Guntur
Date : 30.06.2000

For and on behalf of the Board of Directors
K. HARANADHA REDDY
Managing
Director