



Kakatiya Textiles Limited

**27th Annual Report
2008 - 2009**



KAKATIYA TEXTILES LIMITED

Managing Director

Board of Directors

Company Secretary

Auditors

Cost Auditors

Bankers

Share Transfer Agents

Registered Office

Mill

Sri Sumanth Ramamurthi

Sri C S K Prabhu

Sri S S R Koteswara Rao

Dr I Venkat Rao

Mr R Srinivasan

M/s S Murali Dharan & Co

M/s S Mahadevan & Co

AXIS Bank Ltd.

Andhra Bank

Link Intime India Pvt Ltd.

"ELGI TOWERS"

P.B. No. 7113

737 D, Green Fields

Puliakulam Road,

Coimbatore - 641 045

Phone : 0422-2311711

Fax : 0422-2311611

Nallabandagudem - 508 206

Kodad Mandal Nalgonda District

Andhra Pradesh

Phone : 08683-284224, 284226

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Notice of Annual General Meeting

NOTICE is hereby given that the 27th Annual General Meeting of the Shareholders of the Company will be held on Thursday the 23rd July 2009 at 10.00 AM at "Elgi Towers", 737 D, Green Fields, Puliakulam Road, Coimbatore - 641 045, to transact the following business:

Ordinary Business :

1. To receive and adopt the Balance Sheet as at 31st March 2009 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 the place of Mr. CSK Prabhu, who is retiring by rotation and being eligible offers himself for reappointment.
3. To consider the re-appointment of M/s S.Murali Dharan & Co., Chartered Accountants, as Auditors to hold the office till the conclusion of the next Annual General Meeting and to fix their remuneration.

Coimbatore
21st May, 2009

By Order of the Board
Sumanth Ramamurthi
Managing Director

Notes:

1. **EVERY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Instrument appointing a proxy should be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
3. The register of members and share transfer book of the company will remain closed from 13.07.2009 to 23.07.2009 both days inclusive.
4. Members/proxies should bring the attendance slip duly filled in for attending the meeting.
5. Shareholders are requested to bring the copy of annual report to the meeting and are also requested to send their queries, if any, on the accounts to the registered office.
6. Members are requested to avail the facility of converting their physical shareholding into electronic mode of shareholding (DEMAT) for their own convenience.
7. Brief note on directors seeking reappointment has been given in the Report on Corporate governance.
8. **Share Transfer Agent M/s Intime Spectrum Registry Ltd has been renamed as "LINK INTIME INDIA PVT LTD"**



Directors' Report and Management Discussion & Analysis

Dear Members,

Your Directors present their 27th Annual Report of the company for the financial year 2008-09 together with the Balance Sheet as at 31st March 2009 and the Profit & Loss Account for the year ended on that date.

Financial Results		(Rs.Lacs)
Particulars	2008-09	2007-08
Total Income	864.25	908.51
Gross Profit before Depreciation and Interest	174.39	203.96
Depreciation	174.99	52.06
Interest	90.99	112.13
Fringe Benefit Tax	0.31	0.46
Net Profit / (Loss)	(91.90)	39.31

Dividend

Dividend could not be recommended for the financial year 2008-09 in view of brought forward loss.

Fixed Deposits

The Company has not accepted/invited fixed deposits during the year under review.

Performance

Your Company has earned a total income of Rs.864.25 Lacs and negative profit of Rs.91.90 Lacs, as compared to the turnover of Rs.908.51 Lacs and profit of Rs.39.31 Lacs during the preceding year.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Conditions

Textile industry is one of the largest industry in the country and continuously contributing to the growth of the economy in a significant manner. The industry has undergone drastic changes over the decades, particularly after the introduction of TUF scheme by the

Government of India and majority of the textile companies have modernised/renovated their plants in order to provide quality outputs and meet the global standards. India still remains a dominant producer of cotton next to China and USA. The average yield per hectare is in the phase of nearing the world average level in the forthcoming years.

Due to surplus spinning capacities available in the country, the output produced has to face stiff competition in the market and is not fetching visible margins. Announcement of Minimum Support Price for the procurement of cotton, subsidies for export of cotton by Government of India have further spiralled the cost of raw materials.

The consumption level of textile products in USA and other European Countries have come down drastically due to Global recession which has severally affected the export performance. Now, the industry is facing glut-like situation .

Opportunities and Threats

Always there is a demand and growth for quality textiles products across the globe. Scope for selling Organic Cotton products and non-woven fabric ranges is very wide and remains an untapped segment. Competition from China, Thailand and other countries, fluctuation in cotton prices/power supply etc are real threats to the industry.

Segment or Product-wise performance

The entire operations of the Company relate to only one segment viz Textiles. Therefore, segment/product-wise details are not applicable.

Company Outlook

Your company has now switched over to its own production and is in the process of establishing its brand name in the market with effect from 1st April ,2009 which the Board hopes will improve the financial performance of the company.

Risks and Concerns

In order to surpass the cut-throat competition, production of cost-effective and high quality



outputs are inevitable. To achieve this, your company needs the latest technology which will involve huge financial outlay. Frequent power interruptions are lowering the production levels.

Cautionary Statement

Statements in the Management Discussion and Analysis are purely forward looking statements based on certain assumptions, projections, estimates and expectations. Actual results may vary due to various external factors, which are directly not under the control of the company.

Erosin of Networth

As on 31st March 2009 your company have a negative net worth of Rs. 392.73 Lacs. However, your Directors are putting their best efforts to wipeout the accumulated losses and are adopting dynamic business strategies in order to turn around the company. Therefore, the sickness status has been not referred to BIFR.

Directors

Mr CSK Prabhu, director of the company retires by rotation and being eligible offers himself for re-appointment.

Auditors

M/s S.Murali Dharan & Co, the Auditors of the company retire at the ensuing Annual General Meeting and have given their consent for reappointment.

Cost Auditors

Pursuant to the provisions of the Section 233B of the Companies Act, 1956, the Board of Directors of your company have re-appointed M/s S. Mahadevan & Co as Cost Auditors, subject to the approval of the Central Government for the financial year ended March 31st, 2009.

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 accounts for the financial year ended 31st March 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures; if any.

- ii) That the Directors have selected such accounting policies and applied them consistently and made judgments 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.
- 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 accounts for the financial year ended 31st March 2009 on a going concern basis.

Human Resources

Employer-Employee relations remained cordial during the year under review. As regards, information pursuant to Section 217(2A) of the Companies Act, 1956, there are no employees covered by the said provisions.

Internal control systems and their adequacy

The company has adequate internal control systems. The Management as well as statutory auditors take the periodical reports of officer(s) in charge of internal control system into account. The adequacy of the internal control systems is reviewed by the Audit Committee at periodic intervals.

Acknowledgement

Your Directors place on record the sincere appreciation of the contribution made by the employees of the Company at all levels. Your Directors further wish to place on record their appreciation for the invaluable support given by all other authorities to the Company.

On behalf of the Board

Sumanth Ramamurthi
Managing Director

Dr I Venkata Rao
Director

Coimbatore
21st May, 2009

**Annexure to Directors' Report****A. Energy conservation measures:**

Monitoring of Air Leakage and Air pressure by arresting leakages in Air distribution line to preparatory machineries and Autoconers helped the Mill to save significant energy consumptions.

Provision of suitable starter connections to the high energy consumption motors helps to save the energy consumption depending upon the load of the machines.

Renovation of the existing conventional componets to high tech components helps to Reduce energy consumption.

Extension of improved humidification system yields better energy savings in Plant houses.

B. Research & Development:

The Company is taking the help of the South India Textile Research Association (SITRA) on adhoc basis, which has been undertaking research on various issues on behalf of Textile Mills.

C. Technology absorption, Adaptation and Innovation:

Periodic up-gradation of the Top-Roller loading system in Ring-Frames are being takenup to improve production & quality.

D. Foreign exchange earnings & outgo :

Foreign exchange earnings during the year under review amounted to Rs. 75.66 Lacs. The foreign exchange utilised during the year amounted to Rs. 7.15 Lacs.

FORM-A**Form for disclosure of particulars with respect to conservation of Energy**

POWER & FUEL CONSUMPTION		31.3.2009	31.3.2008
1. ELECTRICITY:			
a) PURCHASE			
Units	(KWH)	74,12,470	76,87,023
Total Amount	(Rs.)	2,43,38,250	2,52,33,695
Rate/Unit	(Rs.)	3.28	3.28
b) OWN GENERATION THROUGH DIESEL GENERATOR			
Units	(KWH)	27,692	35,613
Units Per Ltr. Of Diesel Oil	(KWH)	3.00	3.20
Cost/Unit	(Rs.)	11.97	10.85
2. HUSK:			
Quantity	(Kgs)	Nil	Nil
Total Cost	(Rs.)	Nil	Nil
Average Cost	(Rs.)	Nil	Nil
3. CONSUMPTION PER UNIT OF PRODUCTION:			
Cotton Yarn (40s average count)	(Kgs.)	17,90,765	18,25,532
Electricity consumed	(KWH)	74,40,162	77,22,636
Consumption per Unit of Production	(KWH)	4.15	4.23

On behalf of the Board

Coimbatore
21st May, 2009

Sumanth Ramamurthi
Managing Director

Dr I Venkat Rao
Director



Report on Corporate Governance

Company's philosophy on code of governance

Company is committed to Good Corporate Governance to ensure that all functions of the company are discharged in a professionally sound and competent manner. It shall also discharge its duties, responsibilities and obligation in a fair and transparent manner with the object of maximizing the value of the stakeholders namely shareholders, employees, financial institutions, suppliers and business partners.

Board of Directors-Category, Composition, Board Meetings & Attendance

The Board comprises of Four Directors including one Executive and 3 Non-Executive and Independent Directors.

Name / Category of the Director	Attendance		No. of Directorships and Committee Member / Chairman	
	Board Meetings	Last AGM	Directorship	Committee Member/ Chairman
Mr Sumanth Ramamurthi (Promoter & Executive)	4	Yes	14	1 / Nil
Mr C S K Prabhu (Independent)	4	Yes	5	6 / 4
Mr SSR Koteswara Rao (Independent)	4	Yes	2	3 / 3
Dr I Venkat Rao (Independent)	4	Yes	2	3 / Nil

Four Board Meetings were held during the year on 30.05.2008, 31.07.2008, 23.10.2008 and 22.01.2009.

Details of Directors Retiring By Rotation and Seeking Re-Appointment

(in pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Mr CSK Prabhu
Date of Birth (Age)	10.09.1954 (55 years)
Date of appointment	30.06.2006
Qualifications	FCA
Expertise in specific functional area	More than Three decades of experience in Audit, Accounts, Finance and Taxation matters.
Shareholding in the Company	Holding 100 Equity Shares of the company

Details of other Directorship / Membership in Committee: -

Name of Director	Name of the Company	Position held	Committee Type-Position
Mr CSK Prabhu	Super Spinning Mills Ltd	Director	Shareholders – Member Audit – Chairman Remuneration – Member
	Bannari Amman Spinning Mills Limited	Director	Audit – Chairman Investor Grievance – Member Remuneration - Member
	Shiva Texyarn Limited	Director	Audit – Member
	Scientific Fertilizer Co. (P) Ltd	Director	Nil

Committees of the Board

Audit Committee

The Audit Committee has been constituted as per Section 292A of the Companies Act, 1956, as per the Guidelines set out in the Listing Agreement with the Stock Exchanges. The terms of reference include-

- Overseeing financial reporting processes.



- Reviewing periodic financial results, financial statements, related party transactions and adequacy of internal control systems.
- Recommending the appointment/re-appointment of Statutory Auditor and Cost Auditor, fixation of audit fee and also approval of payment of any other services.
- Discussion with the Auditors about the scope of audit including their observations.

The Audit Committee is consisting of 3 independent Directors, Chaired by Mr Koteswara Rao SSR. Company Secretary of the company is secretary for the committee.

The Audit Committee Meetings were held on 30.05.2008, 31.07.2008, 23.10.2008 and 22.01.2009

Name of the Member	No. of Meetings Attended
Mr Koteswara Rao SSR	4
Mr CSK Prabhu	4
Dr I Venkat Rao	4

Remuneration Committee

Terms of reference of the Remuneration Committee include:

- Recommendation for fixation and periodic revision of compensation of the Managing Director for approval of Board and the Remuneration Committee is comprising of 3 independent Directors, Chaired by Shri Koteswara Rao SSR., Shri CSK Prabhu, and Shri Dr. I. Venkat Rao - Members. No remuneration committee meeting was held during the year.

The Company has not paid any remuneration to its Managing Director. The Directors are paid sitting fee at the rate of Rs. 2000/- for attending each Board meeting and Rs. 500/- for Audit Committee of the Board. The Directors are not paid any commission.

There were no other pecuniary relationships or transaction of the Directors vis-à-vis the company.

The company has not granted any stock option to any of its Directors.

Share holders / Investor Grievance Committee.

The Shareholders/ Investors' Grievance Committee is comprising of Mr C S K Prabhu, Mr Koteswara Rao SSR, Dr I Venkat Rao, and Mr Sumanth Ramamurthi.

During the year 11 meetings were held on: 09.05.08, 09.06.08, 23.06.08, 17.07.08, 31.07.08, 18.08.08, 05.09.08, 23.10.08, 24.11.08, 05.01.09 and 12.03.09.

Name of the Member	No. of Meetings Attended
Mr Sumanth Ramamurthi	11
Mr CSK Prabhu	11
Mr I Venkat Rao	11

Investor grievance redressal

During the year the company had received 5 complaints from the shareholders and the same have been redressed to the satisfaction of the shareholders. There were no complaints outstanding as on 31.03.2009.

The non-executive directors are not holding any shares of the company, except Mr CSK Prabhu who is holding 100 equity shares.

General Body Meetings

Details of last three Annual General Meeting are as follows:

Year	Venue	Date & Time	Special Resolution
2008	Elgi Towers, 737D Elgi Towers Puliakulam Road, Coimbatore - 45.	24.09.2008 11.00 AM	Appointment of Mr Sumanth Ramamurthi as Managing Director of the company
2007	Ardra Convention Centre, North Huzur Road, Coimbatore.	23.08.2007 5.00 PM	None
2006	Nallabandagudem Village, Kodad Mandal, Nalgonda District, Andhra Pradesh	29.09.2006 4.00 PM	Appointment of Mr L G Ramamurthi as Chairman & Managing Director. Change of Registrar and Share Transfer Agent to M/s Intime Spectrum Registry Ltd



Disclosure

A) Related Party Transactions

Disclosure on materially significant related party transactions i.e. transactions made by the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc that may have potential conflict with the interest of the Company at large.

- None of the transactions with any of the related parties were in conflict with the interest of the Company.

(B) Compliances by the Company

Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI, or any statutory authority, on any matter related to capital market during the last three years.

- SEBI imposed a penalty of Rs. 1 lac for the failure to comply with the disclosure requirements by the erstwhile promoters under Regulation 8(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 during the years 1999 to 2004, which was paid in 2007.

(C) Shareholders Rights

Means of Communication

The quarterly, half-yearly and annual results of the company are published in the English, Tamil newspapers viz., The Financial Express and Maalaimalar. The Company has not made any presentation to any Institutional Investors and analysts during the year.

General Shareholder's information

Annual General Meeting :

Date	:	23.07.2009
Time	:	10.00 AM
Venue	:	Elgi Towers 737 D, Puliakulam Road, Coimbatore – 641 045.

Financial Calendar	:	April 01 to March 31.
Date of Book Closure	:	13.07.2009 to 23.07.2009
Listing on Stock Exchange	:	Bombay Stock Exchange Ltd
Stock Code	:	521054

Trading of shares at BSE has been suspended from the year 2002 onwards due to non-compliance of various clauses of listing agreement by the erstwhile promoters and now the Company has complied with all the clauses of listing agreement. The BSE authorities have released a questionnaire and application form for revoking the suspension, which has been duly filled and submitted to the Listing department of the BSE. The listing fee and annual custodial fee for the year 2009-10 has been already paid for.

The shares of the company are not traded at Bombay Stock Exchange and, therefore, the company is unable to furnish the data on high & low quotations month wise.

De-recognition of Hyderabad Stock Exchange

Consequent upon the de-recognition of Hyderabad stock exchange by SEBI w.e.f. 19th September, 2007 the shares has been compulsorily de-listed from the exchange. The company have no pending dues payable to the exchange.

Share Transfer System

All the applications received either for transfer or dematerialization is being processed only after getting the approval from the members of the Shareholder's Committee.

Change in the name of Registrar and Share Transfer Agent

Company's Share Transfer Agent M/s Intime Spectrum Registry Ltd has been renamed as "LINK INTIME INDIA PVT LTD".

**Shareholding pattern as on March 31, 2009**

Distribution of shareholding as on March 31, 2009 :

No. of Shares	Accounts	% of Accounts	No. of Shares	% to Equity Capital
1-500	9944	94.0776	1705390	29.3496
501-1000	409	3.8694	335900	5.7808
1001-2000	141	1.3340	211776	3.6446
2001-3000	29	0.2744	71703	1.2340
3001-4000	14	0.1325	48936	0.8422
4001-5000	9	0.0851	41808	0.7195
5001-10000	14	0.1325	94093	1.6193
10001-Above	10	0.0946	3300994	56.8099
Total	10593	100.0000	5810600	100.0000

Categories of shareholders as on March 31, 2009

Category	No. of Shares	Percentage
Promoters	2979194	51.27
Mutual Funds/UTI	32400	0.56
Banks/Financial/Institutions	1000	0.02
Bodies Corporates	222700	3.83
Individual Shareholding up to 1 lac	2445906	42.09
Individual Shareholding of more than 1 lac	118000	2.03
Others	11400	0.20
Total	5810600	100.00

Dematerialization of shares and liquidity;

The Company's shares can be traded in dematerialized form and are available for trading on both the depositories in India viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity shares of the Company representing 11.02 % of the Company's share capital are dematerialized as on March 31, 2009.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is **INE 092E01011**.

CEO/CFO Certificate

Certificate in respect of financial statements, accounting policies & internal control for the financial year 2008-09 was given to the Board by the Managing Director and Chief Financial Officer.

Plant Location: Nallabandagudem - 508 206, Kodad Mandal, Nalgonda District, Andhra Pradesh.
Phone : 08683 - 284224, 284226 Fax 08683 - 284223

Address for Correspondence:

Registered Office: Mr R Srinivasan Company Secretary & Compliance Officer Kakatiya Textiles Ltd "Elgi Towers", Green Fields 737-D Puliakulam Road, Coimbatore - 641 045. e-mail: investorskaktex@ssh.saraelgi.com Phone/Fax : 0422 - 2311711 / 0422 - 2311611	Registrar & Share Transfer Agent: LINK INTIME INDIA PVT LTD (Formerly Intime Spectrum Registry Limited) "Surya", 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam, Coimbatore - 641 028 e-mail: coimbatore@linkintime.co.in Phone: 0422 - 2314792
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Code of Conduct

The Code of conduct for Board Members, Senior Management Personnel and the Employees of the company is being followed is posted on the website of the company.

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, all Board Members and Senior Management Personnel have affirmed compliance with Kakatiya Textiles Limited Code of Business Conduct and Ethics of the company.

Coimbatore
21.05.2009

Sumanth Ramamurthi
Managing Director

Dr I Venkat Rao
Director

CERTIFICATE

To The members of Kakatiya Textiles Ltd.,

We have examined the compliance of conditions of Corporate Governance by Kakatiya Textiles Limited, to the year ended on 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The Compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing Agreement.

We state that no investor grievance(s) is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders / Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S MURALI DHARAN & Co.,**
Chartered Accountants

S MURALI DHARAN

Partner

Membership No. 026554

Coimbatore
21st May, 2009



Auditors' Report

The Members of Kakatiya Textiles Limited

We have audited the attached Balance Sheet of your company as at 31st March 2009 and the Profit and Loss Account and Cash Flow Statement of the Company annexed thereto for the Twelve-month period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said order.
2. Further to and subject to our comments in Annexure referred to in paragraph 1 above, and subject to the notes on accounts, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account, as required by law have been kept by the company so far as appears from our examination of those books.
 - c) The Balance Sheet, Profit and Loss account and cash flow statement dealt

with by this report are in agreement with the books of accounts.

- d) In our opinion and subject to the note on accounting for depreciation as given in the report, the Profit and Loss Account, Balance Sheet and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the directors, as on 31st March 2009, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and subject to the note on accounting for depreciation give a true and fair view in conformity with the accounting principles generally accepted in India
 - i. In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2009 and
 - ii. In the case of the Profit and Loss Account, of the loss of the company as at 31st March 2009 year ended on that date.
 - iii. In the case of cash flow statement, of the cash flows for the year ended as on that date

Notes referred to in paragraphs (d) and (f) above

1. **Depreciation:** The company has not provided depreciation on fixed assets for the period 1-4-2001 to 31-3-2006. This is



not in accordance with 'Accounting Standard 6 – Depreciation Accounting' issued by the Institute of Chartered Accountants of India. As a result, the accumulated depreciation and accumulated losses are each understated by Rs.2,56,71,744/-. The net fixed assets is overstated by the same amount due to the non-provision of depreciation. The Company has changed the method of providing depreciation in current year from Written down value to Straight Line Method at the rates prescribed under Schedule XIV of the Companies

Act, 1956, on a pro-rata basis corresponding to the month of Installation / Commissioning. The company has provided the differential amount of depreciation amounting to Rs. 98,19,278 due to change in the method of depreciation in the financial books of current year.

For **S MURALI DHARAN & CO**

Chartered Accountants

S Murali Dharan

Partner

Coimbatore

21st May, 2009

Membership No.026554

Annexure to the Auditors' Report

(As required by Companies (Auditors Report) Order, 2003 and referred to in Paragraph 3 of our report of even date)

- (i) (a) The company is maintaining records containing quantitative details and location of fixed assets. However, additional details such as cost, year of purchase etc., have to be recorded to ensure maintenance of proper records with full particulars of the assets.
- (b) As per information & explanation given to us, the assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets.
- (c) During the year, the company has not disposed any major assets.
- (ii) (a) The management has physically verified the inventories during the year, at regular intervals which are reasonable to size & nature of the company.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) According to the information and explanations given to us, the company had not taken any loans, secured or unsecured, from companies, firms or other parties as covered in the register maintained under section 301 of the Companies Act, 1956 and hence the provisions of clause (iii)(e), clause (iii)(f) and clause (iii)(g) of the said Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) As per information & explanation given to us the company has entered all the transactions with the parties to be entered under 301 register. In our opinion and according to the information and explanations given to us, each of these transactions have



- been made at prices, which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) During the year under audit, The Company has not accepted deposits from the public.
- (vii) During the year, the company has internal audit system commensurate with its size and nature of its business.
- (viii) The company has made & maintains costing records prescribed under section 209 (1) (d) of the Companies Act, 1956.
- (ix) As per information & explanation given to us the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, sales tax, and other material statutory dues applicable to it.
- (x) In our opinion and as per information & explanation given to us the company has accumulated loss in excess of fifty percent of its net worth. The company has not incurred cash loss during the financial year and in immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (xii) In our opinion and as per the information and explanations given to us, the company has not granted any loans and advances on the basis of securities by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) According to information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and as per the information and explanations provided to us, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) During the year the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) During the year the company has not issued any debentures.
- (xx) The company has not raised any money by public issue.
- (xxi) In our opinion, and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **S MURALI DHARAN & CO**
Chartered Accountants
S Murali Dharan

Coimbatore
21st May, 2009

Partner
Membership No. 026554

Balance Sheet as at 31st March, 2009

	Schedules	31.3.2009 Amount in Rs.	31.3.2008 Amount in Rs.
I SOURCES OF FUNDS			
1. Shareholder's Funds			
a. Share Capital	1	107,846,500	107,845,500
2. Loan Funds			
a. Secured Loans	2	61,500,000	82,000,000
b. Unsecured Loans	3	19,029,038	19,029,038
TOTAL		188,375,538	208,874,538
II APPLICATION OF FUNDS			
1. Fixed Assets			
Gross Block	4	161,636,022	155,021,893
Less: Depreciation		82,513,486	65,014,281
Net Block		79,122,536	90,007,612
2. Current Assets			
Inventories	5	2,674,634	2,820,251
Cash and Bank Balances	6	1,066,147	1,292,315
Deposits, Loans & Advances	7	12,051,563	11,593,086
Sub Total		15,792,344	15,705,651
LESS : Current Liabilities and Provisions			
Current Liabilities	8	53,659,465	34,768,878
Net Current Assets		(37,867,121)	(19,063,227)
Profit And Loss Account	9	147,120,123	137,930,153
TOTAL		188,375,538	208,874,538

Schedules 1 to 9 and notes on accounts form part of this Balance Sheet

As per our report of even date attached

For and on behalf of the Board

S MURALI DHARAN & CO

Chartered Accountants

S Murali Dharan

Partner

Membership No.026554

Coimbatore

21st May 2009

SUMANTH RAMAMURTHI

Managing Director

A S THIRUMOORTHY

Chief Financial Officer

Dr I VENKAT RAO

Director

R SRINIVASAN

Company Secretary

**Profit & Loss Account for the year ended 31st March, 2009**

	Schedules	31.3.2009 Amount in Rs.	31.3.2008 Amount in Rs.
Income			
Cotton Sales		—	7,458,701
Yarn sales - Export		7,707,554	—
Conversion Charges		77,832,154	82,890,024
Other Income	10	885,776	502,196
TOTAL		86,425,484	90,850,921
Expenditure			
Direct Manufacturing Expenses	11	37,760,108	41,518,259
Personnel Expenses	12	23,827,851	20,649,867
Export Selling Expenses		633,955	—
Interest & Financial Charges	13	9,099,792	11,213,120
General & Administrative Expenses	14	6,763,652	8,286,655
TOTAL		78,085,358	81,667,901
Profit before Depreciation		8,340,126	9,183,020
Depreciation :			
- For the year		7,498,580	5,206,030
- For Earlier Years due to change in method		10,000,625	—
Profit after Depreciation		(9,159,079)	3,976,990
Less: Fringe Benefit Tax		30,891	46,042
Profit After Tax		(9,189,970)	3,930,948
Balance Brought forward from Last year		(137,930,153)	(141,861,101)
Balance Carried forward to Balance Sheet		(147,120,123)	(137,930,153)
Basic earnings per share (in Rs.)		(1.59)	0.68

Schedules 10 to 14 and notes on accounts form part of this Profit & Loss Account.

As per our report of even date attached

For and on behalf of the Board

S MURALI DHARAN & CO

Chartered Accountants

S Murali Dharan

Partner

Membership No.026554

Coimbatore

21st May 2009

SUMANTH RAMAMURTHI

Managing Director

A S THIRUMOORTHY

Chief Financial Officer

Dr I VENKAT RAO

Director

R SRINIVASAN

Company Secretary



Schedules Forming Part of Balance Sheet

	As at 31.3.2009 Amount Rs.	As at 31.3.2008 Amount Rs.
Share Capital		Schedule - 1
Authorised		
65,00,000 Equity Shares of Rs. 10 each	65,000,000	65,000,000
5,00,000 9% Cumulative Preference Shares of Rs. 100 each	50,000,000	50,000,000
Total	<u>115,000,000</u>	<u>115,000,000</u>
Issued, Subscribed and Paid up		
58,10,600 Equity shares of 10/- each	58,106,000	58,106,000
Less: Calls in Arrears from others	259,500	260,500
	<u>57,846,500</u>	<u>57,845,500</u>
5,00,000 9% Redeemable Cumulative Preference Shares of Rs. 100 each	50,000,000	50,000,000
Total	<u>107,846,500</u>	<u>107,845,500</u>
SECURED LOANS		SCHEDULE 2
From UTI Bank	61,500,000	82,000,000
Total	<u>61,500,000</u>	<u>82,000,000</u>
UNSECURED LOANS		SCHEDULE 3
Unsecured Loans from Directors	19,029,038	19,029,038
Total	<u>19,029,038</u>	<u>19,029,038</u>
INVENTORIES		SCHEDULE 5
(Quantities and Values as certified by the Management)		
Stroes, Spares and Others	2,674,634	2,820,251
Total	<u>2,674,634</u>	<u>2,820,251</u>
CASH AND BANK BALANCES		SCHEDULE 6
Cash in Hand	73,659	345,721
Balance with Scheduled Banks-Collection and Current Account	992,488	946,594
Total	<u>1,066,147</u>	<u>1,292,315</u>



Fixed Assets (Amount Rs)										Schedule 4	
Particulars	Gross Block			Depreciation Block				Net Block			
	As at 1-4-2008	Additions	Deletion	As at 31-3-2009	upto 31-3-2008	For 2008-09	On assets deleted in the year	Upto 31-3-2009	As at 31-3-2009	As at 31-3-2008	
Land	1,186,083	-	-	1,186,083	-	-	-	-	1,186,083	1,186,083	
Buildings - Factory	24,102,685	158,345	-	24,261,030	6,823,327	3,404,836	-	10,228,163	14,032,867	17,279,357	
Buildings - Non factory	8,083,047	-	-	8,083,047	1,092,893	207,205	-	1,300,098	6,782,950	6,990,154	
Plant & Machinery	107,424,310	4,882,075	60,000	112,246,385	51,235,297	12,080,578	4,505	63,311,370	48,935,015	56,193,518	
Electrical Instalations	11,081,631	1,304,959	-	12,386,590	4,347,709	985,913	-	5,333,622	7,052,968	6,733,922	
Office Equipment	1,317,203	300,700	-	1,617,903	640,886	167,573	-	808,459	809,444	676,317	
Computers	983,494	28,050	-	1,011,544	320,173	544,161	-	864,334	147,210	663,321	
Furniture & fittings	586,430	-	-	586,430	354,159	84,523	-	438,682	147,748	232,272	
Vehicle	257,009	-	-	257,009	204,342	24,416	-	228,758	28,251	52,667	
Amount in Rs.31.03.2009	155,021,893	6,674,129	60,000	161,636,022	65,018,786	17,499,204	4,505	82,513,486	79,122,536	90,007,611	
Amount in Rs.31.03.2008	153,136,265	2,236,028	350,400	155,021,893	59,808,252	5,189,324	16,706	65,014,282	90,007,611	-	



	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
Deposits, Loans and Advances		SCHEDULE 7
Advances for Capital goods / Stores Purchase	1,351,205	2,806,643
Staff Advance	345,399	425,858
Interest receivable	199,280	-
TDS Receivables	5,642,621	3,773,721
Prepaid Expenses	241,049	314,855
Electricity Deposit and others	4,272,009	4,272,009
Total	<u>12,051,563</u>	<u>11,593,086</u>
Current Liabilities		SCHEDULE 8
Sundry Creditors		
a. Micro, Small and Medium Enterprises	-	-
b. Others	1,151,973	27,239
Creditors for Services & Expenses	18,800	-
Advances from Customers	45,919,592	27,779,167
Duties & Taxes Payable	35,011	43,691
Liability for Expenses	4,179,876	4,466,240
Other Liabilities	2,354,213	2,452,541
Total	<u>53,659,465</u>	<u>34,768,878</u>
Profit and Loss Account		SCHEDULE 9
Loss from earlier years	139,680,153	143,611,101
Add / Less: Loss / Profit during the year	9,189,970	3,930,948
Less: General Reserve	1,750,000	1,750,000
Total	<u>147,120,123</u>	<u>137,930,153</u>
Schedules Forming Part of Profit & Loss Account		
Other Income		SCHEDULE 10
Miscellaneous Income	299,492	251,214
Duty Drawback Income	335,302	-
Interest earned	250,982	250,982
Total	<u>885,776</u>	<u>502,196</u>
Direct Manufacturing Expenses		SCHEDULE 11
Consumption of cotton	-	8,058,742
Purchase of Yarn	6,629,817	-
Packing Material and Consumables	5,858,257	7,569,977
Power and Fuel	25,272,034	25,889,540
Total	<u>37,760,108</u>	<u>41,518,259</u>

**KAKATIYA TEXTILES LIMITED**

	31.3.2009 Rs.	31.3.2008 Rs.
Personnel Expenses		SCHEDULE 12
Salaries & Wages and Other Allowances	17,407,661	16,789,279
Contribution to Provident fund, Gratuity fund, ESI and Superannuation Fund	3,327,872	1,872,035
Employees Welfare Expenses	3,092,318	1,988,553
Total	23,827,851	20,649,867
Interest & Financial Charges		SCHEDULE 13
Interest On UTI term loan	8,858,823	11,098,600
Bank Charges & Commission	240,969	114,519
Total	9,099,792	11,213,120
General & Administrative Expenses		SCHEDULE 14
Travelling Expenses	310,520	112,740
Printing & Stationery	143,329	144,982
Repairs and Maintenance		
Plant and Machinery	3,701,537	4,954,379
Buildings	257,342	513,590
Freight Inward	362,248	338,582
Other Manufacturing expenses	114,540	118,491
Insurance	328,551	584,183
Rates and Taxes	390,411	172,087
Rent	48,000	48,000
Audit fees		
Statutory Audit	50,000	100,000
Tax Audit	20,000	20,000
Service Tax	8,652	14,832
Cost Audit Fees	60,666	-
Legal & Professional Charges	192,264	191,085
Postage, Telegrams & Telephones	214,674	259,885
Vehicle Expenses	174,593	197,854
General Expenses	386,325	515,965
Total	6,763,652	8,286,655



2. The company has not provided depreciation on fixed assets for the period 1-4-2001 to 31-3-2006. This is not in accordance with 'Accounting Standard 6 – Depreciation Accounting' issued by the Institute of Chartered Accountants of India. As a result, the accumulated depreciation and accumulated losses are each understated by Rs.2,56,71,744/-. The net fixed assets is overstated by the same amount due to the non-provision of depreciation.
3. The term loan from UTI Bank with an outstanding balance of Rs.6.15Crores is secured by a first charge on the present and future fixed assets of the company and second charge on the present and future current assets of the company. The loan is guaranteed by one of the directors of the company.
4. Depreciation claimed for income tax purposes less than depreciation for the current year as per books. The company has brought forward losses and unabsorbed depreciation under income tax. Deferred tax asset is not recognized following the requirements of Accounting Standard - 22.
5. In the opinion of the Board, the Current Assets, Loans & Advances and other Receivables have at least the value as stated in the Balance Sheet, if realized in the ordinary course of business.
6. (i) None of the persons selling goods and materials and/or rendering services have claimed themselves to be a small-scale industrial undertaking.
(ii) In the absence of necessary information with the Company, relating to the registration status of suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, the information required under the said Act could not be complied and disclosed.

7. Earnings in foreign exchange
- | | 31.03.2009 | 31.3.2008 |
|-------------------------------|-------------|-------------|
| | Rs in Lakhs | Rs in Lakhs |
| - Export of goods (FOB Value) | 75.66 | Nil |
8. Expenditure in Foreign Currencies
- | | | |
|---------------------------------|------|-----|
| - Import of Components & Spares | 7.15 | Nil |
|---------------------------------|------|-----|
9. Previous year figures have been regrouped / rearranged wherever necessary in line with the presentation of current year figures
10. **Contingent liabilities:** Dividend on 5,00,000 9% cumulative preference shares of Rs.100 each is in arrears.

11. Manufacturing capacity

	31-3-2009	31-3-2008
Licensed Capacity	NA	NA
Installed capacity	18144 Spindles	18144 Spindles
Actual production	9.62 Lakh kgs	9.43 Lakh kgs

12. Turnover details

Class of goods	31-03-2009		31-03-2008	
	Quantity	Amount in Rs.	Quantity	Amount in Rs.
Sales - Cotton	Nil	Nil	95,764 Kgs	74.59 lakhs
Sales - Yarn	22,861 Kgs	77.07 Lakhs	Nil	Nil
Conversion Charges	962,261 Kgs	778.32 Lakhs	942,725Kgs	828.90 Lakhs

13. Raw materials (in Rupees)

Cotton	31-03-2009	31-03-2008
Opening Stock	Nil	74,59,047
Purchase	Nil	Nil
Closing Stock	Nil	Nil

14. Trading Goods (in Rupees)

Class of goods	31-3-2009		31-3-2008	
	Quantity	Amount in Rs.	Quantity	Amount in Rs.
Opening Stock	Nil	Nil	Nil	Nil
Purchases	22861.44Kgs	66,29,817	Nil	Nil
Closing Stock	Nil	Nil	Nil	Nil



Notes forming Part of the Accounts

1. Significant Accounting Policies

- (a) **Accounting convention:** Subject to the notes on accounts, the Financial Statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India, the applicable Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- (b) **Inventory accounting:** Inventories of Raw Materials, Work in Process, Finished Goods, Stores and Spares are stated "at cost or net realisable value", whichever is lower, in accordance with Accounting Standard 2 issued by The Institute of Chartered Accountants of India (ICAI). The valuation of inventory is done on FIFO basis. Goods in Transit are stated at cost. Cost comprises all cost of purchase, cost of conversion and any other costs incurred in bringing the inventories to their present location and condition. Due allowance is estimated and made for defective and obsolete items, wherever necessary based on the past experience of the Company.
- (c) **Revenue recognition:** The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis except those with significant uncertainties
- Sale of Goods is accounted when the risk and reward of ownership are passed on to the Customers.
 - Domestic Sales are inclusive of excise duty, wherever applicable and exclusive of other taxes, if any, and trade discounts. Income from Export entitlements is accounted as and when the certainty of entitlement is determined.
 - Revenue from Services rendered is recognised to the extent the performance of service is completed based on agreements / arrangements with the concerned parties.
- (d) **Fixed Assets** are stated at historical cost of acquisition net of CENVAT Credits if any, including installation, direct attributable costs, interest and commissioning less accumulated depreciation / amortization and cumulative impairment, if any.
- i. Depreciation on Fixed Assets (Other than those referred to in (iii) below): The company has changed the method of providing depreciation from Written down value to Straight Line Method at the rates prescribed under Schedule XIV of the Companies Act, 1956, on a pro-rata basis corresponding to the month of Installation/Commissioning. The company has provided the differential amount of depreciation amounting to Rs. 98,19,278 due to change in the method of depreciation in the financial books of current year.
 - ii. Fixed Assets, other than intangible assets are depreciated to the extent of 95% of its Gross Value over the useful life of the asset.
 - iii. Assets Costing Rs. 5000 or less are fully depreciated in the year of purchases.
- (e) **Deferred Tax** assets and liabilities are recognised for future tax effect attributable to timing difference between Taxable Income and Accounting Income, which is capable of reversing in one or more subsequent periods and are measured at relevant tax rates. At each Balance Sheet date, the Company reassesses unrealised deferred tax assets to the extent they become virtually certain of realisation as the case may be.
- (f) **Impairment of assets:** The carrying amount of assets are reviewed at each Balance Sheet date, if there is any indication of impairment based on internal / external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is normally charged to the Profit & Loss Account in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed in current accounting periods if there has been a change in the estimate of the recoverable amount.
- (g) **Contingencies and Provisions:** Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the Financial Statements.
- (h) **Earnings per Share:** Basic Earnings per Share is calculated by dividing the Net profit/loss attributable to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year.



15. Related party disclosure as required by Accounting Standard 18

1. Names of related parties and description of relationship

- a) Key Management Person : Mr.Sumanth Ramamurthi
 No remuneration paid to Mr. Sumanth Ramamurthi
- b) Other related parties
 Managing Director Super Spinning Mills Limited
 Director Elgi Electric and Industries Limited
 Director Elgi Ultra Industries Limited
 Director Sara Elgi Envirotech Limited

2. Transactions with related parties

(Rs)

Party	Nature of transaction	31.03.2009		31.03.2008	
		Volume of transactions	Balance as at 31.03.2009	Volume of transactions	Balance as at 31.03.2008
Super Spinning Mills Ltd.	Yarn Conversion	7,78,32,154	4,59,19,592	8,28,90,024	2,37,26,941
Super Spinning Mills Ltd.	Yarn Purchases	66,29,817		Nil	
Super Spinning Mills Ltd.	Yarn sales	Nil		69,25,967	
Elgi Electric and Industries Limited	Stores purchase	9,736	Nil	35,557	Nil
Elgi Ultra Industries Ltd.	Stores purchase	1,66,575	Nil	2,11,533	Nil
Sara Elgi Enviro-tech Limited	Machinery Purchase	Nil	Nil	3,32,800	Nil

16. **Employee benefits** : a. Gratuity benefits are administered by Trust formed for this purpose through the group scheme of Life Insurance Corporation of India. The provision for gratuity liability is actuarially determined at the year-end and the liability arising on such valuation is charged to the Profit and Loss Account accordingly.

- b. Provident Fund Contribution is as per the rates prescribed by the Employees' Provident Funds Act, 1952 and the same is charged to revenue.
- c. Super Annuation Fund Contribution is paid according to Company rules to the Life Insurance Corporation of India and charged to revenue

The company has implemented Revised Accounting Standards¹⁵ in respect of defined benefit plan (Gratuity) with effect from 1st April 2008. The liability consequent thereto has been provided in the profit and loss Account.

- i. Description of the company's defined benefit plan : The Company operates a defined benefit plan for payment of post employment benefits in the form of Gratuity. Benefits under the plan are based on pay and years of service and are vested on completion of five years of service and are vested on completion of five years of service, as provided in the Payment of Gratuity Act, 1972. The terms of benefits are common for all the employees of the company.
- ii. Reconciliation in respect of the changes in the present value of the Obligation:

Particulars	Amount in Rs
Present Value of the Obligation as at the beginning of the year	3814994
Current Service Cost	267590
Interest Cost	299930
Benefits paid	-488794
Actuarial loss/ (gain) on obligation	75881
Present Value of the Obligation as at the end of the period	3969601

The Liability of the company as on 31st Mar , 2009 has been funded to the extent of Rs.24.01 Lakhs.



iii. Reconciliation in respect of the changes in the fair value of the Plan Assets :

Particulars	Rs in Lakhs
Fairvalue of the Plan Assets as at the beginning of the period	2664676
Expected return on plan assets	221456
Contributions	-
Benefits paid	-488794
Actuarial (Gains) and Losses on plan assets	3355
Fair Value of Plan Assets as at the end of the period.	2400693

No reimbursement rights were available as at the beginning or end of the year for recognition as an asset .

iv. Principal Actuarial Assumptions

(Expressed as weighted averages)	31.03.2009
Discount Rate	7.90%
Salary escalation rate	5.00%
Expected rate of return on Plan Assets	9.15%

The estimates of rate of escalation in salary considered in actuarial Valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. This being the first year of implementation, previous year figures have not been given.

v. The total expense recognised in the Profit and Loss Account:-

Current service Cost	267590
Interest Cost	299930
Expected return on plan assets	-221456
Actuarial (Gains) and Losses	72525
Amount recognised in the P & L account	418590

The expense has been included under the head "Contribution to Gratuity" under the "Employee Cost" in the Profit and Loss Account

vi. Investment Details : LIC Group Gratuity (Cash Accumulation) Policy 100%. Invested in Debt Instruments.

vii. Reconciliation of Fair Value of Plan Assets and Obligations :

Rs.

Particulars	Current Period 31 st March, 2009
Present Value of the Defined Benefit Obligation	3969601
Fair Value of Plan Assets	2400693
Liability recognised in Profit and loss A/c	1568908
Experience Adjustments arising on Plan Liabilities as an amount	75881
Experience Adjustments arising on Plan Assets as an amount	3355
Company's best estimate of Contribution to be paid to the Plan (2009-10)	5,00,000

17. Disclosures as required under AS 20 - Earning Per Share

	31-3-2009	31-3-2008
Basic and diluted earnings (Profit)	Rs.(91.90) Lakhs	Rs.39.31 Lakhs
Weighted average number of equity shares	57,84,650	57,84,550
Nominal value of equity shares	Rs.10	Rs.10
Earnings per share	Rs. (1.59)	Rs. 0.68



Cash Flow Statement for the year ended 31st March 2009

PARTICULARS	31.03.2009		31.03.2008	
	Rs.	Rs.	Rs.	Rs.
A. Cash Flow from operating activities :				
Net Profit before tax and extraordinary items		(9,189,970)		3,930,948
Add: Adjustments In P&L				
Depreciation	17,499,205		5,206,030	
Interest Payments	8,858,823		11,098,600	
Operating Profit before working capital changes	26,358,028		16,304,630	
(Increase)/Decrease in Inventory	145,617		8,058,742	
(Increase)/Decrease in Debtors	-		-	
(Increase)/Decrease in Deposits	(458,477)		(2,350,126)	
Increase/(Decrease) in Current Liability	19,176,950		4,797,432	
Increase/(Decrease) in Provision	(286,364)		1,262,908	
		<u>44,935,754</u>		<u>28,073,586</u>
Increase in Share capital		1,000		
Net Cash Flow from operating activities		<u>35,746,784</u>		<u>32,004,534</u>
B. Cash Flow from Investing activities :				
Purchase of fixed assets	(6,674,129)		(2,236,028)	
Sale of fixed assets	60,000		350,400	
Net cash used for investing activities		<u>(6,614,129)</u>		<u>(1,885,628)</u>
C. Cash Flow from financing activities :				
Long term borrowings - Secured	(20,500,000)		(20,500,000)	
Unsecured loans & Others	-		1,000,000	
Interest Paid	(8,858,823)		(11,098,600)	
Net cash flow from financing activities		<u>(29,358,823)</u>		<u>(30,598,600)</u>
Net Increase / (Decrease) in cash and cash equivalent		<u>(226,168)</u>		<u>(479,694)</u>
Cash And Cash Equivalents -Opening		<u>1,292,315</u>		<u>1,772,009</u>
Cash And Cash Equivalents -Closing		<u>1,066,147</u>		<u>1,292,315</u>
Dr I VENKAT RAO	SUMANTH RAMAMURTHI	A S THIRUMOORTHY	R SRINIVASAN	
Director	Managing Director	Chief Financial Officer	Company Secretary	

AUDITORS CERTIFICATE

We have verified the above cash flow statement of Kakatiya Textiles Limited derived from the Annual Financial Statements for the year ended 31.03.2009 and found the same to be drawn in accordance with and also with the requirements of clause 32 of the listing agreements with stock exchange.

S MURALI DHARAN & CO

Chartered Accountants

S Murali Dharan

Partner

Membership No.026554

Coimbatore
21st May, 2009

**Balance Sheet Abstract and Company's General Business Profile****I. Registration details**

Registration No	:	3159
State code	:	01
Balance sheet date	:	31.03.2009

II. Capital raised during the year (Amount in Lakhs)

Public issue	:	Nil
Rights issue	:	Nil
Bonus issue	:	Nil
Private placement	:	Nil

III. Position of mobilization and Deployment of funds (Amount in Lakhs)

Total Liabilities	:	1883.75 Lakhs
Total Assets	:	1883.75 Lakhs

Sources of funds

Paid up capital	:	1078.46 Lakhs
Reserve and surplus	:	Nil
Secured loans	:	615.00 Lakhs
Unsecured loans	:	190.29 Lakhs
Deferred Tax liability	:	Nil

Application of Funds

Net fixed assets	:	791.23 Lakhs
Investments	:	-
Net Current assets	:	(378.67)Lakhs
Deferred Tax Asset	:	-
Misc. Expenditure	:	-
Accumulated losses	:	1471.20 Lakhs

IV. Performance of the company

Turnover	:	Rs 855.40 Lakhs
Total Expenditure	:	Rs.780.85 Lakhs
Profit before tax	:	Rs.(91.59) Lakhs
Profit after tax	:	Rs.(91.90) Lakhs
Earnings per share	:	Rs (1.59)
Dividend rate	:	Nil

V. Generic names of three principle products. services of the company (as per monetary terms)

Item No.(ITC code)	:	The company has done conversion job work and trading of Cotton Yarn
Major product Description	:	Cotton Yarn

As per our report of even date attached

For and on behalf of the Board

S MURALI DHARAN & CO

Chartered Accountants

S Murali Dharan

Partner

Membership No.026554

Coimbatore

21st May, 2009

SUMANTH RAMAMURTHI

Managing Director

A S THIRUMOORTHY

Chief Financial Officer

Dr I VENKAT RAO

Director

R SRINIVASAN

Company Secretary

KAKATIYA TEXTILES LIMITED

Regd. Office : "ELGI TOWERS", 737D, Green Fields, Puliakulam Road, Coimbatore - 641 045

ATTENDANCE SLIP

Name of the Member		Folio No./ Client ID No.	
Name of Proxy		No. of Shares	

I hereby record my presence at the 27th Annual General Meeting of the Company held at 'Elgi Towers', 737 D, Green Fields, Puliakulam Road, Coimbatore - 641 045 on Thursday, 23rd July 2009 at 10.00 AM.

.....
Signature of Member / Proxy

- Notes :**
1. Shareholder / Proxy holder must bring the Admission Slip to the meeting and hand over at the entrance duly signed.
 2. Shareholders are requested to advise their change of address as well as request for consolidation of folio, if any, to the above address, quoting folio numbers.



KAKATIYA TEXTILES LIMITED

Regd. Office : "ELGI TOWERS", 737D, Green Fields, Puliakulam Road, Coimbatore - 641 045

PROXY FORM

I/We
of being a Member / Members of Kakatiya Textiles Ltd., hereby appoint of or failing him.....of as my / our Proxy to attend and vote for me / us on my / our behalf at the 27th Annual General Meeting of the Company to be held on Thursday, 23rd July 2009 at 10.00 AM and at any adjournment thereof.

Signed this day of

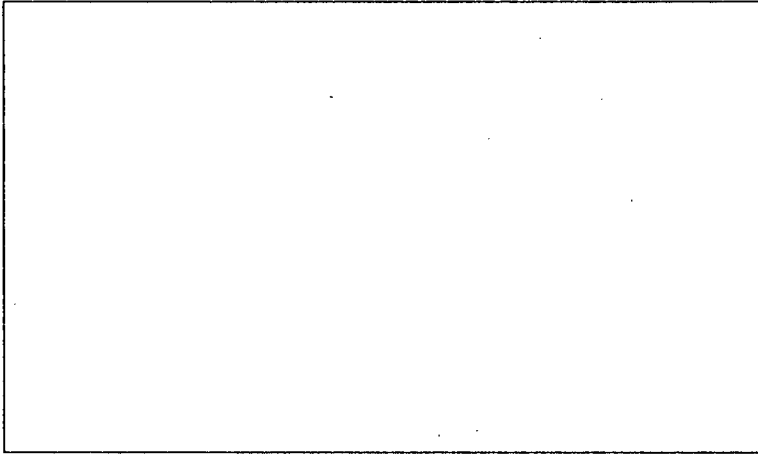
*Affix
15 paise
Revenue
Stamp*

Folio No.	
-----------	--

No. of Shares	
---------------	--

Notes : The proxy form must be returned so as to reach the Registered Office of the Company, not less than **forty-eight hours** before the time for holding the aforesaid meeting.

BOOK - POST



PRINTED MATTER

If Undelivered please return to :

Kakatiya Textiles Limited

"Elgi Towers"

737-D, Green Fields, Puliakulam Road
Coimbatore - 641 045.