



Kakatiya Textiles Limited

**28th Annual Report
2009 - 2010**



KAKATIYA TEXTILES LIMITED

Managing Director

Board of Directors

Chief Financial Officer

Company Secretary

Auditors

Cost Auditors

Bankers

Share Transfer Agents

Registered Office

Factory

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Shri Sumanth Ramamurthi

**Shri C S K Prabhu
Shri S S R Koteswara Rao
Dr I Venkat Rao**

Shri A S Thirumoorthy

Shri R Srinivasan

M/s S Murali Dharan & Co

M/s S Mahadevan & Co

AXIS Bank Ltd.

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
website : www.kakatiyatextiles.com**

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



Notice of Annual General Meeting

NOTICE is hereby given that the **28th** Annual General Meeting of the Shareholders of the Company will be held on **Friday** the **23rd July 2010** at **3.30 PM** at "Elgi Towers", 737D 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 2010 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 Shri. Koteswara Rao. SSR, 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.

By Order of the Board

Coimbatore
21st May, 2010

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 **12.07.2010** to **23.07.2010** 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 28th Annual Report of the company for the financial year 2009-10 together with the Balance Sheet as at 31st March 2010 and the Profit & Loss Account for the year ended on that date.

Financial Results (Rs.in Lacs)

Particulars	2009-10	2008-09
Total Income	1969.94	864.25
Profit before Depreciation & Interest for the year	405.54	173.16
Depreciation	78.42	174.99
Interest & Finance Charges	60.37	89.76
Fringe Benefit Tax	-	0.31
Depreciation for earlier years	256.72	-
Deferred Tax	(323.39)	-
Net Profit / (Loss)	333.42	(91.90)

Dividend

Dividend could not be recommended for the financial year 2009-10 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.1969.90 Lacs and a profit of Rs.333.42 Lacs, as compared to the turnover of Rs.864.25 Lacs and loss of Rs.91.90 Lacs during the preceding year.

Depreciation for the past years

Accumulated Depreciation on fixed assets for the period 01.04.2001 to 31.03.2006 aggregating to Rs.256.72 Lacs has been provided during the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Conditions

The textile industry is the largest employer in India next to agriculture. The domestic market has shown marginal recovery but continues to be a challenging one due to slump in export market. It is expected that the domestic rate will grow at a rate of 6-7% for the year 2010-11. Business margins continue to remain under pressure owing to overcapacity and competition. The Government has announced that it will launch a skill-development programme in textile and garment sector from 2010-11 onwards which could help the industry. The Government is also in the process of implementing various measures to check out the export of cotton which will stabilise the price in the domestic market.

Opportunities and Threats

There are incipient signs of recovery in the US market which is expected to improve further. The spiraling cost of fuel will push-up the power cost and transportation charges, which will have an adverse impact on total cost of production and profit margin. Frequent Power interruptions/Power restrictions imposed by the State Government are affecting the operations. The Bt cotton seed producers have proposed to hike the cost of cotton seed prices. Further the cost of spraying pesticides, fungicides and herbicides for cotton cultivation too have gone-up which will have an impact on the price of the cotton.

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

There is a substantial improvement in the financial performance of the company due to switch over to own production and increase in yarn prices. Your company is steadily increasing its market share in the domestic market particularly in the State of Andhrapradesh and also reaping the benefit of higher yarn realization. Therefore the future business outlook of the company is promising and encouraging.

Risks and Concerns

The machinery is 15-20 years old on an average, which needs replacement. Your company needs



the state-of-the-art technology in order to give quality outputs at competitive rates.

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.

Revocation of Suspension of Scrip at BSE

Your directors are pleased to inform you that the suspension in trading of equity shares of the company imposed during the year 2002 by the Bombay Stock Exchange Ltd during the erstwhile promoter's regime has been revoked with effect from Monday, February 8, 2010 under Notice No. 20100202-16 dated 02.02.2010. Trading of the Securities of the company resumed in "B" category.

Erosion of Network

As on 31st March 2010 your Company had a negative net worth of Rs.59.32 Lacs. Your Directors believe that the company will come out from the clutches of provisions of Sick Industrial Company if the positive business trend continues for few years. Therefore, the sickness status has been not referred to BIFR.

Directors

Shri. Koteswara Rao SSR, 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, 2010.

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 2010, 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 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.

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 2010 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 periodical 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 Venkat Rao
Director

Coimbatore
21st May, 2010

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

The following energy conservation measures have been taken during the year 2009-10 in order to reduce the energy consumption. They are:-

- Existing Capacitors has been replaced by New Capacitors.
- Compressor Air-Leakages arrested and corrected in all departments.
- New and High Efficient Motors have been introduced in certain carding machines in place of old rewinding motors.

B. Research & Development:

Nil

C. Technology absorption, Adaptation and Innovation:

Nil

D. Foreign exchange earnings & outgo :

Foreign exchange earnings for the year Rs. Nil
Foreign exchange utilized during the year Rs. Nil

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

POWER & FUEL CONSUMPTION		31.3.2010	31.3.2009
1. ELECTRICITY:			
a) PURCHASE			
Units in Lacs	(KWH)	71.46	74.12
Total Amount in Lacs	(Rs.)	246.44	243.38
Rate/Unit	(Rs.)	3.44	3.28
b) OWN GENERATION THROUGH DIESEL GENERATOR			
Units in Lacs	(KWH)	0.79	0.27
Units Per Ltr. Of Diesel Oil	(KWH)	3.00	3.00
Cost/Unit	(Rs.)	12.92	11.97
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) in Lacs	(Kgs.)	17.56	17.90
Electricity consumed (Units in Lacs)	(KWH)	72.25	74.40
Consumption per Unit of Production	(KWH)	4.11	4.15

On behalf of the Board

Coimbatore
21st May, 2010

Sumanth Ramamurthi
Managing Director

Dr I Venkat Rao
Director



Report on Corporate Governance

1. 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 optimizing the value of the stakeholders namely shareholders, employees, financial institutions, suppliers and business partners.

2. 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
Shri Sumanth Ramamurthi (Promoter & Executive)	5	Yes	14	2 / Nil
Shri C S K Prabhu (Independent)	5	Yes	5	6 / 4
Shri Koteswara Rao SSR (Independent)	5	Yes	2	4 / 2
Dr I Venkat Rao (Independent)	5	Yes	2	3 / Nil

Five Board Meetings were held during the year on 21.05.09, 23.07.09, 23.10.09, 20.12.09 and 18.01.10.

Details of Directors Retiring By Rotation and Seeking Re-Appointment

(in pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Shri Koteswara Rao SSR
Date of Birth (Age)	25. 03. 1943 (67 Years)
Date of appointment	18. 02. 1999
Qualifications	FCA
Expertise in specific functional area	More than Five decades of experience in Audit, Accounts, Finance and Taxation matters. He is also a senior partner of Chartered Accountant firm M/s Brahmayya & Co, Vijayawada
Shareholding in the Company	Nil

Details of other Directorship / Membership in Committee: -

Name of Director	Name of the Company	Position held	Committee Type-Position
Shri Koteswara Rao SSR	Unisankyo Ltd	Director	Remuneration - Member

3. 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 entered with the Stock Exchanges. The terms of reference include-

- Overseeing financial reporting processes.
- Reviewing periodical 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.
- Discussion with the Auditors about the scope of audit including their observations.
- Appointment of Chief Financial Officer / Head Finance.

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

The Audit Committee Meetings were held on 21.05.09, 23.07.09, 23.10.09 and 18.01.10

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

4. Remuneration Committee

Terms of reference of the Remuneration Committee include:

- Recommendation for fixation and periodical revision of compensation to 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 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.

5. Share holders' / Investors' Grievance Committee

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

During the year 18 meetings were held on:

18.04.09	21.05.09	27.06.09	11.07.09	31.07.09	28.08.09	26.09.09	29.10.09	04.11.09	27.11.09
18.12.09	13.01.10	21.01.10	05.02.10	24.02.10	27.02.10	18.03.10	31.03.10		

Name of the Member	No. of Meetings Attended
Shri Sumanth Ramamurthi	18
Shri CSK Prabhu	18
Dr I Venkat Rao	11

Investor grievance redressal

During the year the company had received 3 complaints from the shareholders and the same have been redressed to the satisfaction of the shareholders. There were no complaints outstanding as on 31.03.2010. The non-executive directors are not holding any shares of the company, except Shri CSK Prabhu who is holding 40 equity shares.

6. General Body Meetings

Details of last three Annual General Meeting are as follows:

Year	Venue	Date & Time	Special Resolution
2009	Elgi Towers, 737D Puliakulam Road, Coimbatore - 45.	23.07.2009 10.00 AM	None
2008	Elgi Towers, 737D Puliakulam Road, Coimbatore - 45.	24.09.2008 11.00 AM	Appointment of Shri Sumanth Ramamurthi as Managing Director of the Company
2007	Ardra Convention Centre, North Huzur Road, Coimbatore-18.	23.08.2007 5.00 PM	None



7. Disclosures

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.
- Bombay Stock exchange Ltd has imposed a re-instatement penalty of Rs.4.20 Lacs on the company for revoking the suspension in trading in equity shares of the company during the year 2010 which was paid.

(C) Whistle Blower Policy

At present the company do not have codified whistle blower policy. However, no personnel of the company has been denied access to the Audit Committee.

(D) Compliance with Mandatory and Non-mandatory requirements

The Company has complied with all the mandatory requirements of the Listing Agreement entered with stock exchange. The Company has complied with the non-mandatory requirement of constitution of Remuneration Committee.

8. Means of Communication

The quarterly, half-yearly and annual results of the company are published in English, Tamil newspapers viz., The Financial Express and Maalaimalar. The annual results and news relating to corporate actions are available at the company's website: www.kakatiyatextiles.com

The Company has not made any presentation to any Institutional Investors and analysts during the year.

9. General Shareholder's information

Annual General Meeting :

Date	: 23.07.2010
Time	: 3.30 PM
Venue	: Elgi Towers, 737 D, Puliakulam Road, Coimbatore – 641 045.
Financial Calendar	: April 01 to March 31
Date of Book Closure	: 12.07.2010 to 23.07.2010
Dividend Payment Date	: Not Applicable
Listing on Stock Exchange	: Bombay Stock Exchange Ltd
Stock Code	: 521054

*** Market Price Data: High, Low during each month in the last financial year in comparison with BSE Sensex**

Month	High Price	Low Price	BSE Sensex	
			High	Low
February 2010	55.00	13.00	16496	15790
March 2010	16.15	12.15	17711	16772



* The company's Scrip resumed its trading from Monday, February 8, 2010 onwards. Therefore, data are furnished from the month of February 2010 onwards.

The listing fee and annual custodial fee for the year 2010-11 were already paid.

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.

Shareholding pattern as on March 31, 2010

Distribution of shareholding as on March 31, 2010 :

No. of Shares	Accounts	% of Accounts	No. of Shares	% to Equity Capital
1-500	9928	94.0062	1693260	29.1409
501-1000	409	3.8727	335006	5.7654
1001-2000	140	1.3256	208879	3.5948
2001-3000	34	0.3219	82879	1.4263
3001-4000	16	0.1515	56106	0.9656
4001-5000	9	0.0852	41808	0.7195
5001-10000	16	0.1515	108768	1.8719
10001-Above	9	0.0852	3283894	56.5156
Total	10561	100.0000	5810600	100.0000

Categories of shareholders as on March 31, 2010

Category	No. of Shares	Percentage
Promoters	2979194	51.27
Mutual Funds/UTI	32400	0.56
Banks/Financial Institutions	1000	0.02
Body Corporates	240312	4.14
Individual Shareholding up to 1 lac	2437541	41.95
Individual Shareholding of more than 1 lac	100900	1.74
Others	19253	0.32
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 11.84 % of the share capital are dematerialized as on March 31, 2010.

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

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity - Not Applicable.

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

**Address for Correspondence:**

<p>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</p>	<p>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</p>
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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.

CEO / CFO Certificate

Certificate in respect of Financial Statements, Accounting Policies and Internal Control for the financial year 2009-2010 was given to the Board by the Managing Director and Chief Financial Officer of the Company.

DECLARATION

As provided under Clause 49 of the Listing Agreement entered 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
21st May, 2010

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, for the year ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange.

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

Registration No.009617S

S Murali Dharan

Partner

Membership No. 026554

Coimbatore
21st May, 2010



Auditors' Report

The Members of Kakatiya Textiles Limited

We have audited the attached Balance Sheet of your company as at 31st March 2010 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 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 2010, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2010 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 give a true and fair view in conformity with the accounting principles generally accepted in India.
- g)
 - i. In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010 and
 - ii. In the case of the Profit and Loss Account, of the profit of the company as at 31st March 2010 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.

For **S MURALI DHARAN & CO**

Chartered Accountants

Registration No.009617S

S Murali Dharan

Partner

Coimbatore

21st May, 2010

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 has maintained proper records showing full particulars including quantitative details and situation 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 granted or 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 had 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 during the year.
- (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
Registration No.009617S

S Murali Dharan
Coimbatore Partner
21st May, 2010 Membership No. 026554

Balance Sheet as at 31st March, 2010

Rs. in Lakhs

	Schedules	31.3.2010	31.3.2009
I SOURCES OF FUNDS			
1. Shareholder's Funds			
a. Share Capital	1	1,078.47	1,078.47
2. Loan Funds			
a. Secured Loans	2	410.00	615.00
b. Unsecured Loans	3	90.08	190.29
TOTAL		1,578.55	1,883.76
II APPLICATION OF FUNDS			
1. Fixed Assets			
Gross Block	4	1,619.12	1,616.36
Less: Depreciation		1,160.27	825.13
Net Block		458.85	791.23
2. Current Assets			
Inventories	5	223.17	26.74
Cash and Bank Balances	6	2.69	10.66
Deposits, Loans & Advances	7	154.64	120.52
Sub Total		380.50	157.92
LESS : Current Liabilities and Provisions			
Current Liabilities	8	721.97	536.59
Net Current Assets		(341.47)	(378.67)
Deferred Tax Asset (Net)		323.39	—
Profit And Loss Account	9	1,137.78	1,471.20
TOTAL		1,578.55	1,883.76

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

Registration No. 009617S

S Murali Dharan

Partner

Membership No.026554

Coimbatore

21st May 2010

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, 2010		Rs. in lakhs	
	Schedules	31.3.2010	31.3.2009
Income			
Yarn sales		1,811.47	77.07
Cotton / Waste Sales		124.09	–
Conversion Charges		25.65	778.32
Other Income	10	8.73	8.86
TOTAL		1,969.94	864.25
Expenditure			
Increase / Decrease in Finished Goods /			
Work in Progress	11	(63.95)	–
Material Consumed	12	1,060.89	129.87
Personnel Expenses	13	228.28	230.17
Power and Fuel		249.67	252.72
Selling Expenses		21.67	7.95
Interest & Finance Charges	14	60.37	89.76
General & Administrative Expenses	15	67.84	70.38
TOTAL		1,624.77	780.85
Profit before Depreciation		345.17	83.40
Depreciation :			
- For the year		78.42	74.98
- For Earlier Years due to change in method		–	100.01
Profit before Tax for the year		266.75	(91.59)
Less: Depreciation for earlier years		256.72	–
Add : Deferred Tax		323.39	–
Less: Fringe Benefit Tax		–	0.31
Profit After Tax		333.42	(91.90)
Balance Brought forward from Previous year		(1,471.20)	(1,379.30)
Balance Carried forward to Balance Sheet		(1,137.78)	(1,471.20)
Basic earnings per share (in Rs.)		5.76	(1.59)

Schedules 10 to 15 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

Registration No. 009617S

S Murali Dharan

Partner

Membership No.026554

Coimbatore

21st May 2010

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
Share Capital
Rs. in Lakhs
Schedule - 1
31.03.2009

	31.03.2010	31.03.2009
Authorised		
65,00,000 Equity Shares of Rs. 10 each	650.00	650.00
5,00,000 9% Cumulative Preference Shares of Rs.100 each	<u>500.00</u>	<u>500.00</u>
Total	<u>1,150.00</u>	<u>1,150.00</u>
Issued, Subscribed and Paid up		
58,10,600 Equity shares of Rs.10 each	581.06	581.06
Less: Calls in Arrears	<u>2.59</u>	<u>2.59</u>
	578.47	578.47
5,00,000 9% Redeemable Cumulative Preference Shares of Rs.100 each (Redeemable at par, earliest date of redemption 24.01.2015)	<u>500.00</u>	<u>500.00</u>
Total	<u>1,078.47</u>	<u>1,078.47</u>
SECURED LOANS		SCHEDULE 2
From AXIS Bank	<u>410.00</u>	<u>615.00</u>
Total	<u>410.00</u>	<u>615.00</u>
UNSECURED LOANS		SCHEDULE 3
From Promoters	<u>90.08</u>	<u>190.29</u>
Total	<u>90.08</u>	<u>190.29</u>
INVENTORIES		SCHEDULE 5
(Quantities and Values as certified by the Management)		
Raw Materials	136.01	-
Stock in Process	52.28	-
Finished Goods	5.03	-
Waste Goods	6.64	-
Stores and Spares	<u>23.21</u>	<u>26.74</u>
Total	<u>223.17</u>	<u>26.74</u>
CASH AND BANK BALANCES		SCHEDULE 6
Cash in Hand	0.40	0.73
Balance with Scheduled Banks-Current and Collection Account Deposit Account	<u>2.29</u>	<u>9.93</u>
	-	-
Total	<u>2.69</u>	<u>10.66</u>



Rs. in Lakhs

Fixed Assets											Schedule 4	
Particulars	Gross Block				Depreciation					Net Block		
	As at 1-4-2009	Additions	Deletion	As at 31-3-2010	upto 31-3-2009	For Earlier Years (01.04.01- 31.03.06)	For the year	On Deletions	Upto 31-3-2010	As at 31-3-2010	As at 31-3-2009	
Land	11.86	-	-	11.86	-	-	-	-	-	11.86	11.86	
Buildings - Factory	242.61	-	-	242.61	102.28	19.17	8.10	-	129.55	113.06	140.33	
Buildings - Non factory	80.83	-	-	80.83	13.00	3.22	1.32	-	17.54	63.29	67.83	
Plant & Machinery	1122.46	1.97	0.87	1123.56	633.11	217.27	59.33	-	909.71	213.85	489.35	
Electrical Instalations	123.87	1.05	-	124.92	53.34	15.61	6.55	-	75.50	49.42	70.53	
Office Equipment	16.18	0.09	-	16.27	8.08	0.99	1.02	-	10.09	6.18	8.10	
Computers	10.11	0.52	-	10.63	8.65	-	1.49	-	10.14	0.49	1.47	
Furniture & fittings	5.87	-	-	5.87	4.38	0.46	0.37	-	5.21	0.66	1.48	
Vehicle	2.57	-	-	2.57	2.29	-	0.24	-	2.53	0.04	0.28	
Total	1616.36	3.63	0.87	1619.12	825.13	256.72	78.42	-	1160.27	458.85	791.23	
Previous Year	1550.22	66.74	0.60	1616.36	650.19	100.00	74.99	0.05	825.13	791.23	900.08	



	31.03.2010	Rs. in lakhs 31.03.2009
Deposits, Loans and Advances		SCHEDULE 7
Advances recoverable in cash or in kind or for value to be received	20.00	21.37
Sundry Debtors	29.19	-
Income Tax & TDS	63.62	56.43
Electricity Deposit and others	41.83	42.72
Total	154.64	120.52
Current Liabilities		SCHEDULE 8
Sundry Creditors		
a. Micro, Small and Medium Enterprises	-	-
b. Others	137.90	8.45
Advances from Customers	504.93	459.19
Duties & Taxes Payable	2.27	0.35
Liabilities for Expenses	70.18	63.36
Other Liabilities	6.69	5.24
Total	721.97	536.59
Profit and Loss Account		SCHEDULE 9
Loss from earlier years	1,488.70	1,396.80
Profit / Loss for the year	333.42	91.90
	1,155.28	1,488.70
Less: General Reserve	17.50	17.50
Total	1,137.78	1,471.20
Schedules Forming Part of Profit & Loss Account		
Other Income		SCHEDULE 10
Miscellaneous Income	6.22	3.00
Duty Drawback Income	-	3.35
Interest earned (TDS Rs. 0.25 lakhs, Previous year Rs. 0.52 lakhs)	2.51	2.51
Total	8.73	8.86
Increase (-) / Decrease in Finished Goods / Work In Progress		SCHEDULE 11
Stock at Closing	(63.95)	-
Less: Stock at Commencement	-	-
Total	(63.95)	-



	31.03.2010	Rs. in lakhs 31.03.2009
Material Consumed		SCHEDULE 12
Opening Stock	–	–
Add : Purchases	1196.90	129.87
Less : Closing Stock	136.01	–
Total	1060.89	129.87
PERSONNEL EXPENSES		SCHEDULE 13
Salaries & Wages and Other Allowances	200.21	183.84
Contribution to PF & Other Funds	15.06	33.28
Employee Welfare Expenses	13.01	13.05
Total	228.28	230.17
INTEREST & FINANCE CHARGES		SCHEDULE 14
Axis Bank term loan	59.70	88.59
Bank Charges	0.67	1.17
Total	60.37	89.76
General & Administrative Expenses		SCHEDULE 15
Travelling Expenses	1.85	3.11
Printing & Stationery	2.33	1.43
Repairs and Maintenance		
Plant and Machinery	31.54	37.01
Buildings	4.13	2.58
Insurance	3.14	3.28
Rates and Taxes	2.73	3.63
Rent	–	0.48
Audit fees		
Statutory Audit	0.50	0.50
Tax Audit	0.20	0.20
Others	0.07	0.09
Cost Audit Fees	0.52	0.61
Legal & Professional Charges	1.75	1.92
Security Charges	6.62	6.92
Postage, Telegrams & Telephones	1.84	2.14
Vehicle Expenses	1.94	1.74
General Expenses	8.68	4.74
Total	67.84	70.38



Notes forming Part of 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: The company is providing depreciation on 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 / retirement.
 - ii) 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 it becomes 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.
2. The company has provided depreciation on fixed assets for the period 1-4-2001 to 31-3-2006 amounting to Rs.256.72Lakhs during the year.
3. The term loan from AXIS Bank with an outstanding balance of Rs.4.10 Crores 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 is less than depreciation for the current year as per books. The company has brought forward losses and unabsorbed depreciation under income tax.
5. Deferred tax revenue is recognized for the first time in the current financial year. The company has adopted the Balance Sheet method to workout the deferred tax assets. The assets and liabilities considered for deferred working are as follows.

Particulars	Charge / Credit for the year
Depreciation	66.09
Losses	(393.48)
Others	4.00
Total	(323.39)

6. 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.
7. The company has initiated the process of obtaining information from suppliers who are covered under the "Micro, Small and Medium Enterprises Development Act, 2006". Based on the information and evidence available with the company, there are no dues to Micro, Small and Medium Enterprises, outstanding as on 31.03.2010.

8. Earnings in foreign exchange
- | | | |
|-------------------------------|------------|--------------------|
| | 31.03.2010 | Rs. in lakhs |
| - Export of goods (FOB Value) | Nil | 31.3.2009
75.66 |
9. Expenditure in Foreign Currencies
- | | | |
|---------------------------------|-----|------|
| - Import of Components & Spares | Nil | 7.15 |
|---------------------------------|-----|------|
10. Previous year figures have been regrouped / rearranged wherever necessary in line with the presentation of current year figures.
11. **Contingent Liabilities:** Dividend on 5,00,000 9% cumulative preference shares of Rs.100 each is in arrears from 01.04.2005.

12. Manufacturing capacity

	31-3-2010	31-3-2009
Licenced Capacity	NA	NA
Installed capacity	18144 Spindles	18144 Spindles
Actual production	8.29 Lakhs kgs	9.62 Lakhs kgs

13. Turnover details

Class of goods	31-03-2010		31-03-2009	
	Quantity	Amount(Rs.)	Quantity	Amount(Rs.)
Sales – Yarn	8.26 lakhs Kgs	1811.47	0.23 lakhs Kgs	77.07
Conversion Charges	0.30 lakhs Kgs	25.65	9.62 lakhs Kgs	778.32

14. Raw material

Cotton	31-03-2010	31-03-2009
Opening Stock	Nil	Nil
Purchase	1196.90	Nil
Closing Stock	136.01	Nil

15. Trading Goods

Class of goods	31-3-2010		31-3-2009	
	Quantity	Amount	Quantity	Amount (in Rs.)
Opening Stock	Nil	Nil	Nil	Nil
Purchases	Nil	Nil	0.23 lakh Kgs	66.30
Closing Stock	Nil	Nil	Nil	Nil



16. Related party disclosure as required by Accounting Standard 18

1. Names of related parties and description of relationship

a) Key Managerial Personnel : Shri.Sumanth Ramamurthi

No remuneration is paid to Shri. Sumanth Ramamurthi

b) Other related parties

Companies in which the Managing Director is interested as Managing Director / Director.

- | | |
|--|--|
| 1. Super Spinning Mills Ltd | 8. Elgi Building Products Ltd |
| 2. Elgi Electric & Industries Ltd | 9. Sara Elgi Industrial Research & Development Ltd |
| 3. Elgi Ultra Industries Ltd | 10. Super Sara Textiles Ltd |
| 4. Precot Meridian Ltd | 11. Super Sara Trading & Industrial Services Ltd |
| 5. Sara Elgi Insurance Advisory Services Pvt Ltd | 12. Sara Elgi Envirotech Ltd |
| 6. Elgi Software & Technologies Ltd | 13. Sara Elgi Arteriors Ltd |
| 7. Super Farm Products Ltd | |

2. Transactions with related parties

Rs. in Lakhs

Party	Nature of transaction	31.03.2010		31.03.2009	
		Volume of transactions	Closing Balance	Volume of transactions	Closing Balance
Super Spinning Mills Ltd	Yarn Conversion	25.65	Nil	778.32	459.20
Super Spinning Mills Ltd	Yarn Purchases	Nil	Nil	66.30	Nil
Super Spinning Mills Ltd	Yarn Sales	1324.21	504.93	Nil	Nil
Elgi Electric and Industries Ltd	Stores Purchase	0.66	0.34	0.10	Nil
Elgi Ultra Industries Ltd	Stores Purchase	1.60	0.24	1.66	Nil
Shri Sumanth Ramamurthi	Loan Re-Payment	100.21	Nil	Nil	Nil

17. Employee benefits :

- a. Gratuity benefits are managed through the Group Gratuity 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. 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 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: Rs. in lakhs

Particulars	31.03.2010	31.03.2009
Present Value of the Obligation as at the beginning of the year	39.70	38.15
Current Service Cost	2.73	2.68
Interest Cost	2.75	3.00
Benefits paid	(9.85)	(4.89)
Actuarial loss/ (gain) on obligation	(4.27)	0.76
Present Value of the Obligation as at the end of the year	31.06	39.70

The Liability of the company is Rs.31.06 lakhs out of which it has been funded to the extent of Rs.18.99 Lakhs.



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

Particulars	31.03.2010	31.03.2009
Present value of the Plan Assets as at the beginning of the Year	24.01	26.65
Expected return on plan assets	1.88	2.21
Contributions	2.96	–
Benefits paid	(9.85)	(4.89)
Actuarial (Gains) and Losses on plan assets	(0.01)	0.04
Fair Value of Plan Assets as at the end of the year	18.99	24.01

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)	31.03.2010	31.03.2009
Discount Rate	8.40%	7.90%
Salary escalation rate	5.00%	5.00%
Expected rate of return on Plan Assets	9.00%	9.15%

The estimates of rate of escalation in salary considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

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

Particulars	31.03.2010	31.03.2009
Current service Cost	2.73	2.67
Interest Cost	2.75	3.00
Expected return on plan assets	1.88	2.21
Actuarial (Gains) and Losses	(4.26)	0.73
Amount recognized in the Profit and Loss Account	(0.66)	4.19

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. in Lakhs

Particulars	31.03.2010	31.03.2009
Present Value of the Defined Benefit Obligation	31.06	39.70
Fair Value of Plan Assets	18.99	24.01
Liability recognised in Profit and Loss A/c	(0.66)	15.69
Experience Adjustments arising on Plan Liabilities as an amount	2.78	0.76
Experience Adjustments arising on Plan Assets as an amount	(0.01)	0.03

18. Details of Provisions and Movements -as per AS-29 Rs. in lakhs

Particulars	2009 - 10 Gratuity	2008 - 09 Gratuity
Carrying amount at the beginning of the year	15.69	–
Additional provision made during the year	–	15.69
Amount used during the year	–	–
Unused amount reversed during the year	3.62	–
Carrying amount at the end of the year	12.07	15.69



19. Disclosures as required under AS 20 - Earnings Per Share

Particulars	31-03-2010	31-03-2009
Basic and diluted earnings	Rs.333.42 Lakhs	Rs.(91.90) Lakhs
Weighted average number of equity shares	Rs.578.47 Lakhs	Rs.578.47 Lakhs
Nominal value of equity shares	Rs.10	Rs.10
Earnings per share	Rs. 5.76	Rs. (1.59)

Cash Flow Statement for the year ended 31st March 2010

Rs. in Lakhs

PARTICULARS	31.03.2010	31.03.2009
A. Cash Flow from operating activities :		
Net Profit before tax and extraordinary items	266.75	(91.90)
Add: Adjustments In P&L Account		
Depreciation	78.42	174.99
Interest Payments	60.37	88.59
Operating Profit before working capital changes	138.79	263.58
(Increase)/Decrease in Inventory	(196.43)	1.46
(Increase)/Decrease in Debtors	(29.19)	-
(Increase)/Decrease in Income Tax & TDS	(7.19)	-
Increase/(Decrease) in Advances & Deposits	2.26	(4.58)
Increase/(Decrease) in Current Liability	185.38	191.77
Increase/(Decrease) in Provision	-	(2.86)
	93.62	449.37
Net Cash Flow from operating activities	360.37	357.47
B. Cash Flow from Investing activities :		
Purchase of fixed assets	(3.63)	(66.74)
Sale of fixed assets	0.87	0.60
Net cash used for investing activities	(2.76)	(66.14)
C. Cash Flow from financing activities :		
Long term borrowings - Secured	(205.00)	(205.00)
Unsecured loans & Others	(100.21)	-
Interest Paid	(60.37)	(88.59)
Net cash flow from financing activities	(365.58)	(293.59)
Net Increase / (Decrease) in cash and cash equivalent	(7.97)	(2.26)
Cash And Cash Equivalents -Opening	10.66	12.92
Cash And Cash Equivalents -Closing	2.69	10.66

SUMANTH RAMAMURTHI
Managing DirectorDr I VENKAT RAO
DirectorA S THIRUMOORTHY
Chief Financial OfficerR SRINIVASAN
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 31.03.2010 and found the same to be drawn in accordance with and also with the requirements of clause 32 of the listing agreement entered with stock exchange.

S MURALI DHARAN & CO

Chartered Accountants

Registration No. 009617S

S Murali Dharan

Partner

Membership No.026554

Coimbatore
21st May, 2010

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

CIN No	:	L18100TZ1981PLC013940
Balance sheet date	:	31.03.2010

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	:	Rs.1578.55 Lakhs
Total Assets	:	Rs.1578.55 Lakhs
Sources of funds		
Paid up caapital	:	Rs.1078.47 Lakhs
Reserve and surplus	:	Nil
Secured loans	:	Rs.410.00 Lakhs
Unsecured loans	:	Rs.90.08 Lakhs
Deferred Tax liability	:	Nil
Application of Funds		
Net fixed assets	:	Rs.458.85 Lakhs
Investments	:	Nil
Net Current assets	:	Rs.(341.47) Lakhs
Deferred Tax Asset	:	Rs. 323.39 Lakhs
Misc. Expenditure	:	—
Accumulated losses	:	Rs.1137.78 Lakhs

IV. Performance of the company

Turnover & Other Income	:	Rs.1969.94 Lakhs
Total Expenditure	:	Rs.1703.19 Lakhs
Profit before tax	:	Rs.266.75 Lakhs
Profit after tax	:	Rs.333.42 Lakhs
Earnings per share	:	Rs.5.76
Dividend rate	:	Nil

V. Generic names of three principle products / services of the company

(as per monetary terms)

Item No.(ITC code)	:	Major Product Description
5205.11		Uncombed Single Yarn
5205.22 - 28		Combed Single Yarn

As per our report of even date attached

For and on behalf of the Board

S MURALI DHARAN & CO

Chartered Accountants

Registration No. 009617S

S Murali Dharan

Partner

Membership No.026554

Coimbatore

21st May, 2010

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 28th Annual General Meeting of the Company held at 'Elgi Towers', 737 D, Green Fields, Puliakulam Road, Coimbatore - 641 045 on Friday, 23rd July 2010 at 3.30 PM

.....
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 28th Annual General Meeting of the Company to be held on Friday, 23rd July 2010 at 3.30 PM and at any adjournment thereof.

Signed this day of

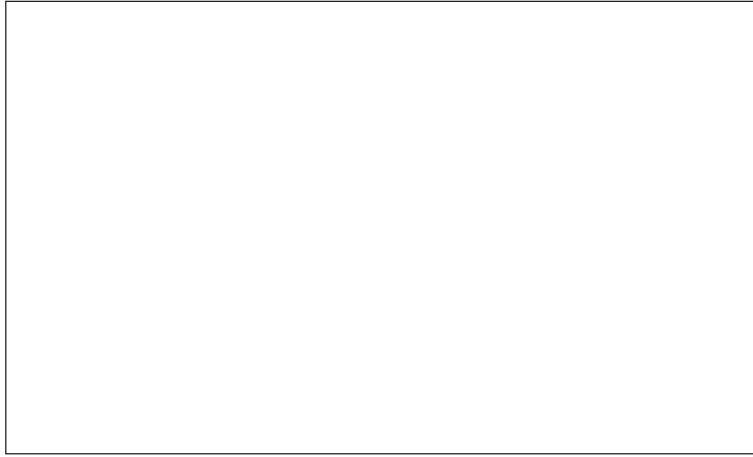
Folio No.	
-----------	--

Affix
15 paise
Revenue
Stamp

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.