



Kakatiya Textiles Limited

**30th Annual Report
2011 - 2012**



KAKATIYA TEXTILES LIMITED

Managing Director

Board of Directors

Chief Financial Officer

Company Secretary

Auditors

Cost Auditors

Bankers

Share Transfer Agents

Registered Office

Factory

Shri Sumanth Ramamurthi

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

Shri P Nagarajan

Shri Udhayashankar R

M/s S.Murali Dharan & Co

M/s S.Mahadevan & Co

AXIS Bank Ltd.

**Link Intime India Pvt Ltd.
"Surya", 35, Mayflower Avenue,
Behind Senthil Nagar,
Sowripalayam, Coimbatore-28
Phone : 0422-2314792**

**"ELGI TOWERS"
P.B.No. 7113
737D, 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
Fax : 08683-284223**

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Notice of Annual General Meeting

NOTICE is hereby given that the **30th** Annual General Meeting of the Shareholders of the Company will be held on **Monday, the 23rd July 2012** at **3.30 P.M.** 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 2012 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 Sri 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.

By order of the Board

Coimbatore
24th May 2012

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 17th July 2012 to 23rd July 2012 (both days inclusive.)
4. Members/proxies should bring the attendance slip duly filled in for attending the meeting.
5. Shareholders are requested to bring their copy of annual report to the meeting.
6. Members are requested to avail the facility of converting their physical shareholding into electronic mode of shareholding (DEMAT) for their own convenience.
7. In case any member needs any clarification / explanation in the accounts or in the Annual Report published, you are requested to forward the same at least one week before the date of the Meeting to the Company's Registered Office address, so that the same may be attended and clarified prior to the closure of the Annual General Meeting.
8. Brief note on Directors seeking reappointment has been produced here under,

Details of Directors Seeking Re-Appointment (in pursuance of Clause 49 of the Listing Agreement)

Name	: Sri CSK Prabhu
Date of Birth/Age	: 10.09.1954/ 57 Years
Qualifications	: FCA
Expertise	: More than three decades of experience in Audit, Accounts, Finance and Taxation matters.
Equity Holding	: Holding 40 Equity shares of the company
Relationship	: He is not related to any other Director on the Board of the Company
Date of Appointment:	30.06.2006
Other Directorships	: Super Spinning Mills Limited Bannari Amman Spinning Mills Ltd Shiva Taxyarn Limited The Scientific Fertilizer Co (P) Ltd
Committee Position	Kakatiya Textiles Ltd Share transfer - Chairman Audit - Member Remuneration - Member Super Spinning Mills Limited Share transfer - Member Audit - Chairman Remuneration - Member Bannari Amman Spinning Mills Ltd Audit - Chairman Remuneration - Member Investor Grievance - Member Shiva Taxyarn Limited Audit - Member



Directors' Report and Management Discussion & Analysis

Dear Members,

Your Directors present their 30th Annual Report of the Company for the financial year 2011-12 together with the Balance Sheet as at 31st March 2012 and the Profit & Loss Account for the year ended on that date.

Financial Results (Rs.in Lakhs)

Particulars	2011-12	2010-11
Total Income	1908.99	2521.71
Profit before Depreciation & Interest for the year	(178.47)	283.07
Depreciation for the year	77.04	78.84
Interest & Bank charges	12.30	36.38
Deferred Tax Liability / (Asset)	(66.09)	45.34
Net Profit / (Loss)	(201.72)	122.51

Performance

Your Company has earned total income of Rs.1908.99 Lakhs and suffered loss of Rs.201.72 Lakhs due to fluctuation in cotton and yarn price, as compared to the turnover of Rs.2521.71 Lakhs and profit of Rs. 122.51 Lakhs during the preceding year.

The last quarter of 2011-12 has been encouraging and the Company has achieved the profit during the said quarter due to stability in price of cotton yarn. Your Directors expect to continue the same in the coming year given the favourable market conditions.

Dividend

On account of accumulated losses your Directors are unable to recommend dividend.

Fixed Deposits

The Company has not accepted any fixed deposits and hence there are no unclaimed deposits as on 31.03.2012.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Conditions

The demand for cotton yarn during the year was on downward trend and uncertain. The cotton price had come down steeply due to global price pressure and reduced domestic demand. Consequently, yarn prices have also dropped considerably and became a major concern for textile industry.

During the period, domestic and international cotton prices fell steadily from the peak levels seen during March 2011. As a result of this, the prices of cotton stocks held by the Company were higher than the market prices. This trend remained till December 2011, which had adversely affected the operating margins of industry as a whole and the Company in specific.

Opportunities and Threats

The Textile industry is much dependent upon the availability of quality raw materials such as hybrid cotton and traditional cotton. There is lot of fluctuations in the price of raw materials, which influence the profitability of the Company. Power shortage and labour shortage also affects the operations of the Company. There is high labour demand in the Company.

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

During the current year there is an improvement in the demand for the Company's products. The forthcoming monsoon season shows hope for higher production of cotton and consequently lower price. Therefore, there is an encouraging climate for the business of the Company in the coming year.

Risks and Concerns

The machines in the Company are more than 18 years old on an average, which needs replacement. The yarn produced by the Company is mainly supplied to hank market for handloom purpose.



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.

Erosion of Network

As on 31st March 2012 your Company had a negative net worth of Rs.138.50 lakhs. Your Directors believe that the Company's network could be positive if the favourable business trend continues for few years. Therefore, the sickness status has not been referred to BIFR.

Directors

Sri 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 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 2012-2013.

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 2012, the applicable accounting standards have been followed.
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent

so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss suffered by the Company during 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.
- iv) That the Directors have prepared the accounts for the financial year ended 31st March 2012 on a going concern basis.

Human Resources

Employer-Employee relations remained cordial during the year under review. Information pursuant to Section 217(2A) of the Companies Act, 1956, is not furnished, as there were no employees covered by the said provisions.

Internal control systems and their adequacy

The Internal Auditor appointed, conducts regular audit of the internal control systems and reports to the Audit Committee, which reviews the performance and adequacy of internal control systems on a quarterly basis and recommends improvements to the same, wherever found necessary.

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 various authorities to the Company.

On behalf of the Board

Sumanth Ramamurthi
Managing Director

Dr I Venkat Rao
Director

Coimbatore
24th May, 2012

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

Certain energy conservation measures have been taken during the year 2011-2012 in order to reduce the energy consumption.

B. Research & Development : Nil**C. Technology absorption, Adaptation and Innovation:**

The Company has no activity relating to technology absorption

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		31.03.2012	31.03.2011
1. ELECTRICITY:			
a) PURCHASE			
Units in Lakhs	(KWH)	46.80	71.77
Total Amount in Lakhs	(Rs.)	205.80	284.61
Rate/Unit	(Rs.)	4.40	3.97
b) OWN GENERATION THROUGH DIESEL GENERATOR			
Units in Lakhs	(KWH)	0.21	0.44
Units Per Ltr. Of Diesel Oil	(KWH)	3.00	3.00
Cost/Unit	(Rs.)	15.17	13.91
2. HUSK:			
Quantity	(Kgs)	Nil	Nil
Total Cost	(Rs.)	Nil	Nil
Average Cost	(Rs.)	Nil	Nil
3. CONSUMPTION PER UNIT OF PRODUCTION:			
Cotton Yarn (production of various counts has been converted to the standard count of 40s) in Lakhs	(Kgs.)	10.76	17.61
Electricity consumed (Units in Lakhs)	(KWH)	47.01	72.21
Consumption per Unit of Production	(KWH)	4.37	4.10

On behalf of the Board

Coimbatore
24th May, 2012

Sumanth Ramamurthi
Managing Director

Dr I Venkat Rao
Director



CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance:

Your Company firmly believes in transparency in all its dealings and lays emphasis on integrity and regulatory compliance. The Company considers Corporate Governance as a prerequisite for meeting the needs and aspirations of its shareholders and other stakeholders in the Company. With this in view, this year's Annual Report has made necessary disclosures on the activities of the Company.

2. Board of Directors:

The Board is headed by the Managing Director, Mr.Sumanth Ramamurthi and is composed of eminent persons with considerable professional experience in varied fields and comprises of Non-Executive Directors, with majority being Independent Directors.

The details of composition of the Board, the attendance record of the Directors at the Board Meetings held during the financial year and the last Annual General Meeting and the details of their other Directorships and Committee Chairmanships and Memberships are given below:

Name of the Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM	No. of other Directorship held in Public Companies	No. of membership in Committees Member / Chairman
Mr Sumanth Ramamurthi	Promoter/ Executive	4	Yes	13	2/Nil
Mr C S K Prabhu	Independent – Non Executive	3	Yes	3	6/4
Mr Koteswara Rao SSR	Independent – Non Executive	3	Yes	1	3/2
Dr I Venkat Rao	Independent – Non Executive	4	Yes	Nil	3/ Nil

None of the Directors are related among themselves.

During the year under review, the Board of Directors met 4 times on 28th May 2011, 18th July 2011, 04th November 2011 and 31st January 2012.

At least one Board Meeting was held during every quarter and the time gap between two meetings was not more than four months.

The Annual General Meeting was held on 18th July 2011.

Shareholding of the Directors in the Company as on 31st March 2012.

Sl. No	Director	No. of equity shares of Rs. 10/- each held	Percentage of holdings
1	Mr Sumanth Ramamurthi	2938490	50.57
2	Mr C S K Prabhu	40	0.00

Other Directors do not hold any shares in the Company.

**3. Audit Committee:**

The Audit Committee comprises of three Non-Executive Directors, all being Independent Directors. Mr Koteswara Rao SSR, Chartered Accountant, is the Chairman of the Audit Committee.

The role, powers and functions of the Audit Committee are as per Section 292A of the Companies Act, 1956 and the guidelines set out in the listing agreement with the Stock Exchanges. Terms of reference of this Committee are as required by SEBI under clause 49 of the Listing Agreement. Besides having access to all the required information from within the Company, the committee can obtain external professional advice whenever required. The Committee acts as a link between the statutory and internal auditors and the Board of Directors of the Company. It is authorised to select and establish accounting policies, review reports of the Statutory and Internal Auditors and meet them to discuss their finding, suggestions and other related matters. The Committee is empowered to recommend the appointment and remuneration payable to the Statutory Auditors and Internal Auditors.

Four Meetings of the Committee were held during the financial year 2011-12 on 28th May 2011, 18th July 2011, 04th November 2011 and 31st January 2012. The constitution of the Committee and the attendance of each member is as given below:

Name of the Director	Category	No. of Meetings attended
Mr C S K Prabhu	Non - Executive, Independent	3
Mr Koteswara Rao SSR	Non - Executive, Independent	3
Dr I Venkat Rao	Non - Executive, Independent	4

4. Remuneration Committee:

The Remuneration Committee comprises of three Non-Executive Directors, all being Independent Directors. The constitution of committee is given below:

Name of the Director	Category	Status
Mr Koteswara Rao SSR	Non - Executive, Independent	Chairman
Mr C S K Prabhu	Non - Executive, Independent	Member
Dr I Venkat Rao	Non - Executive, Independent	Member

Terms of reference of the Remuneration Committee include recommendation for fixation and periodic revision of compensation to the Managing Director for approval of Board.

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.5000/- for attending each Board meeting and Audit Committee meetings. The Directors are not paid any commission.

The Company does not have any stock option scheme.

5. Share Transfer & Shareholders' / Investors' Grievance Committee:

This Committee (i) approves and monitors transfers, transmission, splitting and consolidation of securities and issue of duplicate certificates by the Company, and (ii) looks into various issues relating to shareholders including redressal of complaints from shareholders relating to transfer of shares, non-receipt of Balance Sheets, etc.



The Committee consists of Managing Director and three Non-Executive Independent Directors namely:

- Mr Sumanth Ramamurthi – Managing Director
 Mr C S K Prabhu – Non-Executive Director - Chairman
 Mr Koteswara Rao SSR – Non-Executive Director
 Dr I Venkat Rao – Non-Executive Director

The Committee met 19 times during the year.

The minutes of the Investor Grievance Committee were placed at the Board Meeting.

- No. of shareholders' complaints received during the year : Nil
 No. of complaints not resolved to the satisfaction of shareholders : Nil
 No. of pending share transfers : Nil

6. Management Discussion and Analysis Report

Management Discussion and Analysis Report forms part of this Annual Report.

7. General Body Meetings:

The Details of date, time and location of Annual General Meetings held during the last three years are as under

Financial year	Date	Time	Venue
2008 - 09	23.07.2009	10:00 A.M.	Elgi Towers, 737D Puliakulam Road, Coimbatore - 641 045.
2009 - 10	23.07.2010	3:30 P.M.	Elgi Towers, 737D Puliakulam Road, Coimbatore - 641 045.
2010 - 11	18.07.2011	3.30 P.M.	Elgi Towers, 737D Puliakulam Road, Coimbatore - 641 045.

No special resolutions were put through postal ballot during the year 2011-12.

No Extra Ordinary General Meeting was held during the year 2011-12.

Details of special resolutions passed in previous three AGM's

Year	Details of special resolution(s) passed
2008-09	NIL
2009-10	NIL
2010-11	Re-Appointment of Mr Sumanth Ramamurthi as Managing Director of the Company

8. Other disclosures:

- (a) There are no materially significant related party transactions i.e transactions of the Company of material nature with its promoters, Directors or the management, their subsidiaries or relatives etc. which have potential conflict with the interest of the Company at large.
- (b) The Company has paid the listing fees due to Bombay Stock Exchange Limited.



- (c) The Company does not have any Whistle Blower Policy. However any employee, if he/she so desires, would have free access to meet Senior Level Management and Report any matter of concern.
- (d) The Company has complied with all the mandatory requirements of Corporate Governance Norms as enumerated in Clause 49 of the Listing Agreement with Stock Exchange. The Company has complied with the non-mandatory requirement of constitution of Remuneration Committee.

9. Means of communication:

- (a) Whether half-yearly report sent to each household of shareholders: No
- (b) Quarterly results:
 - (i) Which newspapers normally published in: The Financial Express
Maalaimalar (Local Edition)
 - (ii) Any Website displayed : www.kakatiyatextiles.com.
- (c) Whether presentations made to institutional investors or to the analysts:
No presentations were made to institutional investors or to the analysts.

10. CEO / CFO Certification

The CEO and the CFO of the Company have certified to the Board with regard to the compliance made by them in terms of Clause 49 (V) of the Listing Agreement, the certificate forms part of Annual Report.

11. Code of Conduct

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

The Company has adopted the code of conduct for prevention of Insider Trading as regulated by SEBI (Insider Trading) Regulations, 1992. This code is applicable to all Director's / Officers/ Designated employees. The code ensures prevention of dealing in shares by persons having access to unpublished price sensitive information.

12. General Shareholder information:

- (i) AGM: Date, time and venue: 23.07.2012, 3.30 P.M., Elgi Towers, 737D, Puliakulam Road, Coimbatore - 641 045.
- (ii) Financial calendar (tentative): Financial Year "1st April to 31st March"
 - Financial reporting for the quarter ending June 30, 2012: End of July, 2012
 - Financial reporting for the quarter ending September 30, 2012: End of October, 2012
 - Financial reporting for the quarter ending December 31, 2012: End of January, 2013
 - Financial reporting for the quarter and year ended March 31, 2013: End of May, 2013
- (iii) Book closure period: 17th July 2012 to 23rd July 2012 (both days inclusive).



(iv) Dividend payment date: Not applicable

(v) Listing on Stock Exchanges: The Company's securities are listed at:

1. Bombay Stock Exchange Limited

(vi) Stock Code : **521054**

(vii) Stock Market Data:

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

Month	SHARE PRICE		SENSEX	
	High Price	Low Price	High	Low
Apr-11	17.60	14.00	19,811.14	18,976.19
May-11	15.00	10.50	19,253.87	17,786.13
Jun-11	11.55	9.50	18,873.39	17,314.38
Jul-11	11.90	8.84	19,131.70	18,131.86
Aug-11	9.00	7.24	18,440.07	15,765.53
Sep-11	7.60	6.50	17,211.80	15,801.01
Oct-11	7.00	5.95	17,908.13	15,745.43
Nov-11	6.09	5.50	17,702.26	15,478.69
Dec-11	5.77	4.80	17,003.71	15,135.86
Jan-12	5.29	5.04	17,258.97	15,358.02
Feb-12	10.01	5.55	18,523.78	17,061.55
Mar-12	11.76	8.65	18,040.69	16,920.61

(viii) Registrar and Transfer Agent:

The Company has appointed M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, Bhandup (West), Mumbai - 400 078, to act as Registrar and Transfer Agents to handle all investor services relating to shares held in physical form as well as in electronic mode. The address of their Branch Office at Coimbatore is given below.

Link Intime India Private Limited, Coimbatore Branch Office, "Surya" 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641 028. Ph: 0422-2314792/2316755
E-mail : coimbatore@linkintime.co.in

(ix) Share Transfer System:

Share transfers in physical form are registered and returned within a period of 15 days from the date of receipt in case documents are complete in all respects and Demat confirmed within 15 days. The Shareholders Committee meets as and when required.

**(x) (a) Distribution of Shareholding as on 31st March, 2012.**

Category	No. of Shares	Percentage
Promoters	2938490	50.57
Banks/Financial Institutions	1000	0.02
Bodies Corporates	240492	4.14
Individual Shareholding up to 1 lakh	2334036	40.17
Individual Shareholding of more than 1 lakh	280606	4.83
Others	15976	0.27
Total	5810600	100.00

(b) The Distribution of shareholding as on 31st March, 2012 is given below:

No. of Equity Shares	No. of Share holders	Percentage of share holders	No. of Shares held	Percentage of share holding.
1 - 500	9374	93.94	1599767	27.53
501 - 1000	395	3.96	324118	5.58
1001 - 2000	128	1.28	194790	3.35
2001 - 3000	30	0.30	77426	1.33
3001 - 4000	14	0.14	48196	0.83
4001 - 5000	15	0.15	70105	1.21
5001 - 10000	13	0.13	92168	1.59
10001 and above	10	0.10	3404030	58.58
Total	9979	100.00%	5810600	100.00%

(xi) Dematerialization of shares:

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). As on 31st March 2012, out of 5810600 equity shares, 3908493 representing 67.26 % of the share capital are dematerialized through National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

(xii) Outstanding GDRs/ADR/Warrants, Convertible Bonds, conversion date and likely impact on equity: NIL**(xiii) Plant Location:**

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

**(xiv) Address for Communications:**

Registered Office: 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 (Extn 154) / 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 / 2315792
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DECLARATION

It is hereby declared that all the Board Members, Senior Management and Employees of the Company have affirmed to and compliance with the 'Code of Conduct' laid down by the Company, as on 31st March 2012.

For and on behalf of the Board

Coimbatore
24th May 2012

Sumanth Ramamurthi
Managing Director

I Venkat Rao
Director

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT.

To

The members of Kakatiya Textiles Limited,

We have examined the compliance of conditions of Corporate Governance by Kakatiya Textiles Limited for the year ended on 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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. Our examination is neither an audit nor was it conducted to express an 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. MURALIDHARAN
Partner
Membership No. 026554

Coimbatore
24th May, 2012



CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We, Sumanth Ramamurthi, Managing Director and P. Nagarajan, Chief Financial Officer, certify that:

- a) We have reviewed the Financial Statements and Cash Flow Statement for the year ended March, 31, 2012 and to the best of our knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March, 31, 2012 which are fraudulent, illegal or in violation of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d) We have indicated to the Auditors and Audit Committee that:
 - (i) There have not been any significant changes in internal controls over financial reporting during the year ended March 31, 2012;
 - (ii) There have not been any significant changes in accounting policies during the year ended March, 31, 2012 and that the same have been disclosed in the notes to the financial statements; and
 - (iii) There has not been any instance during the year ended March 31, 2012 of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Coimbatore
24th May, 2012

Sumanth Ramamurthi
Managing Director & CEO

P. Nagarajan
Chief Financial Officer



Auditors' Report

The Members of Kakatiya Textiles Limited

We have audited the attached Balance Sheet of KAKATIYA TEXTILES LIMITED as at 31st March 2012 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order 2005, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to 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 it appears from

our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us.

- c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our Opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with 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 2012 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March 2012 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 give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i. In the case of Balance Sheet, of the State of Affairs of the Company as at 31st March, 2012;
 - ii. In the case of the Profit and Loss Account, of the Loss for the year ended on that date and
 - iii. In the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

For **S MURALI DHARAN & CO**

Chartered Accountants
Registration No.009617S

S MURALIDHARAN

Partner

Coimbatore
24th May, 2012

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)

- 1) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) These fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
 - (c) No substantial part of fixed assets has been disposed off during the year and therefore it has not affected the going concern status of the Company.
- 2) (a) As per information & explanation given to us, the inventory has been physically verified during the year by the management at reasonable intervals.
 - (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 and the discrepancies noticed on verification between the physical stocks and the book records were not material.
- 3) (a) According to the information and explanations given to us, the Company has not given any loans, secured or unsecured, to the Companies, firms and other parties covered in the register maintained u/s. 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (b) to (d) of the order are not applicable.
 - (b) According to the information and explanations given to us, the Company has taken interest free unsecured loans from the companies, firms or other parties covered in the register maintained u/s.301 of the Companies Act, 1956. (No. of Parties -1 and the amount involved is Rs.90 Lakhs)
 - (c) As per the information provided to us, the terms and conditions on which the loan has been taken are prima facie not prejudicial to the interest of the Company.
 - (d) No repayment of Principal, against the loan borrowed, has been made by the Company during the year.
- 4) 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 nature of its business with regard to purchase of inventory, fixed assets and for sale of goods and services.

Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.
- 5) (a) According to the information provided by the management and the documents verified by us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act have been so entered for the year under audit.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year, have been made at the prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6) The Company has not accepted any deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.



- 7) In our opinion, the Company has an internal audit system, which is commensurate with its size and nature of business.
- 8) According to the information given and the documents produced before us, the Company has maintained the cost records as prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
- 9) According to the information and explanations given to us in respect of the statutory dues, we report that wherever applicable, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year.
- According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2012 for a period of more than six months from the date they become payable.
- 10) The Company reported is an entity, which has been registered for a period not less than five years and the accumulated losses of the Company at the end of the financial year are more than fifty percent of its networth. The Company has incurred cash losses during the financial year under report.
- 11) According to the records of the Company examined by us and on the basis of information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
- 12) Based on our examination and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) The Company is not a Chit/ Nidhi /Mutual Benefit Fund/ Society; hence this clause will not be applicable to the Company.
- 14) According to the information and explanations given to us, the Company has not dealt in securities, debentures and other investments during the year.
- 15) According to the information and explanations given to us, and as per our examination of relevant records, we are of the opinion that the Company has not given any guarantee for loans taken from banks.
- 16) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- 17) On the basis of our examination of the books of accounts and the information and explanations given to us and on an overall examination of balance sheet of the Company, we report that no funds raised on short term basis that have been used for long term investments and vice versa.
- 18) 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. Accordingly the provisions of clause 4 (xviii) of the Companies (Audit Report) Order 2003 are not applicable to the Company.
- 19) The Company has not issued any debentures during the year under the report and hence creation of securities in respect of debentures is not applicable.
- 20) The Company has not raised any money through a public issue during the year and hence reporting on end use of money raised on public issue does not arise.
- 21) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the Company has been noticed / reported during the year.

For **S MURALI DHARAN & CO**
Chartered Accountants
Registration No.009617S

S MURALIDHARAN

Partner

Coimbatore
24th May, 2012

Membership No. 026554

Balance Sheet as at 31st March, 2012

Rs. in Lakhs

	Notes	31.03.2012	31.03.2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	1078.50	1078.49
(b) Reserves and Surplus	4	(1217.00)	(1015.27)
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	5	90.00	295.00
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long Term Liabilities		-	-
(d) Long Term Provisions		-	-
(3) Current Liabilities			
(a) Short-Term Borrowings		-	-
(b) Trade Payables		180.54	67.79
(c) Other Current Liabilities	6	698.22	614.31
(d) Short-Term Provisions	7	27.49	19.92
TOTAL		857.75	1060.24
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Gross Block	8	1619.20	1628.55
(ii) Depreciation		1306.72	1239.13
(iii) Net Block		312.48	389.42
(b) Non-current investments		-	-
(c) Deferred tax assets (net)	9	344.14	278.06
(d) Long term loans and advances		12.52	12.86
(e) Other non-current assets		54.70	44.09
(2) Current Assets			
(a) Current investments		-	-
(b) Inventories	10	118.22	234.45
(c) Trade receivables		1.59	40.77
(d) Cash and cash equivalents	11	4.87	44.63
(e) Short-term loans and advances	12	9.23	15.96
(f) Other current assets		-	-
TOTAL		857.75	1060.24

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 Muralidharan

Partner

Membership No.026554

Coimbatore

24th May 2012

Sumanth Ramamurthi

Managing Director

P. Nagarajan

Chief Financial Officer

Dr I Venkat Rao

Director

Udhayashankar. R

Company Secretary


Statement of Profit and Loss Account for the year ended 31st March 2012 Rs. in lakhs

	Notes	31.03.2012	31.03.2011
I Revenue from operations	13	1824.02	2501.83
II Other Income	14	84.97	19.88
III Total Revenue (I +II)		1908.99	2521.71
IV Expenses:			
Cost of materials consumed	15	1408.18	1475.06
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	16	70.10	(71.30)
Employee Benefit Expense	17	252.90	269.55
Finance Cost		12.30	36.38
Depreciation and Amortization Expense		77.04	78.84
Other Expenses	18	356.28	565.32
Total Expenses (IV)		2176.80	2353.85
V Profit before exceptional and extraordinary items and tax	(III - IV)	(267.81)	167.85
VI Exceptional Items		-	-
VII Profit before extraordinary items and tax	(V -VI)	(267.81)	167.85
VIII Extraordinary Items		-	-
IX Profit before tax	(VII -VIII)	(267.81)	167.85
X Tax expense:			
(1) Current tax		-	-
(2) Deferred tax (Liability)/ Asset		66.09	(45.34)
XI Profit(Loss) from the period from continuing operations	(IX-X)	(201.72)	122.51
XII Profit/(Loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(Loss) from discontinuing operations	(XII - XIII)	-	-
XV Profit/(Loss) for the year	(XI + XIV)	(201.72)	122.51
XVI Earnings per equity share:			
(1) Basic		(3.49)	2.12
(2) Diluted		(3.49)	2.12

The accompanying notes are an integral part of the financial statements

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 Muralidharan

Partner

Membership No.026554

Coimbatore

24th May 2012

Sumanth Ramamurthi

Managing Director

P. Nagarajan

Chief Financial Officer

Dr I Venkat Rao

Director

Udhayashankar. R

Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

(Rs. in lakhs)

PARTICULARS	31.03.2012		31.03.2011	
A. Cash Flow from operating activities :				
Net Profit before tax and extraordinary items		(267.81)		167.85
Add: Adjustments In P & L				
Depreciation	77.04		78.84	
Interest Payments	12.30		36.38	
Less: Profit on sale of assets	(1.45)	87.89	–	115.22
Operating Profit before working capital changes		(179.92)		283.07
(Increase)/Decrease in Inventory	116.23		(11.27)	
(Increase)/Decrease in Debtors	39.18		(1.34)	
(Increase)/Decrease in Income Tax & TDS	5.81		53.19	
(Increase)/Decrease in Advances & Deposits	0.93		(0.65)	
(Increase)/Decrease in Non current assets	(10.26)			
Increase/(Decrease) in Current Liability	204.23		(30.19)	
		356.12		9.74
Net Cash Flow from operating activities		176.20		292.81
B. Cash Flow from Investing activities :				
Purchase of fixed assets	(0.26)		(9.43)	
Sale of fixed assets	1.60		–	
Net cash used for investing activities		1.34		(9.43)
C. Cash Flow from financing activities :				
Long term borrowings - Secured	(205.00)		(205.00)	
Unsecured loans	–		(0.08)	
Call in Arrears	–		0.03	
Interest Paid	(12.30)		(36.38)	
Net cash flow from financing activities		(217.30)		(241.43)
Net Increase / (Decrease) in cash and cash equivalent		(39.76)		41.94
Cash and Cash Equivalents - Opening		44.63		2.69
Cash and Cash Equivalents - Closing		4.87		44.63

Sumanth Ramamurthi
Managing Director

Dr. I. Venkat Rao
Director

P. Nagarajan
Chief Financial Officer

Udhayashankar. R
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 31.03.2012 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.

For **S. MURALI DHARAN & CO.**

Chartered Accountants
Registration No. 009617S

S. MURALIDHARAN
Partner

Membership No. 026554

Coimbatore
24th May, 2012



Notes to the financial statements

1. Corporate information

Kakatiya Textiles limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange in India. The Company is engaged in the manufacturing and selling of cotton yarn.

2. Basis of preparation of financial statements

The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments, which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.1 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes that require material adjustments to the carrying amount of the asset or liability affected in future periods.

2.2 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

2.3 Inventories

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 costs of purchase, cost of conversion and any other cost 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.



2.4 Provisions and Contingencies

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 recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the Financial Statements.

Contingent liabilities: Dividend on 5,00,000 9% cumulative redeemable preference shares of Rs.100 each is in arrears from 01.04.2005. For current year Rs. 45 lakhs and previous years Rs. 270 lakhs.

2.5 Fixed Assets

Fixed Assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until fixed assets are ready for use. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the reporting date. Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and impairment.

2.6 Depreciation

- 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 date of Installation / Commissioning / retirement.
- ii) Assets Costing Rs. 5000 or less are fully depreciated in the year of purchase.

2.7 Impairment of assets

At each Balance Sheet date, the carrying values of the tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. 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

2.8 Deferred Tax

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.

2.9 Retirement benefits to employees

a) Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a defined benefit retirement plan (the gratuity plan) covering eligible employees. The Gratuity plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and tenure of employment with the Company.



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.

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.

b) Provident fund

Provident Fund Contribution is as per the rates prescribed by the Employees' Provident Funds Act, 1952 and the same is charged to revenue.

2.10 Dues to Micro, Small and Medium Enterprises as defined under MSMED Act, 2006

The Company has obtained 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 31.03.2012.

2.11 Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the efforts of all dilutive potential equity shares.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

2.13 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the efforts of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.14 Related Party Disclosure

1. Related party disclosure as required by Accounting Standard 18

1. Names of related parties and description of relationship

a) Key Managerial Personnel : Sri.Sumanth Ramamurthi

No remuneration is paid to Mr. Sumanth Ramamurthi

b) Other related parties



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

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

2. Transactions with related parties

Sl. No.	Particulars	31.03.2012		31.03.2011	
		Value of Transaction	Closing Balance	Value of Transaction	Closing Balance
1	Yarn Conversion	0.17	Nil	12.55	Nil
2	Purchases	630.43	1.62	1148.69	0.79
3	Yarn Sales	1596.28	627.15	1937.08	460.35
4	Loan Re-payment	Nil	90.00	0.08	90.00

3. Share Capital

	31st March 2012 Rs.in Lakhs	31st March 2011 Rs.in Lakhs
Authorised share capital		
65,00,000 Equity shares of Rs. 10 each	650.00	650.00
5,00,000 9% Cumulative Redeemable Preference shares of Rs.100 each	500.00	500.00
Total	1150.00	1150.00
Issued, Subscribed and Paid up		
58,10,600 Equity shares of Rs. 10 each	581.06	581.06
Less:Calls in arrears	2.56	2.57
5,00,000 9% Cumulative Redeemable Preference shares of Rs.100 each	500.00	500.00
Total	1078.50	1078.49



Shareholders holding more than 5% of Paid up Capital :

Name of the Shareholder	FY 2011-2012		FY 2010-2011	
	No. of Shares	% of Shares	No. of Shares	% of Shares
a) Equity Capital : Mr. Sumanth Ramamurthi	2938490	50.57%	2979194	51.27%
b) Preference Share Capital : Mr. Sumanth Ramamurthi	500000	100%	500000	100%

4. Reserves and Surplus

	31st March 2012 Rs. in Lakhs	31st March 2011 Rs. in Lakhs
General Reserve		
Balance as per last financial statements	17.50	17.50
Add: Current year transfer	-	-
Less: Written back in the Current year	-	-
Closing Balance	<u>17.50</u>	<u>17.50</u>
Profit and Loss		
Opening balance [Profit / (Loss)]	(1032.77)	(1155.28)
Profit / (Loss) for the year	(201.72)	122.51
Net Surplus / (Loss)	<u>(1234.50)</u>	<u>(1032.77)</u>
Total Reserves and Surplus	<u>(1217.00)</u>	<u>(1015.27)</u>
5. Long Term Borrowings		
Secured Term Loans		
From Axis bank	-	205.00
Sub Total	<u>-</u>	<u>205.00</u>
Unsecured Term Loans		
From Promoters	90.00	90.00
Sub Total	<u>90.00</u>	<u>90.00</u>
Total long term borrowings	<u>90.00</u>	<u>295.00</u>
6. Other Current Liabilities		
Advances from Customers	627.15	460.35
Liabilities for expenses	70.22	152.61
Duties & Taxes Payable	0.85	1.35
Total	<u>698.22</u>	<u>614.31</u>
7. Short Term Provisions		
Gratuity Payable	27.49	19.92
Total	<u>27.49</u>	<u>19.92</u>



8. Fixed Assets **Rs. in Lakhs**

Particulars	Original Cost				Depreciation				Net Book Value	
	As at 01.04.2011	Additions	Deletion	As at 31.03.2012	Upto 31.03.2011	For the year	Deletion	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
Tangible Assets										
Land	11.86	-	-	11.86	-	-	-	-	11.86	11.86
Buildings-Factory	242.61	-	-	242.61	137.66	8.10	-	145.76	96.85	104.95
Buildings-Non Factory	80.83	-	-	80.83	18.85	1.32	-	20.17	60.66	61.98
Plant & Machinery	1127.99	-	9.61	1118.38	970.21	59.40	9.45	1020.16	98.22	157.78
Electrical Installation	129.38	-	-	129.38	82.26	6.83	-	89.09	40.29	47.12
Office Equipments	16.59	-	-	16.59	11.13	1.05	-	12.18	4.41	5.46
Computers	10.84	0.12	-	10.96	10.85	-	-	10.85	0.11	-
Furniture & Fittings	5.88	0.14	-	6.02	5.60	0.34	-	5.94	0.08	0.27
Vehicles	2.57	-	-	2.57	2.57	-	-	2.57	-	-
Sub Total	1628.55	0.26	9.61	1619.20	1239.13	77.04	9.45	1306.72	312.48	389.42
Intangible Assets	-	-	-	-	-	-	-	-	-	-
Total	1628.55	0.26	9.61	1619.20	1239.13	77.04	9.45	1306.72	312.48	389.42
Previous Year	1619.12	9.43	-	1628.55	1160.29	78.84	-	1239.13	389.42	458.83



9. Deferred Tax Asset (Net)	31st March 2012	31st March 2011
	Rs. in Lakhs	Rs. in Lakhs
Deferred Tax Liability:		
a) Impact of difference between WDV of fixed assets as per the Income Tax Act 1961 and WDV as reported in the financial statements	32.56	51.11
Deferred Tax Asset:		
a) Due to carry forward tax losses	368.21	322.54
b) Due to Gratuity Provision	8.49	6.62
Net Deferred Tax Asset	344.14	278.06
10. Inventories (Valued at lower of cost and net realizable value)		
Raw Materials	34.33	77.78
Stock in Process	53.65	99.76
Finished Goods	10.39	15.86
Waste Goods	1.11	19.63
Stores and spares	18.74	21.42
Total	118.22	234.45
11. Cash and Cash Equivalents		
Cash in hand	0.44	0.11
Cash Equivalents :		
Balances with Banks in Current Accounts	4.43	44.52
Total	4.87	44.63
12. Short Term Loans and Advances		
Unsecured consider good		
Advance Income Tax & TDS	4.61	10.42
Prepaid Expenses	1.74	2.55
Advance to Employees	2.88	2.99
Total	9.23	15.96
13. Revenue from operations		
Yarn sales	1634.29	2277.00
Cotton Waste Sales	189.56	212.28
Conversion charges	0.17	12.55
Total	1824.02	2501.83

**KAKATIYA TEXTILES LIMITED**

	31st March 2012	31st March 2011
	Rs. in Lakhs	Rs. in Lakhs
14. Other Income		
Miscellaneous Income	14.78	8.09
Profit on sale of asset	1.44	–
Interest earned	–	11.79
Provision no longer required written back	68.75	–
Total	84.97	19.88
15. Cost of raw materials consumed		
Opening Stock	77.78	136.01
Add: Purchases	1364.73	1416.83
	1442.51	1552.84
Less : Closing Stock	34.33	77.78
Cost of Raw Materials Consumed	1408.18	1475.06
16. (Increase) / Decrease in Finished goods and Work-in-progress		
Inventories at the end of the year	65.15	135.25
Inventories at the beginning of the year	135.25	63.95
(Increase) / Decrease of Finished goods & WIP	70.10	(71.30)
17. Employee benefit expenses		
Salaries & Wages and other Allowances	215.92	231.95
Contribution to PF & Other Funds	22.58	23.05
Employees Welfare Expenses	14.40	14.55
Total	252.90	269.55
18. Other Expenses		
1) Stores and spares consumed	57.46	85.36
2) Power and fuel expenses	207.40	344.99
3) Repairs and maintenance expenses	37.47	64.00
4) Selling Expenses	20.24	27.87
5) Administrative Expenses	33.71	43.09
Total	356.28	565.32
Audit fees details		
As Auditor		
– Statutory Audit Fee	0.60	0.60
– Tax Audit Fee	0.26	0.24
Total	0.86	0.84



19. Gratuity

i) Reconciliation in respect of the changes in the present value of the Obligation: (Rs. in lakhs)

Particulars	31.03.2012	31.03.2011
Present Value of the Obligation as at the beginning of the year	36.98	31.06
Current Service cost	2.46	2.14
Interest Cost	2.82	2.46
Benefits Paid	(6.08)	(3.45)
Actuarial Loss / (Gain) on Obligation	3.58	4.78
Present Value of the Obligation as at the end of the year	39.76	36.98

The liability of the Company is **Rs.39.76** lakhs out of which it has been funded to the extent of **Rs.12.27** lakhs.

ii) Reconciliation in respect of the changes in the fair value of the Plan Assets: (Rs. in lakhs)

Particulars	31.03.2012	31.03.2011
Present Value of the Plan Assets as at the beginning of the year	17.06	18.99
Expected return on Plan Assets	1.26	1.55
Benefits Paid	(6.08)	(3.45)
Actuarial Gains and (Losses) on Plan Assets	0.03	(0.03)
Fair Value of Plan Assets as at the end of the year	12.27	17.06

iii) Principal Actuarial Assumptions:

(Expressed as weighted averages)	31.03.2012	31.03.2011
Discount Rate	8.70%	8.30%
Salary Escalation Rate	6.00%	5.00%
Expected Rate of Return on Plan Assets	9.00%	9.00%

iv) The total expense recognized in the Profit and Loss Account : (Rs in Lakhs)

Particulars	31.03.2012	31.03.2011
Current Service Cost	2.46	2.14
Interest Cost	2.82	2.46
Expected Return on Plan Assets	(1.26)	(1.55)
Actuarial (Gains) and Losses	3.54	4.82
Amount recognized in the Profit and Loss Account	7.56	7.86

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



v) 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	31.03.2012	31.03.2011
Present Value of the Defined Benefit Obligation	39.76	36.99
Fair Value of Plan Assets	12.27	17.06
Liability recognized in Profit and Loss Account	7.56	7.86
Experience adjustments arising on Plan-(loss)/gain	(1.48)	(4.46)
Experience adjustments arising on Plan Assets-(loss)/gain	0.03	(0.03)

20.Details of provisions and movements as per AS 29. (Rs in lakhs)

Particulars	2011-12 Gratuity	2010-11 Gratuity
Carrying amount at the beginning of the year	19.93	12.07
Additional provision made during the year	7.56	7.86
Amount used during the year	-	-
Unused amount reversed during the year	-	-
Carrying amount at the end of the year	27.49	19.93

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

Particulars	31.03.2012	31.03.2011
Basic and Diluted Earnings - Profit / (Loss) (Rs. in lakhs)	(201.72)	122.51
Number of equity shares (Rs. in lakhs)	57.84	57.84
Nominal value of equity shares	Rs.10	Rs.10
Earnings per share	Rs.(3.49)	Rs. 2.12

KAKATIYA TEXTILES LIMITED

Regd. Office : "ELGI TOWERS", P B 7113, 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 30th Annual General Meeting of the Company held on Monday, 23rd July 2012 at 3.30 PM at 'Elgi Towers', 737 D, Green Fields, Puliakulam Road, Coimbatore - 641 045

.....
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", P B 7113, 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 30th Annual General Meeting of the Company to be held on Monday, 23rd July 2012 at 3.30 PM at 'Elgi Towers', 737 D, Green Fields, Puliakulam Road, Coimbatore - 641 045 and at any adjournment thereof.

Signed this day of

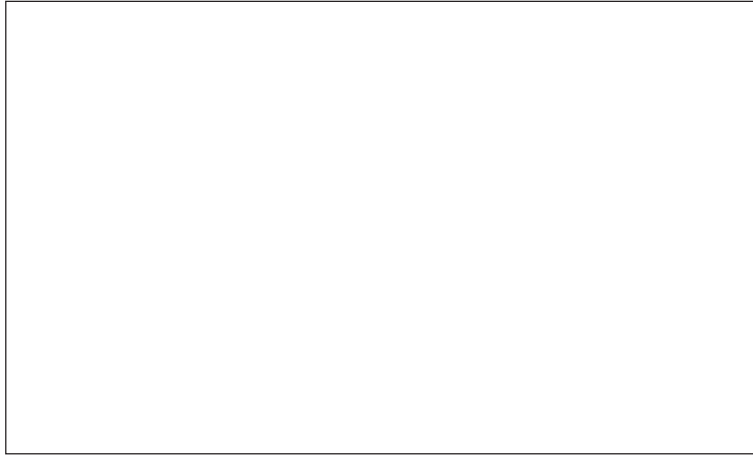
Folio No.	
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Affix
15 paise
Revenue
Stamp

No. of Shares	
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- 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.