
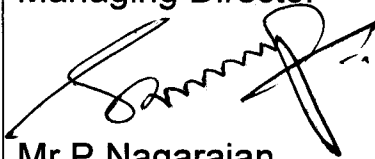




FORM A
Format of covering letter of the Annual Audit Report
to be filed with the Stock Exchanges

1.	Name of the Company	Kakatiya Textiles Limited
2.	Annual financial statements for the year ended	31 st March 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	NA
5.	To be signed by	
	<ul style="list-style-type: none"> • CEO/ Managing Director 	 Mr.Sumanth Ramamurthi Managing Director
	<ul style="list-style-type: none"> • CFO 	 Mr.P.Nagarajan Chief Financial Officer
	<ul style="list-style-type: none"> • Auditor of the company 	 Mr.S. Muralidharan Membership No.026554 Partner M/s.S.Murali Dharan & Co Chartered Accountants Firm Registration No.009617S
	<ul style="list-style-type: none"> • Audit Committee Chairman 	 Mr.S.S.R. Koteswara Rao Director



Kakatiya Textiles Limited

**32nd Annual Report
2013 - 2014**



KAKATIYA TEXTILES LIMITED

CIN : L18100TZ1981PLC013940

Managing Director

Board of Directors

Chief Financial Officer

Company Secretary

Auditors

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

Ms Ramya P

M/s S.Murali Dharan & Co

Link Intime India Pvt Ltd.

"Surya", 35, Mayflower Avenue

Behind Senthil Nagar

Sowripalayam, Coimbatore - 28

Phone : 0422-2314792

"ELGI TOWERS"

P.B.No. 7113

737-D, Green Fields

Puliakulam Road

Coimbatore - 641 045

Phone : 0422-2311711

Fax : 0422-2311611

Nallabandagudem - 508 206

Kodad Mandal, Nalgonda District

Telangana

Phone : 08683 - 284224, 284226

Fax : 08683-284223

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Notice to Members

NOTICE is hereby given that the 32nd Annual General Meeting of the Shareholders of the Company will be held on **Monday, the 29th September 2014 at 5.00 P.M.** at Computer Society of India, III Floor, Vyshnav Complex, 95-A, Race Course, Coimbatore - 641 018, to transact the following business:

Ordinary Business

1. **To receive, consider and adopt the following:**
 - a. The audited Statement of Profit and Loss for the year ended 31st March 2014
 - b. The audited Balance Sheet as at 31st March 2014 and
 - c. The reports of the Director's and the Auditor's
2. **To re-appoint the Auditors and to fix their remuneration and in this regard to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (corresponding to Section 224, and other applicable provisions, if any of the Companies Act, 1956) M/s. Murali Dharan & Co., (Firm Registration No. 009617S) Chartered Accountants, Coimbatore be and are hereby re-appointed as the Statutory Auditors of the Company to hold office for a period of 3 years from the conclusion of this Annual General Meeting till the conclusion of the 35th Annual General Meeting which ought to be held in the year 2017, subject to ratification by the Shareholders annually, at a remuneration to be decided by the Board of Directors in consultation with the Auditors."

Special Business

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

RESOLVED THAT pursuant to the provisions of Section(s) 196, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Sumanth Ramamurthi (holding DIN 00002773) be and is hereby re-appointed as Managing Director of the Company for a period of three years with effect from 30th May 2014, without any remuneration/perks, until otherwise resolved by the Board of Directors with such powers and functions as the Board of Directors may from time to time require him to exercise whilst also noting his concurrent Executive Chairmanship in Super Spinning Mills Limited, with remuneration.

RESOLVED FURTHER THAT the terms and conditions set out for re-appointment and/or agreements shall be altered and varied from time to time by the Board as it may, in its discretion, deem fit.

4. **To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr. I Venkat Rao (holding DIN 00724742), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 29th September 2014 to hold office for a term upto 30th September 2015, not liable to retire by rotation.



5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Koteswara Rao SSR (holding DIN 00964290), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who in accordance with the provisions of the Companies Act, 2013 is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 29th September 2014 to hold office for a term upto 30th September 2015, not liable to retire by rotation.

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. C S K Prabhu (holding DIN 00002913), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who in accordance with the provisions of the Companies Act, 2013 is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 29th September 2014 to hold office for a term upto 30th September 2015, not liable to retire by rotation.

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions of the Companies Act, 2013 the Articles of Association of the Company be and is hereby amended by deleting the existing Article(s) Numbers 112 and 122 of the Articles of Association and substituting thereat with the following new Article Number(s) 112 and 122 thereof.

“112. At the Annual General Meeting of the Company to be held in every year, one third of such of the Directors as are liable to retire by rotation for the time being of, if their number is not three or a multiple of three, then the number nearest to one third shall retire from office, and they will be eligible for re-election. However the independent directors appointed pursuant to Section 149 of the Companies Act, 2013 shall not while holding such office be subject to retirement by rotation at the Annual General Meeting.

122. A Managing or Whole-time Director, while he continues to hold that office, shall also be subject to retirement by rotation and he shall ipso facto cease to be a Managing Director or Whole-time Director, if for any cause, he ceases to hold the office of Director.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT in supersession of the earlier resolution and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 read with the relevant Rules thereof,



consent and approval of the Company be and is hereby accorded to the Board of Directors to borrow from time to time in one or more tranches, for the purpose of the Company's business, such sum or sums of money, as they in their absolute discretion think fit, notwithstanding that the monies to be borrowed together with that already borrowed by the Company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) and remaining outstanding will exceed the aggregate of the paid-up share capital and free reserves, provided that the total amount upto which monies may be borrowed by the Board of Directors (apart from temporary loans obtained from the company's bankers) shall not exceed of Rs.25 Crores (Rupees Twenty Five Crores only).

For and on behalf of the Board

Sumanth Ramamurthi

Managing Director

DIN : 00002773

Coimbatore
12th August, 2014

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM FOR THE ANNUAL GENERAL MEETING IS ENCLOSED.

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

2. Pursuant to Section 102 of the Companies Act, 2013 the Statement setting out material facts and reasons for the proposed Special business are appended herein.
3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. Members / Proxies should bring the attendance slips duly filled and signed for attending the meeting.
5. The register of members and share transfer books of the company will remain closed from 23rd September 2014 to 29th September 2014 (both days inclusive).
6. Details under Clause 49 of the Listing Agreement with the Stock Exchange with respect of Directors seeking appointment / re-appointment at the Annual General Meeting forms integral part of the Notice. The Directors have furnished the requisite consents/declarations for their appointment/reappointment.



7. Members holding shares in physical form are requested to notify immediately any change in their address along with respective address proof and Bank particulars to the Company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the Company/RTA.
8. Members desirous of receiving any information on the accounts or operations of the Company are requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
9. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Registrar and Share Transfer Agent, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such members after making requisite changes thereon.
10. Members holding shares in Physical form are requested to convert their holdings to dematerialized form to eliminate all risks associated with Physical shares.
11. The members are requested to forward their share transfer deed(s) and other communications directly to the Registrar and share transfer agent of the company M/s Link Intime India Private Limited, "Surya", 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028.
12. Securities Exchange Board of India has mandated the submission of PAN by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in Physical form can submit their PAN to the Company or to M/s Link Intime India Private Limited, "Surya", 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028.
13. Electronic copy of the Annual Report Notice of the 32nd Annual General Meeting of the Company and instructions for e-voting / Postal Ballot along with the Attendance Slip and Proxy Form, are being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report and Postal Ballot Form is being sent in the permitted mode.
14. **Members are requested to update their e-mail addresses in respect of shares held in dematerialised form with their respective depository participants and in respect of shares held in physical form with M/s. Link Intime India Private Limited, Coimbatore.**
15. Voting through electronic means:
 - I. Pursuant to Clause 35B of the Listing Agreement with the Stock Exchange and the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 the Company is pleased to provide members facility to exercise their right to vote at the 32nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL).

In terms of Clause 35B of the Listing Agreement, in order to enable its members, who do not have access to e-voting facility, to send their assent or dissent in writing in respect of the resolutions as set out in this notice, a postal ballot Form is annexed. A member desiring to exercise vote by postal ballot shall complete the enclosed Ballot Form with assent (for) or



dissent (against) and send it to the Scrutinizer, Mr. M.D. Selvaraj, Proprietor, MDS & Associates, "Surya", 35 Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641 028 so as to reach him on or before 25th September, 2014 by 5.00 P.M. Any Ballot Form received after the said date shall be treated as if the reply from the Members has not been received. Kindly note that members can opt for only one mode of voting i.e., either by postal ballot or through e-voting.

However, in case of members casting their vote by postal ballot and e-voting, then voting done through e-voting shall prevail and voting done by Physical Ballot will be treated as invalid.

The instructions for members for voting electronically are as under:-

(A) In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> ● Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. ● In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB #	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details #	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. # Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.



- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN of "Kakatiya Textiles Limited" on with which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution if you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If the Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.



- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

(B) In case of members receiving the physical copy:

- i) Please follow all steps from sl. no. (i) to sl. no. (xvi) above to cast vote.
- ii) The voting period begins on **23rd September 2014 at 9.00 A.M and ends on 25th September 2014 at 5.00 P.M.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22nd August 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- iii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

(C) In case of members desiring to exercise vote by Postal Ballot:

A Member desiring to exercise vote by Postal Ballot should complete the Postal Ballot Form and send it to the Scrutinizer in the enclosed self-addressed business reply envelope properly sealed. Members are requested to read the instructions contained on the reverse of the Postal Ballot Form and follow the same.

- II. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 22nd August 2014.
- III. Mr.M.D.Selvaraj FCS, Proprietor, MDS & Associates, Company Secretaries, Coimbatore has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- IV. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.
- V. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.kakatiyatextiles.com and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges where the Company's shares are listed.

AS THE COMPANY HAS PROVIDED E-VOTING /POSTAL BALLOT VOTING IN TERMS OF CLAUSE 35B OF THE LISTING AGREEMENT, MEMBERS MAY PLEASE NOTE THAT THERE WILL BE ONLY ONE MODE OF VOTING EITHER THROUGH E-VOTING OR BY POST. THE SCRUTINIZER WILL COLLATE THE VOTES DOWNLOADED FROM THE E-VOTING SYSTEM AND VOTES RECEIVED THROUGH POSTAL BALLOT TO DECLARE THE FINAL RESULT FOR EACH OF THE RESOLUTIONS FORMING PART OF THE NOTICE OF ANNUAL GENERAL MEETING



STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ANNEXED TO THE NOTICE

Item No. 3

The term of office of Mr.Sumanth Ramamurthi as Managing Director of the Company expires on 29th May 2014. He was re-appointed as Managing Director of the Company by the Board of Directors at their meeting held on 21st May, 2014 on the recommendation of the Nomination and Remuneration Committee for a period of three years with effect from 30th May, 2014 without any remuneration. In view of his performance and capabilities along with his rich experience in the textile industry your Directors therefore consider that Mr.Sumanth Ramamurthi's reappointment will be beneficial to the Company.

As per the provisions of Section 196 & 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the re-appointment shall be subject to the approval of the shareholders of the Company in the General meeting. Hence necessary resolution is placed before the members for their approval.

Mr.Sumanth Ramamurthi is also the Executive Chairman of Super Spinning Mills Limited.

The Board of Directors recommend the resolution in Item No. 3 of the Notice for the approval of the members.

Except Mr. Sumanth Ramamurthi, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 3.

Item No. 4

Dr. I Venkat Rao is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 30th June 2006. The qualification and expertise of Dr. I Venkat Rao has been detailed in the annexure attached.

Dr. I Venkat Rao retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. Under the provisions of the Companies Act, 2013, an Independent Director should be appointed for a fixed term and is not liable to retire by rotation. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 Dr. I Venkat Rao being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director with effect from 29th September 2014 to hold office for a term upto 30th September 2015. A notice has been received from a member proposing Dr. I Venkat Rao as a candidate for the office of Director of the Company.

In the opinion of the Board, Dr. I Venkat Rao fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the Management. Copy of the draft letter for appointment of Dr. I Venkat Rao as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Dr. I Venkat Rao as an Independent Director. Accordingly,



the Board recommends the resolution in relation to appointment of Dr. I Venkat Rao as an Independent Director, for the approval by the shareholders of the Company.

Except Dr. I Venkat Rao, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

Item No. 5

Mr. Koteswara Rao SSR is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 18th February 1999. The qualification and expertise of Mr. Koteswara Rao SSR has been detailed in the annexure attached.

Mr. Koteswara Rao SSR is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of Companies Act, 1956. Under the provisions of the Companies Act, 2013, an Independent Director should be appointed for a fixed term and is not liable to retire by rotation. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 Mr. Koteswara Rao SSR being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director with effect from 29th September 2014 to hold office for a term upto 30th September 2015, A notice has been received from a member proposing Mr. Koteswara Rao SSR as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Koteswara Rao SSR fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the Management. Copy of the draft letter for appointment of Mr. Koteswara Rao SSR as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Koteswara Rao SSR as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Koteswara Rao SSR as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Koteswara Rao SSR, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

Item No. 6

Mr. C S K Prabhu is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 30th June 2006. The qualification and expertise of Mr. C S K Prabhu has been detailed in the annexure attached.

Mr. C S K Prabhu is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of Companies Act, 1956. Under the provisions of the Companies Act, 2013, an Independent Director should be appointed for a fixed term and is not liable to retire by rotation. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 Mr. C S K Prabhu being eligible and offering himself for appointment, is proposed



to be appointed as an Independent Director with effect from 29th September 2014 to hold office for a term upto 30th September 2015. A notice has been received from a member proposing Mr. C S K Prabhu as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. C S K Prabhu fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the Management. Copy of the draft letter for appointment of Mr. C S K Prabhu as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. C S K Prabhu as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. C S K Prabhu as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. C S K Prabhu, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

Item No. 7

The Board of Directors at their meeting held on 21st May 2014, have recommended altering Article Numbers 112 and 122 of the Articles of Association of the Company. The present Articles 112 and 122 states that the office of Managing Director, Debenture Director, Special Director or an ex-office Director, while holding such office shall not be liable to retirement by rotation at the Annual General Meeting.

Therefore, the Board of Directors in order to comply with the provisions of Section 152 of the Companies Act, 2013 recommends amendment to the Articles of Association by altering the existing Article 112 and 122 to make the office of Managing Director or Whole time Director, while holding such office liable to retirement by rotation at the Annual General Meetings.

The Resolution at Item No. 7 of the Notice is set out as a Special Resolution for approval by the members in terms of Section 14 of the Companies Act, 2013.

The Board of Directors recommend the resolution in Item No. 7 of the Notice for the approval of the members.

A copy of the Articles of Association of the Company together with the proposed amendments will be available for inspection by the members during the office hours on any working day.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7.

Item No. 8

Pursuant to the notification issued by the Ministry of Corporate Affairs on September 12, 2013, Section 180 (1)(c) of the Companies Act, 2013 has come into force with effect from September 12, 2013. Accordingly the limits approved by the members of the Company under 293(1)(d) of the Companies Act, 1956 is valid for a period of one year from the date of notification of Section 180 of the Companies Act, 2013. In order to comply with the provisions of Companies Act, 2013, approval of the Members is sought by way of Special Resolution under Section 180(1)(c) of the Companies Act, 2013, to borrow monies in excess of paid-up Capital and free reserves of the Company.



The Board recommends the Special Resolution as set out in Item No. 8 of the Notice for approval of the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 8.

Details of Directors seeking Appointment / Re-appointment (in pursuance of Clause 49(IV)(G) of the Listing Agreement)

Name	Dr. I Venkat Rao	Mr. Koteswara Rao SSR
DIN	00724742	00964290
Date of Birth / Age	11.08.1949 / 65 Years	25.03.1943 / 71 Years
Year of induction to the Board	2006	1999
Qualification	M.B.B.S	FCA
Expertise in functional areas	A Medical Practitioner having more than 3 decades of experience in the field of General Medicine	More than Four decades of experience in Audit, Accounts, Finance and Taxation matters.
Shareholding	NIL	NIL
Relationship	He is not related to any of the Directors on the Board of the Company	He is not related to any of the Directors on the Board of the Company
Other Company Directorships	NIL	Sanzyme Limited Deccan Auto Limited Andhra Chamber of Commerce
Other Committee Membership	NIL	Remuneration Committee Member Sanzyme Limited

Name	Mr. C S K Prabhu	Mr. Sumanth Ramamurthi
DIN	00002913	00002773
Date of Birth / Age	10.09.1954 / 60 Years	12.08.1959 / 55 Years
Year of induction to the Board	2006	2006
Qualification	FCA	B.S (Electrical Engineering)
Expertise in functional areas	More than three decades of experience as Auditor, specializing in the areas of finance, direct taxation, accounting etc.	Having three decades of experience in the Textile and Engineering Industries.
Shareholding	40 Equity Shares	2932840 Equity Shares & 500000 9% Cumulative Redeemable Preference Shares
Relationship	He is not related to any of the Directors on the Board of the Company	He is not related to any of the Directors on the Board of the Company



Name	Mr. C S K Prabhu	Mr. Sumanth Ramamurthi
Other Company Directorships	Super Spinning Mills Limited Bannari Amman Spinning Mills Limited Shiva Texyarn Limited The Scientific Fertilizer Company Private Ltd P.N.R. Housing Limited	Elgi Electric And Industries Limited Elgi Ultra Industries Limited Precot Meridian Limited Sara Elgi Industries Limited Super Farm Products Limited Elgi Building Products Limited Super Spinning Mills Limited Super Sara Textiles Limited Sara Elgi Envirotech Limited Sara Elgi Arteriors Limited
Other Committee Membership	Audit Committee Chairman / Member Super Spinning Mills Limited - Chairman Bannari Amman Spinning Mills Limited - Chairman Shiva Texyarn Limited - Member Remuneration Committee Chairman / Member Super Spinning Mills Limited - Chairman Bannari Amman Spinning Mills Limited - Member Shareholders / Investors Grievance Committee Chairman / Member Super Spinning Mills Limited - Member Bannari Amman Spinning Mills Limited - Member	Shareholders & Investors Committee Member Super Spinning Mills Limited Precot Meridian Limited Remuneration Committee Member Super Farm Products Limited Audit Committee Chairman Sara Elgi Industries Limited Elgi Building Products Limited

By order of the Board

Sumanth Ramamurthi
Managing Director
DIN: 00002773Coimbatore
12th August, 2014



Director's Report and Management Discussion & Analysis

Dear Members,

Your Directors present their 32nd Annual Report of the company for the financial year 2013-14 together with the Balance Sheet as at 31st March 2014 and the Statement of Profit & Loss for the year ended on that date.

Financial Results (₹ lakhs)

Particulars	2013-14	2012-13
Total Income	2390.34	1924.19
Profit before Depreciation, Interest & Tax for the year	(19.93)	146.44
Depreciation for the year	1.82	76.75
Finance Cost	-	-
Deferred Tax Liability / (Asset)	23.90	22.85
Net Profit / (Loss)	(45.65)	46.84

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 31st March 2014

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Conditions and Review of Operations

The Indian textile industry witnessed improvement during the course of the year. The erratic power outage is the major impediment for the year. Company has incurred additional cost on power and fuel in the state of Andhra Pradesh, where the Company's Unit is located. Company had to incur losses during the year due to higher power cost.

Opportunities and Threats

The Textile industry is much dependent upon the availability of quality raw materials. Fluctuation in the price of raw material will influence the

profitability of the Company. Power and labour shortage also affects the operations of the Company.

Company Outlook

During the current year, power outage & labour shortage are major concerns which could have impact on operations of the company. Higher inflation & increase in interest rates would have adverse impact on the growth of the company.

Risks and Concerns

Company's Plant and Machinery needs Modernization. The demand for the yarn manufactured by the company mainly depends on handloom industry.

Erosion of Networth

As at 31st March 2014, your Company had a negative net worth of Rs.137.31 lakhs. Your Directors believe that the Company's net worth could become positive if the favourable business trend continues for sometime. Therefore, the sickness status has not been referred to BIFR

Directors

Mr. Sumanth Ramamurthi, has been re-appointed as Managing Director of the Company with effect from 30th May 2014 for a term of 3 years.

Dr. I Venkat Rao retires at the ensuing Annual General Meeting and it has been proposed to appoint him as an independent Director with effect from 29th September 2014 to hold office for a term upto 30th September 2015. Sri. SSR Koteeswara Rao and Sri. C S K Prabhu, Directors of the Company, are being appointed as Independent Directors with effect from 29th September 2014 to hold office for a term upto 30th September 2015 as per provisions of Section 149 and other applicable provisions of the Companies Act, 2013.

A brief resume, expertise, shareholding in the Company and details of other Directorships of these Directors as stipulated under Clause 49 of the Listing Agreement with the Stock exchange form part of the notice of the ensuing Annual General Meeting.

Your Directors recommend their appointment / re-appointment.

**Auditors**

The Auditors M/s. S.Muralidharan & Co., Chartered Accountants, Coimbatore retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Audit Committee and the Board of Directors recommend the re-appointment of M/s. S.Muralidharan & Co., Chartered Accountants, as Statutory Auditors for a period of 3 years commencing from the conclusion of the ensuing 32nd Annual General Meeting up to the conclusion of the 35th Annual General Meeting of the Company which ought to be held during the year 2017 subject to ratification by the shareholders annually.

Cost Audit

Pursuant to the provisions of the Section 233B of the Companies Act, 1956, the Board of Directors of your company appointed M/s.Mahadevan & Co., as the Cost Auditors for conducting Cost Audit for the financial year 2013-2014.

Pursuant to Section 209(1)(d) of the Companies Act, 1956 and Rule 4 of the Companies (Cost Audit Records) Rules, 2011, the Cost Audit Report for the financial year ended 31st March, 2013 was submitted to the Central Government in the prescribed form on 26th September 2013.

Corporate Governance:

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a report on Corporate Governance together with the Certificate from M/S S. Murali Dharan & Co, the Auditors of the company regarding compliance of the conditions of Corporate Governance, Management Discussion and Analysis statement forms part of the Annual Report.

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 2014, the applicable accounting standards have been followed.
- ii) that the Directors have selected such accounting policies and applied them

consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and the Loss of 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 2014 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
DIN : 0002773

Dr I Venkat Rao
Director
DIN : 00724742

Coimbatore
12th August, 2014



Annexure to the Director's Report & Management Discussion & Analysis

A. Energy conservation measures:

The following energy conservation measures have been taken during the year 2013-2014 in order to reduce the energy consumption. They are:-

- Capacitors have been added to improve the power factor since power billing is based on KvaH and not KWH
- Periodic energy control measures like optimizing of motor sizes etc are in progress for getting energy efficiency and to reduce 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 ₹ Nil

Foreign exchange utilized during the year ₹ Nil

FORM A - CONSERVATION OF ENERGY

POWER & FUEL CONSUMPTION		31.03.2014	31.03.2013
1. ELECTRICITY:			
a) PURCHASE			
Units in Lakhs	(KWH)	54.10	45.91
Total Amount in Lakhs	(₹)	445.42	290.67
Rate/Unit	(₹)	8.23	6.33
b) OWN GENERATION THROUGH DIESEL GENERATOR			
Units in Lakhs	(KWH)	0.03	0.06
Units Per Ltr. Of Diesel Oil	(KWH)	3.00	3.00
Cost/Unit	(₹)	18.98	17.17
2. HUSK:			
Quantity	(Kgs)	Nil	Nil
Total Cost	(₹)	Nil	Nil
Average Cost	(₹)	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.)	12.53	10.70
Electricity consumed (Units in Lakhs)	(KWH)	54.13	45.97
Consumption per Unit of Production	(KWH)	4.32	4.30

On behalf of the Board

Coimbatore
12th August, 2014

Sumanth Ramamurthi
Managing Director
DIN : 00002773

Dr I Venkat Rao
Director
DIN : 00724742



REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance

Kakatiya Textiles Limited's philosophy on Corporate Governance endeavors to achieve highest levels of transparency, integrity and equity, in all its operations and in its dealings with all its stakeholders, including shareholders, employees, the Government and lenders.

2. Board of Directors

The Board of Directors of the Company consists of 4 Directors, out of which 3 are Independent Directors. Shri. Sumanth Ramamurthi is the Executive Director and all other Directors are Non-Executive Directors.

The details of composition of the Board of Directors and attendance of Directors at the Board Meetings and the Annual General Meeting held during the financial year ended 31st March 2014 is as under:-

Name of the Director	Category of Directorship	Attendance Particulars		No. of other Directorship held in Public Companies*	No. of Committee Positions held in all Companies [§]	
		Board Meeting	Last AGM		Chairman	Member
Shri Sumanth Ramamurthi Managing Director	Non-Independent Director - Promoter	4	Yes	10	2	2
Shri C S K Prabhu	Non Executive – Independent	3	Yes	4	2	3
Shri Koteswara Rao SSR	Non Executive – Independent	4	Yes	2	Nil	Nil
Dr I Venkat Rao	Non Executive – Independent	4	No	Nil	Nil	Nil

* Excludes Directorships in Private Companies and foreign Companies.

§ Only Audit Committee and Shareholders / Investor relations Committee are considered.

None of the directors are related to each other.

Four Board Meetings were held during the financial year ended 31st March 2014 and the gap between the meetings did not exceed four months. The date on which the board meetings were held are as follows.

Sl.No	Date of Board Meeting	No. of Directors Attended
1	25.05.2013	4
2	27.07.2013	4
3	07.11.2013	4
4	06.02.2014	3

3. Audit Committee:

The Committee comprises of three non-executive Directors all being Independent Directors. The 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 authorized to select and establish accounting policies, review reports of the Statutory and Internal Auditors and meet with them to discuss their findings, suggestions, and other related matters. The Committee is empowered to recommend the appointment and remuneration payable to the Statutory Auditors and Cost Auditors of the Company.

During the year under review, the audit committee met 4 times on 25.05.2013, 27.07.2013, 07.11.2013 & 06.02.2014.

The Composition of the Audit Committee and the details of the meetings attended by the Members are as follows.

Name of the Member	Category	No. of Meetings	
		Held	Attended
Shri Koteswara Rao SSR Chairman	Non - Executive, Independent	4	4
Shri C S K Prabhu	Non - Executive, Independent	4	3
Dr I Venkat Rao	Non - Executive, Independent	4	4

Chairman of the Audit Committee has attended the last Annual General Meeting

The Internal Auditor and the Statutory Auditors of the Company are permanent invitees to the meetings of the audit committee. The Minutes of the Audit Committee meetings were circulated to the Board, where it was discussed and taken note of. The Company Secretary acts as the Secretary to the committee.

The Board of Directors of the Company at their meeting held on 12th August 2014, have revised the terms of reference of the Audit Committee in conformity with the provisions of Section 177 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement.

4. Remuneration Committee:

A Remuneration Committee has been constituted by the Board of Directors to review and / or determine the remuneration package of the executive Directors of the Company in accordance with the guidelines laid out by the statute and the listing agreement with the Stock Exchange. The Composition of Committee is given below:-

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

The Committee had no need to meet during the financial year.

Shri.Sumanth Ramamurthi, Managing Director - appointed for a period of three years from 30.05.2011 without any remuneration. However he has been paid sitting fees of Rs.20,000/- for attending Board Meetings during the financial year.



The Company currently does not have any stock option scheme.

The Non-Executive Directors were not paid any remuneration except sitting fees for attending the meetings of the Board of Directors and / or Committees thereof. The details of the sitting fees paid to the non-executive directors are as under:

Name of the Director	Sitting fees paid during the financial year ended 31st March 2014 (in ₹)
Shri Koteswara Rao SSR	40,000
Shri C S K Prabhu	30,000
Dr I Venkat Rao	40,000

Statement showing number of Equity Shares of Rs.10/- each of the Company held by the present Non Executive Directors as on March 31, 2014.

Name of the Director	No of Shares held (as on 31.03.2014)
Shri C S K Prabhu	40

None of the other non executive directors are holding any shares in the Company. There has been no materially relevant pecuniary transaction or relationship between the Company and its non executive Independent Directors during the financial year.

The Board of Directors of the Company at their meeting held on 12th August 2014, have renamed its Remuneration Committee as "Nomination and Remuneration Committee" and have also revised the terms of reference of the said Committee in conformity with the applicable provisions of Section 178 of the Companies Act, 2013 read with the amended Clause 49 of the Listing Agreement.

5. Shareholder's / Investor's Grievance Committee:

The Shareholders and Investors Grievance Committee of the Board is empowered to oversee the redressal of Investors complaints pertaining to share transfer, non - receipt of Annual Reports, Dividend payments, transfers and transmission of shares and other miscellaneous complaints. The Committee also approved transfer, transmission, transposition, consolidation, split, name deletion of the Equity Shares of the Company.

In addition, the Committee looks into other issues including status of dematerialization / rematerialization of share as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

The Shareholders / Investors Grievance Committee consists the following directors.

Name of the Member	Category	Designation
Shri.C S K Prabhu	Non-Executive- Independent	Chairman
Shri.Sumanth Ramamurthi	Executive- Non-Independent	Member
Shri.Koteswara Rao SSR	Non-Executive- Independent	Member
Dr I Venkat Rao	Non-Executive- Independent	Member

During the year under review, the Committee met 7 times to deliberate on various matters referred above and for redressal of investors complaints.



The Company had received various correspondences from shareholders and the required information / documents have been furnished immediately to the satisfaction of shareholders. At the beginning of the year, no complaint was pending. During the year ended 31st March 2014, the Company has not received any complaints from investors. No investor complaint was pending on 31st March 2014.

Smt.Ramya P, Company Secretary is the Compliance Officer of the Company and also responsible for redressal of investors complaints.

The Board of Directors of the Company at their meeting held on 12th August 2014, have renamed its Shareholders'/Investors' Grievance Committee as "Stakeholders Relationship Committee" and have also revised the terms of reference of the said Committee in conformity with the applicable provisions of Section 178 of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement.

6. Management Discussion and Analysis Report:

The contents of the Management Discussion and Analysis Report have been included in the Directors' Report at the appropriate places and thus the said report forms part of the annual report.

7. General Body Meetings:

Location and time where the last three years General meetings were held and details of the special resolutions passed at the last three years General meetings:

Details of meeting	Date of meeting	Time of meeting	Venue of meeting	Special Resolution(s) passed
Annual General Meeting 2010-2011	18.07.2011	3.30 P.M.	Elgi Towers, 737-D Puliakulam Road, Coimbatore - 641 045.	Re-appointment of Shri.Sumanth Ramamurthi as Managing Director of the Company.
Annual General Meeting 2011-2012	23.07.2012	3.30 P.M.	Elgi Towers, 737-D Puliakulam Road, Coimbatore - 641 045.	Nil
Annual General Meeting 2012-2013	27.07.2013	3.30 P.M.	Elgi Towers, 737-D Puliakulam Road, Coimbatore - 641 045.	Nil

No Special resolutions were put through postal ballot last year.

As required under Clause 35B of the Listing Agreement, the Company has proposed to provide e-voting / postal ballot (in lieu of e-voting) in respect of all shareholder resolutions to be passed at the ensuing Annual General Meeting.

No Extra - Ordinary General Meeting of Shareholders was held during the year.

8. Disclosure

(i) Disclosures on materially significant related party transactions that may have potential conflict with the interest of the company at large

Kindly refer to the notes forming part of accounts for the details of related party transactions. There is no materially significant Related Party Transaction that may have potential conflict with the interest of the Company at large.



(ii) Details of non-compliance by the company, penalties, strictures imposed on the company by any Statutory Authorities, during the last three years

The Company has complied with all the requirements of the listing agreement of the stock exchange as well as regulations and guidelines of SEBI. No penalties have been levied or strictures have been passed by SEBI, stock exchange or any other statutory authority on matters relating to capital markets in the last three years.

(iii) Notes on Whistle Blower Policy

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.

(iv) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of clause 49.

The Company has complied with all the mandatory requirement of corporate governance norms as enumerated in clause 49 of the listing agreement with the stock exchanges.

The Company has adopted the non mandatory requirement of corporate governance recommended under Clause 49 of the Listing Agreement and constituted a remuneration committee comprising of three non executive directors. The Company has not adopted the any other non- mandatory requirements.

9. Code of Conduct

The board of directors has laid down a code of conduct for all board members and senior management of the Company. The same has been posted on the website of the Company. All board members and senior management personnel have affirmed their compliance with the code of conduct for the financial year under review.

The Company's Managing Director's declaration to this effect forms part of this report.

The Company has framed a code of conduct for prevention of insider trading based on SEBI (Prohibition of Insider Trading) Regulations, 1992. This code is applicable to all directors / officers / designated employees. The code ensures the prevention of dealing in shares by persons having access to unpublished price sensitive information.

10. Means of Communication:

The quarterly / annual financial results of the Company are published in Business Standard (English) and Maalai Malar (Tamil). The financial results and the annual reports of the Company are uploaded in the website of the Company: www.kakatiyatextiles.com.

There were no specific presentations made to Institutional Investors or to analysts during the financial year ended 31st March 2014.

11. General Shareholder Information

Date	:	29th September 2014
Time	:	5:00 PM
Venue	:	Computer Society of India, Third Floor, Vyshnav Building, 95A, Race Course, Coimbatore-641018, Tamil Nadu, India.



Financial Calender :	
Year Ending	: 1st April to 31st March
AGM in	: 29th September 2014 at 5.00 pm
First Quarter Results	: 1st week of August 2014
Second Quarter Results	: 1st week of November 2014
Third Quarter Results	: 1st week of February 2015
Annual Results	: 4th week of May 2015
Dividend Payment Date	: Not Applicable
Date of Book Closure	: From 23.09.2014 to 29.09.2014 (Both days inclusive)
Listing on Stock Exchanges	: BSE Limited
Stock Code BSE Limited (BSE)	: 521054
International Security Identification Number	: INE092E01011

Listing and Custodial Fee

Annual Listing Fees for the year 2014-15 were paid to BSE Limited.

Custodial Fees to Depositories for the year 2014-15 were paid to National Securities Depository Limited and Central Depository Services (India) Limited.

Stock Market Price Data for the year 2013 - 2014:

MARKET PRICE DATE: Monthly high / low of market price of the Company's Equity Shares traded on the Bombay Stock Exchange Ltd. (BSE) during the last financial year was as under:

Month	High ₹	Low ₹
Apr-13	4.18	3.48
May-13	-	-
Jun-13	-	-
Jul-13	-	-
Aug-13	3.81	3.81
Sep-13	3.86	3.80
Oct-13	3.70	3.52
Nov-13	3.35	3.35
Dec-13	3.19	3.04
Jan-14	3.58	3.10
Feb-14	3.75	3.60
Mar-14	3.60	3.40

Registrar & Share Transfer Agent: (For both physical & demat segments)

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: 0422-2314792/2315792
E-mail: coimbatore@linkintime.co.in

Reconciliation of Share Capital Audit

A qualified Company Secretary carried out Reconciliation of Share Capital audit as per regulation 55A of SEBI (Depositories & Participants) Regulations 1996, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital.

Share Transfer System

The company's shares being in compulsory dematerialised (demat) list are transferable through the depository system. Shares in physical form are processed by the registrar and share transfer agents, Link Intime India Private Limited. The share transfers are processed within a period of 15 days from the date of receipt of the transfer documents by Link Intime India Private Limited, if the documents are complete in all respects. All requests for dematerialization of shares are processed and confirmed to the depositories, NSDL and CDSL, within 15 days.

Shareholding Pattern as on 31.03.2014 :

Shares held by	No. of Holders	No. of Shares	% of Shareholding
Directors	2	2932880	50.47
Financial Institutions	1	1000	0.02
Non Residents	6	3180	0.05
Corporate Bodies	64	220573	3.80
Public	9792	2652967	45.66
Total	9865	5810600	100.00

Distribution of Shareholding as on 31.03.2014 :

Shareholding Range	No. of Share holders	No. of Shares held	Percentage of share holding.
1 - 500	9266	1578007	27.16
501 - 1000	389	319027	5.49
1001 - 2000	124	189611	3.26
2001 - 3000	36	92853	1.60
3001 - 4000	11	37126	0.64
4001 - 5000	11	50653	0.87
5001 - 10000	19	129299	2.23
10001 and above	9	3414024	58.75
Total	9865	5810600	100.00



Dematerialization of shares and liquidity as on 31st March 2014:

Shares of the Company can be held and traded in Electronic form. As stipulated by SEBI, the shares of the Company are accepted in the Stock Exchanges for delivery only in dematerialised form.

Particulars	No. of Holders	No. of Shares	% of Shareholding
National Securities Depository Limited	1532	3703755	63.74
Central Depository Services Limited	527	224438	3.86
Physical Form	7806	1882407	32.40
Total	9865	5810600	100.00

Outstanding GDRs/ADRs/Warrants or any Convertible Instruments and their likely impact on equity.

There are no outstanding warrants or any convertible instruments. The Company has not issued GDR/ADR.

Plant location:

Nallabandagudem, Kodad (Mandal), Nalgonda Dt - 508 206, Telangana
Phone : 08683- 284224, 284226 Fax 08683-284223.

Address for Correspondence:

<p>Address for Communication: For annual report, transfer of physical/demat shares, dividend on shares, change of address & other query relating to shares of the Company and investors correspondence, may be addressed to</p>	<p>LINK INTIME INDIA PVT LTD "Surya", 35, Mayflower Avenue Behind Senthil Nagar Sowripalayam Road, Coimbatore - 641 028 Phone : 0422-2314792 / 2315792 E-mail : coimbatore@linkintime.co.in</p>
<p>Contact address for Shareholder:</p>	<p>Ms. Ramya P Company Secretary & Compliance Officer Kakatiya Textiles Ltd "Elgi Towers", Green Fields 737-D Puliakulam Road, Coimbatore - 641 045 Phone : 0422 - 2311711 Fax : 0422 - 2311611 e-mail : investorskaktex@ssh.saraelgi.com Web : www.kakatiyatextiles.com</p>

Declaration

All the Board members and senior management personnel affirmed compliance with the code of conduct of the company for the financial year ended 31st March 2014.

Coimbatore
12th August 2014

Sumanth Ramamurthi
Managing Director
DIN : 00002773



AUDITOR'S 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 2014, 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
(Firm Registration No. 009617S)

S. MURALIDHARAN

Partner

Membership No. 026554

Coimbatore
12th August, 2014



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 31st March 2014 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 31st March 2014 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 31st March 2014;
 - (ii) there have not been any Significant changes in accounting policies during the year ended 31st March 2014 and that the same have been disclosed in the notes forming part of the financial statements; and
 - (iii) there has not been any instance during the year ended 31st March 2014 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
21st May, 2014

Sumanth Ramamurthi
Managing Director & CEO
DIN : 00002773

P. Nagarajan
Chief Financial Officer

**INDEPENDENT AUDITOR'S REPORT****To the members of Kakatiya Textiles Limited**

We have audited the accompanying financial statements of Kakatiya Textiles Limited, which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and

disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the State of Affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on the Legal and Regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the



Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

- e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

S MURALIDHARAN
Coimbatore Partner
21st May, 2014 Membership No.026554

**Annexure to the Auditor's Report**

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

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- 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 explained to us, the inventories have been physically verified during the year by the management at reasonable intervals.
(b) In our opinion and according to the information and explanations given to us, 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) In our opinion and on the basis of examination of the records, the Company is generally maintaining proper records of its inventories 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 and on the basis of the examination of the books of account, the Company has not given any loans, secured or unsecured, to the companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, the provisions of clauses (iii) (b) to (d) of the order are not applicable.
(b) According to the information and explanations given to us and on the basis of the examination of the books of account, the Company has taken interest free unsecured loans from the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. (No. of Parties - 3 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) Based on the audit procedures applied by us and 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 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) As per the information and explanations given by the management, 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 2014 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, but not in the immediately preceding financial year.
- 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 Fund / Nidhi / Mutual Benefit Fund / Society. Therefore, the provisions of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not 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) Based on the audit procedures applied by us and the information given by the management, we report that the company has not raised any term loans during the year.



- 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 as at 31st March 2014, we report that no funds raised on short term basis 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.
- 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. The company has no

outstanding debentures during the year under audit.

- 20) The company has not raised any money through 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
(Firm Registration No.009617S)

S MURALIDHARAN

Coimbatore
21st May, 2014

Partner
Membership No. 026554

Balance Sheet as at 31st March, 2014

₹ lakhs

Particulars	Notes	31.03.2014	31.03.2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	1,078.50	1,078.50
(b) Reserves and surplus	4	(1,215.81)	(1,170.16)
(2) Non-current liabilities			
(a) Long-term borrowings	5	90.00	90.00
(3) Current liabilities			
(a) Trade payables		270.92	199.78
(b) Other current liabilities	6	562.69	563.23
(c) Short-term provisions	7	46.01	46.99
TOTAL		832.31	808.34
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
Tangible assets	8	279.32	258.78
(b) Deferred tax asset (Net)	9	297.95	321.84
(c) Long-term loans and advances		12.49	12.52
(d) Other Non-current assets		52.14	52.14
(2) Current assets			
(a) Inventories	10	143.01	142.09
(b) Trade receivables	11	38.28	0.06
(c) Cash and cash equivalents	12	1.55	6.47
(d) Short-term loans and advances	13	7.57	14.44
TOTAL		832.31	808.34

See accompanying notes forming part of the financial statements

As per our report of even date attached

For and on behalf of the Board

For S MURALI DHARAN & CO

Chartered Accountants

(Firm Registration No. 009617S)

S Muralidharan

Partner

Membership No.026554

Sumanth Ramamurthi

Managing Director

DIN : 00002773

Dr I Venkat Rao

Director

DIN : 00724742

Coimbatore

21st May, 2014

P. Nagarajan

Chief Financial Officer

P M Vaishnavi

Company Secretary

**Statement of Profit and Loss for the year ended 31st March 2014**

₹ lakhs

Particulars	Notes	31.03.2014	31.03.2013
I. Revenue from operations	14	2,384.90	1,917.54
II. Other income	15	5.44	6.65
III. Total Revenue		2,390.34	1,924.19
IV. Expenses:			
Cost of materials consumed	16.1	1,492.71	1,100.97
Purchases of Stock-in-Trade	16.2	—	—
Changes in inventories of Finished goods, Work-in Progress and Stock in Trade	16.3	(8.14)	(18.50)
Employee benefits expense	17	305.31	269.42
Finance costs		—	—
Depreciation and amortization expense	8	1.82	76.75
Power & Fuel		445.43	291.70
Other expenses	18	174.96	134.16
Total expenses		2,412.09	1,854.50
V. Profit / (Loss) Before Tax		(21.75)	69.69
Tax expense:			
Current tax		—	—
Deferred tax	9	23.89	22.30
Adjustment for earlier years		0.01	0.55
VI. Profit / (Loss) After Tax		(45.65)	46.84
VII. Earnings per share:			
Basic and Diluted		(0.79)	0.81

See accompanying notes forming part of the financial statements

As per our report of even date attached

For and on behalf of the Board

For S MURALI DHARAN & CO

Chartered Accountants

(Firm Registration No. 009617S)

S Muralidharan

Partner

Membership No.026554

Coimbatore

21st May, 2014

Sumanth Ramamurthi

Managing Director

DIN : 00002773

P. Nagarajan

Chief Financial Officer

Dr I Venkat Rao

Director

DIN : 00724742

P M Vaishnavi

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014

(₹ lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
A. Cash Flow from operating activities :		
Net Profit before tax and extraordinary items	(21.75)	69.69
Adjustment for :		
Depreciation	1.82	76.75
Taxes relating to earlier years	(0.01)	(0.55)
(Profit)/Loss on sale of assets	–	(1.90)
(Interest Income)	(5.44)	(4.75)
Operating Profit before working capital changes	(25.38)	139.24
Adjustments for :		
Trade receivables	(38.22)	1.53
Other receivables	6.90	(2.65)
Inventories	(0.92)	(23.87)
Trade and other payables	69.62	(96.25)
Cash generated from operations	12.00	18.00
Direct taxes paid	–	–
Net Cash Flow from operating activities (A)	12.00	18.00
B. Cash Flow from Investing activities :		
Purchase of fixed assets	(22.36)	(23.05)
Sale of fixed assets	–	1.90
Interest received	5.44	4.75
Net cash used for investing activities (B)	(16.92)	(16.40)
C. Cash Flow from financing activities :		
Long term borrowings	–	–
Net cash flow from financing activities (C)	–	–
Net Increase / (Decrease) in cash and cash equivalent	(4.92)	1.60
Cash and cash equivalents - Opening	6.47	4.87
Cash and cash equivalents - Closing	1.55	6.47

See accompanying notes forming part of the financial statements

As per our report of even date attached

For and on behalf of the Board

For S MURALI DHARAN & CO

Chartered Accountants

(Firm Registration No. 009617S)

S Muralidharan

Partner

Membership No.026554

Coimbatore

21st May, 2014

Sumanth Ramamurthi

Managing Director

DIN : 00002773

P. Nagarajan

Chief Financial Officer

Dr I Venkat Rao

Director

DIN : 00724742

P M Vaishnavi

Company Secretary

**Notes forming part of the financial statements****1. Corporate Information**

Kakatiya Textiles Limited is a public limited 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 manufacture and sale 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 judgments, 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 effective asset or liability effected in future periods.

2.2 Revenue Recognition

- a. The company follows the mercantile system of accounting and recognises income and expenditure on accrual basis except those with significant uncertainties.
- b. Sale of goods is accounted, when the risk and reward of ownership are passed on to the customers.
- c. 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.
- d. 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 Progress, 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.



Notes forming part of the financial statements

2.4 Provisions and Contingencies

Provisions involving substantial degree of estimation in measurement are recognized 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 forming part of the financial statements. Contingent assets are neither recognised not disclosed in the financial statements.

2.5 Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and impairment, if any. Direct cost are capitalised 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 amortisation and impairment.

2.6 Depreciation

- i) 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.
- iii) Fixed Assets, other than intangible assets are depreciated to the extent of 95% of its gross value over the useful life of the asset.

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 Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed in subsequent accounting period if the realizable value of the asset is more than the impaired value, it shall be restated subject to the WDV of the asset.

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 unrealized deferred tax assets to the extent it becomes virtually certain of realization.

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.

**Notes forming part of the financial statements**

Gratuity benefits are managed through the Group Gratuity Scheme of Life Insurance Corporation of India. The provision for gratuity liability is actuarially determined at each year-end and the liability arising on such valuation is charged to the Statement of Profit and Loss 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 contribution is paid as per the rates prescribed by the Employee's Provident Fund 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 31.03.2014.

2.11 Earnings 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 the 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 effects of all the dilutive potential equity shares.

2.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and cash 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 flow statements are prepared using the indirect method, whereby profit before tax is adjusted for the effects 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.



Notes Forming part of the Financial Statements

3. Share Capital

	31.03.2014	31.03.2013
		₹ lakhs
Authorised share capital		
65,00,000 (65,00,000) Equity shares of ₹ 10 each	650.00	650.00
5,00,000 (5,00,000) 9% Cumulative Redeemable Preference shares of ₹ 100 each	500.00	500.00
Total	<u>1,150.00</u>	<u>1,150.00</u>
Issued, Subscribed and fully Paid up		
58,10,600 (58,10,600) Equity shares of ₹ 10/- each	581.06	581.06
Less: Calls in arrears	2.56	2.56
	<u>578.50</u>	<u>578.50</u>
5,00,000 (5,00,000) 9% Cumulative Redeemable Preference shares of ₹ 100 each	500.00	500.00
Total	<u>1,078.50</u>	<u>1,078.50</u>

3.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

Particulars	As at 31.3.2014		As at 31.3.2013	
	₹ lakhs	No. of Shares	₹ lakhs	No. of Shares
No. of equity shares outstanding at the beginning of the year	581.06	5,810,600	581.06	5,810,600
Add: Additional shares / Bonus shares issued	-	-	-	-
Less: Shares forfeited / Bought back	-	-	-	-
No. of equity shares outstanding at the end of the year	<u>581.06</u>	<u>5,810,600</u>	<u>581.06</u>	<u>5,810,600</u>
No. of cumulative redeemable preference shares outstanding at the beginning of the year	500.00	500,000	500.00	500,000
Add : Additional shares / Bonus shares issued	-	-	-	-
Less : Shares forfeited / Bought back	-	-	-	-
No. of equity shares outstanding at the end of the year	<u>500.00</u>	<u>500,000</u>	<u>500.00</u>	<u>500,000</u>

3.2 Shareholders holding more than 5% of Shares :

Name of the Shareholder	As at 31.3.2014		As at 31.3.2013	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Equity Capital :				
Shri Sumanth Ramamurthi	29,32,840	50.47	29,32,840	50.47
Cumulative Redeemable Preference Share Capital :				
Shri Sumanth Ramamurthi	5,00,000	100.00	5,00,000	100.00

**Notes Forming part of the Financial Statements**

3.3 The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. In the event of the liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. Since the company has not declared dividends on the preference shares, the preference shareholders will have voting right equivalent to their holding. The distribution will be in proportion to the number of equity shares held by the shareholders.

	31.03.2014	₹ lakhs 31.03.2013
4. Reserves and Surplus		
a. Surplus in Statement of Profit and Loss		
Opening Balance	(1,187.66)	(1,234.50)
Add: Amount Transferred from Statement of Profit and Loss	(45.65)	46.84
Less: Utilised / Transferred	—	—
Closing Balance	<u>(1,233.31)</u>	<u>(1,187.66)</u>
b. General Reserve		
Opening Balance	17.50	17.50
Add: Additions	—	—
Less: Utilised / Transferred	—	—
Closing Balance	<u>17.50</u>	<u>17.50</u>
Total	<u>(1,215.81)</u>	<u>(1,170.16)</u>
5. Long-term Borrowings		
Term Loans(Unsecured)		
From Promoters	90.00	90.00
Total	<u>90.00</u>	<u>90.00</u>
6. Other Current Liabilities		
Advance from Customers	486.08	480.21
Liability for expenses	75.37	80.24
Statutory Liability	1.24	2.78
Total	<u>562.69</u>	<u>563.23</u>
7. Short-term Provisions		
For Bonus	8.40	8.40
For Gratuity	37.61	38.59
Total	<u>46.01</u>	<u>46.99</u>



Notes Forming part of the Financial Statements

8. Fixed Assets

₹ lakhs

S. No.	Particulars	Gross Block				Depreciation				Net Block	
		As at 01.04.2013	Additions	Disposals	As at 31.03.2014	Upto 01.04.2013	For the year	Disposals	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
	Tangible Assets										
1.	Land	11.86	-	-	11.86	-	-	-	-	11.86	11.86
2.	Buildings	323.44	-	-	323.44	175.35	9.42	-	184.77	138.67	148.09
3.	Plant and Equipment	1,278.27	22.05	-	1,300.32	1,182.88	(8.66)	-	1,174.22	126.10	95.39
4.	Furniture and Fixtures	22.61	0.31	-	22.92	19.17	1.06	-	20.23	2.69	3.44
5.	Vehicles	2.57	-	-	2.57	2.57	-	-	2.57	-	-
	Total	1,638.75	22.36	-	1,661.11	1,379.97	1.82	-	1,381.79	279.32	258.78

Excess depreciation provided in earlier period amounting to Rs.16.67 lakhs is reversed

9. Deferred Tax Asset (Net)

₹ lakhs

Particulars	Balance as at 01.04.2013	Charge / Credit	Balance as at 31.03.2014
Depreciation	(17.85)	9.06	(26.91)
Loss	325.17	15.23	309.94
Others	14.52	(0.40)	14.92
Total - Liability / (Asset)	321.84	23.89	297.95

31.03.2014

31.03.2013

10 Inventories

Valued at Cost or Net Realisable value whichever is lower

Raw Materials	34.52	41.80
Work in Process	79.28	76.49
Finished Goods	5.06	2.54
Stores and Spares	16.70	16.64
Waste	7.45	4.62
Total	143.01	142.09

11 Trade Receivables

(Unsecured, considered good)

Outstanding for a period exceeding six months	0.06	0.06
Others	38.22	-
Total	38.28	0.06



Notes Forming part of the Financial Statements

	31.03.2014	₹ lakhs 31.03.2013
12 Cash and Cash Equivalents		
Balance with Banks	1.35	6.44
Cash on Hand	0.20	0.03
Total	1.55	6.47
13 Short-term Loans and Advances Unsecured, considered good		
Prepaid expenses	1.79	1.86
Employee related Advances	2.40	3.72
Electricity charges paid in advance	-	6.52
Advance Payment of Taxes	3.38	2.34
Total	7.57	14.44
14 Revenue from Operations		
Sale of products	2,378.08	1,909.25
Other operating revenues	6.82	8.29
Less: Excise duty	-	-
Total	2,384.90	1,917.54
15 Other Income		
Interest Income(Refer Note 15.1 below)	5.44	4.75
Profit on sale of assets	-	1.90
Total	5.44	6.65
15.1 Interest Income		
Interest on Electricity Deposits	4.93	4.68
Interest on IT refunds	0.51	0.07
Total	5.44	4.75
16.1 Cost of Materials Consumed		
Opening Stock of Cotton	41.80	34.33
Add: Purchase of Cotton	1,485.43	1,108.44
Less: Closing Stock of Cotton	34.52	41.80
Total	1,492.71	1,100.97
16.2 Purchase of Traded goods	-	-



Notes Forming part of the Financial Statements

	31.03.2014	₹ lakhs 31.03.2013
16.3 Change in Inventories of Finished goods, Work-in Process & Stock in Trade		
Inventories at the end of the year		
Finished goods	5.06	2.54
Work-in Progress	79.28	76.49
Waste	7.45	4.62
Total	<u>91.79</u>	<u>83.65</u>
Inventories at the beginning of the year		
Finished goods	2.54	10.39
Work-in Progress	76.49	53.65
Waste	4.62	1.11
Total	<u>83.65</u>	<u>65.15</u>
Net (Increase) / Decrease	<u>(8.14)</u>	<u>(18.50)</u>
17 Employee Benefit Expenses		
Salaries	270.19	226.29
Contributions to Provident funds	20.18	18.03
Gratuity Fund Contribution	(0.80)	11.11
Welfare Expenses	15.74	13.99
Total	<u>305.31</u>	<u>269.42</u>
18 Other Expenses		
Stores	72.74	42.90
Repairs and Maintenance		
Buildings	1.78	–
Machinery	46.53	41.77
Others	0.40	2.88
Selling Expenses	16.74	13.82
Insurance	1.46	1.89
Postage, Telephone & Printing	3.78	2.36
Travelling and Transport charges	3.77	4.43
Taxes and Licence	6.80	5.58
Professional charges	2.41	2.55
Auditors' Remuneration (Refer Note 18.1 below)	1.05	0.74
Directors sitting fees	1.30	1.20
Others	16.20	14.04
Total	<u>174.96</u>	<u>134.16</u>

**Notes Forming part of the Financial Statements**

	31.03.2014	₹ lakhs 31.03.2013
18.1 Auditors' Remuneration:		
Audit fee	0.66	0.66
Others	0.39	0.08
Total	<u>1.05</u>	<u>0.74</u>

19 Additional Information to the Financial Statements

19.1 Earnings per Share: The following reflects the income and share data used in the computation of basic earnings per share

Amount used as Numerator

Net Profit attributable to the ordinary shareholders for Basic and Diluted Earnings per Share	(45.65)	46.84
No. of ordinary shares used as denominator applicable	57.85	57.85
Nominal value per share	10.00	10.00
Basic and Diluted Earnings per share - Face value of ₹ 10 per share	(0.79)	0.81

19.2 Details of employee benefits as required by the Accounting Standard 15 (Revised) are as under:

a) Description of the company's defined plan: The company operates a defined 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 benefit are common for all the employees of the company.

b) Reconciliation in respect of the changes in the present value of the Obligation: (₹ lakhs)

Particulars	31.03.2014	31.03.2013
Present value of the Obligation as on 1st April	48.06	39.76
Current Service Cost	2.53	2.43
Interest Cost	3.79	3.29
Actuarial (Gains) and Losses	(6.40)	6.35
Benefits Paid	(2.57)	(3.77)
Present value of the Obligation as on 31st March	45.41	48.06

The liability of the company as of 31st March 2014 is ₹ 45.41 lakhs out of which it has been funded to the extent of ₹ 7.80 lakhs.



Notes Forming part of the Financial Statements

c) Reconciliation in respect of the changes in the Fair Market Value of the Plan Assets:

Particulars	31.03.2014	31.03.2013
Fair value of the Plan Assets as on 1st April	9.47	12.27
Expected Rate of Return	0.75	0.93
Actuarial Gains and (Losses)	(0.04)	0.04
Contributions by the Employer	0.19	-
Benefits paid	(2.57)	(3.77)
Fair value of the Plan Assets as on 31st March	7.80	9.47

d) The total expenses recognised in the Statement of Profit and Loss is as follows:

Particulars	31.03.2014	31.03.2013
Current Service Cost	2.53	2.43
Interest Cost	3.79	3.29
Expected Return on Plan Assets	(0.75)	(0.93)
Actuarial Gains and Losses	(6.37)	6.32
Amount recognised in the Statement of Profit and Loss	(0.80)	11.11

The expenses has been included under the head "Contribution to Gratuity Fund" under the "Employees Benefit Expenses" in the statement of profit and loss.

e) Investment Details: LIC Group Gratuity(Cash Accumulation) Policy - 100% invested in Debt instruments.

f) Principal Actuarial Assumptions used at the Balance Sheet date is as follows:

Particulars	31.03.2014	31.03.2013
Discount Rate	9.20%	8.10%
Expected Rate of Return on Plan Assets	9.00%	9.00%
Attrition Rate	2.00%	2.00%
Rate of escalation in salary(per annum)	6.00%	6.00%

The estimate of rates of escalation of salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment Market.

g) Reconciliation of Fair Value of Plan Assets and Obligations: (₹ lakhs)

Particulars	31.03.2014	31.03.2013
Present value of the Defined Benefit Obligation	45.41	48.06
Fair value of Plan Assets	7.80	9.47
Deficit in Plan Assets	37.61	38.59
Experience Adjustments arising on Plan Liabilities as an amount	2.23	(4.08)
Experience Adjustments arising on Plan Assets as an amount	(0.04)	0.04

**Notes Forming part of the Financial Statements**

19.3 Related Party Disclosure (as certified by the Management)

i) Names of Related parties and description of Relationship

a) Key Management Personnel	Shri Sumanth Ramamurthi Managing Director
b) Other related parties	
Super Spinning Mills Ltd	Super Farm Products Ltd
Elgi Electric and Industries Ltd	Elgi Building Products Ltd
Elgi Ultra Industries Ltd	Super Sara Textiles Ltd
Precot Meridian Ltd	Sara Elgi Envirotech Ltd
Sara Elgi Arteriors Ltd	Sara Elgi Industries Ltd

ii) **Related Party Transactions**

₹ lakhs

Nature of Transaction	2013-14	2012-13
Conversion charges Receipt	–	1.83
Purchase of goods	640.57	2.38
Purchase of fixed assets	17.39	–
Sales	2206.43	1,826.94
Expenses reimbursed	–	0.07
Amount outstanding at year end - Cr	487.32	481.00

19.4 The company operates in one primary segment. Viz Textiles.

19.5 Previous years figures have been regrouped and reclassified, wherever necessary, to correspond with the current year's classification / disclosure.

As per our report of even date attached

For and on behalf of the Board

For S MURALI DHARAN & CO
Chartered Accountants
(Firm Registration No. 009617S)

S Muralidharan
Partner
Membership No.026554
Coimbatore
21st May 2014

Sumanth Ramamurthi
Managing Director
DIN : 00002773
P. Nagarajan
Chief Financial Officer

Dr I Venkat Rao
Director
DIN : 00724742
P M Vaishnavi
Company Secretary

KAKATIYA TEXTILES LIMITED

CIN: L18100TZ1981PLC013940
Regd. Office : "ELGI TOWERS", P B No. 7113,
737-D, Green Fields, Puliakulam Road, Coimbatore - 641 045
Phone: 0422 - 2311711 Fax: 0422 - 2311611
Email: investorskaktex@ssh.saraelgi.com Website: www.kakatiyatextiles.com

ATTENDANCE SLIP

32nd ANNUAL GENERAL MEETING (29th September 2014)

DP ID		Folio No.	
CLIENT ID		No. of Shares	
Name of the Member			
Name of the Proxy			

I hereby record my presence at the 32nd Annual General Meeting of the Company held on Monday, 29th September, 2014 at 5.00 P.M. at Computer Society of India, III Floor, Vysnhav Complex, 95-A, Race Course, Coimbatore - 641 018.

Member's / Proxy's Signature

FORM NO. MGT - 11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

KAKATIYA TEXTILES LIMITED

CIN: L18100TZ1981PLC013940
Regd. Office : "ELGI TOWERS", P B No. 7113, 737-D, Green Fields, Puliakulam Road, Coimbatore - 641 045
Phone: 0422-2311711 Fax : 0422-2311611 Email: investorskaktex@ssh.saraelgi.com Website : www.kakatiyatextiles.com

32nd ANNUAL GENERAL MEETING (29TH SEPTEMBER, 2014)

Name of the Member (s) :	
Registered address :	
Email ID :	
Folio No. / Client Id :	DP ID :

I/We, being the member (s) of shares of the above named company, hereby appoint:

1. Name :	
Address :	
E-mail ID :	
Signature :	or failing him

2. Name :	
Address :	
E-mail ID :	
Signature :	or failing him

2. Name :	
Address :	
E-mail ID :	
Signature :	or failing him

as my / our proxy to attend and vote (on poll) for me / us and on my / our behalf at the 32nd Annual General Meeting of the company to be held on Monday the 29th day of September, 2014 at 5.00 P.M. at Computer Society of India, III Floor, Vysnhav Complex, 95-A, Race Course, Coimbatore - 641 018 and at any adjournment thereof in respect of such resolutions as are indicated below:

S.No.	Resolutions	Optional*	
		For	Against
Ordinary Business			
1	Adoption of Annual Financial Statements as on 31st March 2014		
2	Appointment of M/s.Muralidharan & Co., Chartered Accountants, Coimbatore, as Statutory Auditors of the company for a period of 3 years and to fix their remuneration		
Special Business			
3	Re-appointment of Mr.Sumanth Ramamurthi as Managing Director of the Company		
4	Appointment of Dr. I Venkat Rao as an Independent Director		
5	Appointment of Mr. Koteswara Rao SSR as an Independent Director		
6	Appointment of Mr. C S K Prabhu as an Independent Director		
7	Amendment of Articles of Association		
8	Authorisation to borrow upto a limit of Rs. 25 Crores pursuant to Section 180(1)(c) of the Companies Act, 2013		

Signed this day of, 2014.

Signature of Shareholder

Signature of Proxy holder(s)

<i>Affix Revenue Stamp not less than 0.15 paise</i>

Note :

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the resolutions, explanatory statements and Notes please refer to the Notice of the 32nd Annual General Meeting.
3. It is optional to put '✓' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolution, your proxy will be entitled to vote in the manner as he / she thinks appropriate.
4. Please complete all details including details of member(s) in the above box before submission.

KAKATIYA TEXTILES LIMITED

“Elgi Towers” 737-D, Green Fields,
Puliakulam Road, Coimbatore - 641 045.