



Kakatiya Textiles Limited

**31st Annual Report
2012 - 2013**



KAKATIYA TEXTILES LIMITED

Managing Director

Board of Directors

Chief Financial Officer

Company Secretary

Auditors

Cost 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 Vaishnavi P M

M/s S.Murali Dharan & Co

M/s S.Mahadevan & 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
Andhra Pradesh
Phone : 08683- 284224, 284226
Fax : 08683-284223**

Contents	Page No.
Notice to the Members	3
Directors' Report and Management Discussion & Analysis	4
Report on Corporate Governance	7
Auditors' Report	15
Balance Sheet	20
Statement of Profit and Loss	21
Cash Flow Statement	22
Notes to the Financial Statements	23



Notice of Annual General Meeting

NOTICE is hereby given that the **31st** Annual General Meeting of the Shareholders of the Company will be held on **Saturday, the 27th July 2013 at 3.30 P.M.** at "Elgi Towers", 737-D Green Fields, Puliakulam Road, Coimbatore - 641 045, 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 2013.
 - b. The audited Balance Sheet as at 31st March 2013 and
 - c. The reports of the Director's and the Auditor's

2. To appoint a Director in the place of Shri Koteswara Rao S S R, who is retiring by rotation and being eligible offers himself for re-appointment.
3. To consider the re-appointment of M/s S.Murali Dharan & Co., Chartered Accountants, as Auditors to hold the office till the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board

Coimbatore
25th May, 2013

Sumanth Ramamurthi
Managing Director

Notes:

1. **EVERY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Instrument appointing a proxy should be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
3. The register of members and share transfer book of the company will remain closed from 20th July 2013 to 27th July 2013 (both days inclusive.)
4. Members/proxies should bring the attendance slip duly filled in for attending the meeting.
5. Shareholders are requested to bring their copy of annual report to the meeting.
6. 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 Pvt Ltd.
7. Members are requested to avail the facility of converting their physical shareholding into electronic mode of shareholding (DEMAT) for their own convenience.
8. In case any member needs any clarification / explanation in the accounts or in the Annual

Report published, you are requested to forward the same at least one week before the date of the Meeting to the Company's Registered Office address, so that the same may be attended and clarified prior to the closure of the Annual General Meeting.

9. Brief note on directors seeking re-appointment has been produced here under,

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

Name	: Shri Koteswara Rao. SSR
Date of Birth/Age	: 25.03.1943 / 70 Years
Qualification	: FCA
Expertise	: More than Four decades of experience in Audit, Accounts, Finance and Taxation matters.
Equity Holding	: Nil
Relationship	: He is not related to any of the Directors on the Board of the Company
Date of Appointment	: 18.02.1999
Other Directorships	: Sanzyme Limited Andhra Pradesh State Financial corporation.
Committee Position	: Kakatiya Textiles Ltd Shareholders - Member Audit - Chairman Remuneration - Member



Directors' Report and Management Discussion & Analysis

Dear Members,

Your Directors present their 31st Annual Report of the company for the financial year 2012-13 together with the Balance Sheet as at 31st March 2013 and the statement of Profit & Loss for the year ended on that date.

Financial Results (₹ lakhs)

Particulars	2012-13	2011-12
Total Income	1924.19	1908.99
Profit before Depreciation & Interest for the year	146.44	(178.61)
Depreciation for the year	76.75	77.04
Finance Cost	-	12.16
Deferred Tax Liability / (Asset)	22.85	(66.09)
Net Profit / (Loss)	46.84	(201.72)

Dividend

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

Fixed Deposits

The company has not accepted any fixed deposits and hence there are no unclaimed deposits as on 31.03.2013

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Conditions and Review of Operations

The Indian Textile Industry witnessed noticeable improvement during the course of the year. The cotton prices were fairly stable throughout the year and the demand for yarn was encouraging and the prices were consistent during the year.

Due to power shortage, the company could not utilise the full capacity which had an impact in the profit margins of the company.

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.

Segment or Product-wise performance

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

Company Outlook

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

Risks and Concerns

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

Cautionary Statement

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

Erosion of Network

As at 31st March 2013 your Company had a negative net worth of ₹91.66 lakhs. Your Directors believe that the Company's net worth could be positive if the favourable business trends continue for few years. Therefore, the sickness status has not been referred to BIFR

Directors

Shri SSR Koteswara Rao, Director of the company retires by rotation and being eligible, offers himself for re-appointment.



Auditors

M/s S.Murali Dharan & Co, the Auditors of the company retire at the ensuing Annual General Meeting and have given their consent for re-appointment. The company has received confirmation from them that, if appointed, it would be within the limits of Section 224 (1B) of the Companies Act 1956. The Audit Committee and the Board of Directors of the Company proposed the re-appointment of the Auditors.

Cost Auditors

Pursuant to the provisions of Section 233B of the Companies Act, 1956, the Board of Directors of your company have re-appointed M/s S. Mahadevan & Co as Cost Auditors, subject to the approval of the Central Government for the financial year 2013-2014. The Company has filed the Cost Audit report for the financial year 2011-2012 on 31.01.2013

Directors' Responsibility Statement

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i) that in the preparation of the accounts for the financial year ended 31st March 2013, 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 of the profit earned by the company during the year under review.
- iii) that the directors have taken proper and sufficient care for the maintenance of

adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

- iv) that the Directors have prepared the accounts for the financial year ended 31st March 2013 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

Coimbatore
25th May, 2013

Dr I Venkat Rao
Director

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

The following energy conservation measures have been taken during the year 2012-2013 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
- Synthetic spindles replaced in ring frames, resulted in energy conservation.
- 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**Form for disclosure of particulars with respect to conservation of energy**

POWER & FUEL CONSUMPTION		31.03.2013	31.03.2012
1. ELECTRICITY:			
a) PURCHASE			
Units in Lakhs	(KWH)	45.91	46.80
Total Amount in Lakhs	(₹)	290.67	205.80
Rate/Unit	(₹)	6.33	4.40
b) OWN GENERATION THROUGH DIESEL GENERATOR			
Units in Lakhs	(KWH)	0.06	0.21
Units Per Ltr. Of Diesel Oil	(KWH)	3.00	3.00
Cost/Unit	(₹)	17.17	15.17
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.)	10.70	10.76
Electricity consumed (Units in Lakhs)	(KWH)	45.97	47.01
Consumption per Unit of Production	(KWH)	4.30	4.37

On behalf of the Board

Coimbatore
25th May, 2013

Sumanth Ramamurthi
Managing Director

Dr I Venkat Rao
Director



REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Code of Governance:

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

Board of Directors - Composition, Category and Attendance

The Board is headed by the Managing Director, Mr.Sumanth Ramamurthi and is composed of eminent persons with considerable professional experience in varied fields and comprises of Non-Executive Directors, with majority being independent directors as per the requirements of Clause 49 of the Listing Agreement.

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

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

None of the Directors are related among themselves.

During the year under review, the Board of Directors met 4 times on 24th May 2012, 23rd July 2012, 05th November 2012 and 07th February 2013.

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

The Annual General Meeting was held on 23rd July 2012.

Shareholding of the Directors in the Company as on 31st March 2013

Sl. No	Director	No. of equity shares of ₹ 10/- each held	Percentage of holdings
1	Shri Sumanth Ramamurthi	2932840	50.47
2	Shri C S K Prabhu	40	0.00

Other Directors do not hold any shares in the Company.

**Audit Committee:**

The Audit Committee comprises of 3 Non-Executive Directors, all being Independent directors. Shri Koteswara Rao SSR, Chartered Accountant, is the Chairman of the Audit Committee.

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

Four Meetings of the Committee were held at the Registered Office of the Company during the financial year 2012-13 on 24th May 2012, 23rd July 2012, 05th November 2012 and 07th February 2013. The constitution of the Committee and the attendance of each members is as given below:

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

The Statutory Auditors, Internal Auditors and Executives of the Company attended the Meetings. The minutes of the Audit Committee Meetings were placed at the Board Meetings. The Company Secretary acts as the Secretary of the Committee.

Remuneration Committee:

The Remuneration Committee comprises of 3 Non-Executive Directors, all being Independent directors. The constitution of committee is given below:

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

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

No remuneration committee meeting was held during the year.

The Company has not paid any remuneration to its Managing Director. The Directors are paid sitting fee at the rate of ₹ 5000/- for attending each Board and Audit Committee meetings. The Directors are not paid any commission.

Name of the Non-Executive Director	Sitting fees (in ₹)	No. of Shares Held
Shri Koteswara Rao SSR	40,000	Nil
Shri C S K Prabhu	30,000	40
Dr I Venkat Rao	30,000	Nil



The Company does not have any stock option scheme.

Share Transfer & Shareholders' / Investors' Grievance Committee:

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

The Composition of the Shareholders / Investors Grievance Committee and particulars of meetings attended by the members are as follows:

Name of the Member	Category	No. of Meetings Held	No. of Meetings Attended
Shri Koteswara Rao SSR	Non-Executive Director	13	Nil
Shri C S K Prabhu	Non-Executive Director - Chairman	13	13
Dr I Venkat Rao	Non-Executive Director	13	Nil
Shri Sumanth Ramamurthi	Managing Director	13	13

Thirteen Meetings of the Shareholders / Investors Grievance Committee were held during the year 2012-2013 on 23rd April 2012, 24th May 2012, 12th June 2012, 10th July 2012, 07th August 2012, 13th September 2012, 26th October 2012, 28th December 2012, 19th January 2013, 19th February 2013, 01st March 2013, 25th March 2013 and 30th March 2013.

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

No. of shareholders' complaints received during the year : Nil

No. of complaints not resolved to the satisfaction of shareholders : Nil

No. of pending share transfers : Nil

Management Discussion and Analysis Report

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

General Body Meetings:

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

Financial year	Date	Time	Venue
2009 - 10	23.07.2010	10:00 A.M.	Elgi Towers, 737-D Puliakulam Road, Coimbatore - 641 045.
2010 - 11	18.07.2011	3.30 P.M.	Elgi Towers, 737-D Puliakulam Road, Coimbatore - 641 045.
2011 - 12	23.07.2012	3.30 P.M.	Elgi Towers, 737-D Puliakulam Road, Coimbatore - 641 045.

No special resolutions were put through postal ballot during the year 2012 - 13

No Extra Ordinary General Meeting was held during the year 2012 - 13.

**Details of special resolutions passed in previous three Annual General Meetings:**

Year	Details of special resolution(s) passed
2009-10	NIL
2010-11	Re-Appointment of Shri Sumanth Ramamurthi as Managing Director of the Company
2011-12	Nil

Disclosures:**(A) Related Party Transactions**

The related party transactions of the Company of material nature with its promoters, directors or the management, their subsidiaries or relatives etc. are not in conflict with the interest of the Company at large. The related party transactions are duly disclosed in the notes forming part of the financial statements.

(B) Compliances by the Company

- The Company has paid the listing fees to Bombay Stock Exchange Limited.
- 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.
- The Company has complied with all the mandatory requirements of Corporate Governance Norms as enumerated in Clause 49 of the Listing Agreement with Stock Exchange. The Company has complied with the non-mandatory requirement of constitution of Remuneration Committee.
- There were no cases of non-compliance by the company, no penalties imposed or strictures passed by Stock Exchange or SEBI or any other statutory authority on any matter related to capital markets, during the previous three years.
- No treatment different from the accounting standards prescribed by the Institute of Chartered Accountants of India has been followed in the preparation of financial statements.

(C) Shareholders Rights

The quarterly financial results are published in the newspapers and displayed on website of the Company. The Results are not separately circulated to the shareholders.

Means of communication:

The Company regularly intimates un-audited as well as the audited financial results to the Stock Exchange immediately after the same was taken on record by the Board. The financial results are published in MAALAI MALAR and BUSINESS STANDARD and displayed on the website of the Company www.kakatiyatextiles.com

General Shareholder information:

- Annual General Meeting : Saturday, 27th July 2013 at 3.30 PM
Venue : ELGI Towers 737-D, Green Fields, Puliakulam Road, Coimbatore - 641045.
Date of Book Closure : From 20th July 2013 to 27th July 2013 (Both days inclusive)
Financial Year : 1st April 2012 to 31st March 2013

**Stock Market Data:**

Market Price Data: High, Low during each month for the previous financial year 2012-13 in comparison with BSE Sensex

Month	SHARE PRICE		BSE SENSEX	
	High Price	Low Price	High	Low
Apr-12	10.71	8.12	17,664.10	17,429.96
May-12	9.35	8.96	17,432.33	17,370.93
Jun-12	8.89	8.89	17,448.48	16,217.48
Jul-12	8.45	7.63	17,631.19	17,438.68
Aug-12	8.00	7.30	17,972.54	17,244.44
Sep-12	7.28	5.42	18,869.94	17,465.60
Oct-12	6.88	5.72	19,137.29	18,784.64
Nov-12	6.60	6.05	19,372.70	18,487.90
Dec-12	6.59	5.44	19,612.18	19,342.83
Jan-13	5.98	4.77	20,203.66	19,513.45
Feb-13	5.29	4.40	19,966.69	19,907.21
Mar-13	4.19	3.65	19,754.66	18,876.68

Listing on Stock Exchanges:

The Equity Shares of the Company is listed on the Bombay Stock Exchange Limited. The Company confirms that it has paid annual listing fee to the Bombay Stock Exchange Limited for the year 2013-2014

Stock Details

Name of the Stock Exchange	Scrip Code
Bombay Stock Exchange Ltd	521054

Dividend payment date : Not applicable

Outstanding GDRs/ADR/Warrants, Convertible Bonds, conversion date and likely impact on equity: NIL

Registrar and Transfer Agent:

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

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

**Share Transfer System:**

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

Dematerialization of shares:

The Company's shares can be traded in dematerialized form and are available for trading on both the depositories in India viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 31st March 2013, out of 5810600 equity shares, 3928593 equity shares representing 67.61% of the share capital are dematerialized through National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)

Secretarial Audit**Distribution of Shareholding as on 31st March, 2013.**

Category	No. of Shares	Percentage
Promoters	2932840	50.47
Banks/Financial Institutions	1000	0.02
Bodies Corporates	240681	4.14
Individual Shareholding up to 1 lac	2314535	39.83
Individual Shareholding of more than 1 lac	307684	5.30
Others	13860	0.24
Total	5810600	100.00

The Distribution of shareholding as on 31st March, 2013 is given below:

No. of Equity Shares	No. of Share holders	Percentage of share holders	No. of Shares held	Percentage of share holding.
1 - 500	9291	93.97	1582272	27.23
501 - 1000	387	3.91	317640	5.47
1001 - 2000	127	1.29	194663	3.35
2001 - 3000	34	0.35	88639	1.52
3001 - 4000	10	0.10	34044	0.59
4001 - 5000	10	0.10	46459	0.80
5001 - 10000	18	0.18	121425	2.09
10001 and above	10	0.10	3425458	58.95
Total	9887	100.00	5810600	100.00

CEO / CFO Certification

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



Code of Conduct

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

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

Declaration as required under Clause 49 of the Listing Agreement

All the Board Members, Senior Management and Employees of the Company have affirmed to the Compliance with the 'Code of Conduct' laid down by the Company, as on 31st March 2013.

Plant Location:

Nallabandagudem - 508 206, Kodad Mandal, Nalgonda District, Andhra Pradesh.

Phone: 08683- 284224, 284226 Fax 08683-284223

Address for Communications:

<p>Registered Office: Ms. P M Vaishnavi 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>	<p>Registrar & Share Transfer Agent: LINK INTIME INDIA PVT LTD (Formerly Intime Spectrum Registry Limited) "Surya", 35, Mayflower Avenue Behind Senthil Nagar Sowripalayam, Coimbatore - 641 028 Phone: 0422-2314792 / 2315792 Fax : 91-422-2314792 / 2315792 e-mail: coimbatore@linkintime.co.in</p>
---	--

Coimbatore
25th May 2013

Sumanth Ramamurthi
Managing Director

Dr I Venkat Rao
Director

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

To

The members of Kakatiya Textiles Limited,

We have examined the compliance of conditions of Corporate Governance by Kakatiya Textiles Limited for the year ended on 31st March 2013, 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
25th May, 2013

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

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

- a) we have reviewed the Financial Statements and Cash Flow Statement for the year ended March 31, 2013 and to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March, 31, 2013 are fraudulent, illegal or in violation of the Company's Code of Conduct.
- c) we accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d) we have indicated to the Auditors and Audit Committee that:
 - (i) there have not been any significant changes in internal controls over financial reporting during the year ended March 31, 2013;
 - (ii) there have not been any significant changes in accounting policies during the year ended March, 31, 2013 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 March 31, 2013 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
25th May, 2013

Sumanth Ramamurthi
Managing Director & CEO

P. Nagarajan
Chief Financial Officer



Auditors' Report

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 2013, the Statement of Profit and Loss and Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

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. 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.

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.

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, 2013;
 - 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.
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, 2013, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (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
Partner

Coimbatore
25th May, 2013

Membership No.026554



Annexure to the Auditors' Report

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

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 ₹ 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 2013 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 not incurred cash losses during the financial year under report, but 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 2013, we report that no funds raised on short term basis that have been used for long term investments and vice versa.



- 18) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- 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 Partner
25th May, 2013 Membership No. 026554

Balance Sheet as at 31st March, 2013

₹ lakhs

	Notes	31.03.2013	31.03.2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share capital	3	1,078.50	1,078.50
(b) Reserves and surplus	4	(1,170.16)	(1,217.00)
(2) Non-current liabilities			
(a) Long-term borrowings	5	90.00	90.00
(3) Current liabilities			
(a) Trade payables		199.78	180.54
(b) Other current liabilities	6	563.23	689.82
(c) Short-term provisions	7	46.99	35.89
TOTAL		808.34	857.75
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
Tangible assets	8	258.78	312.48
(b) Deferred tax asset (Net)	9	321.84	344.14
(c) Long-term loans and advances		12.52	12.52
(d) Other Non-current assets		52.14	54.70
(2) Current assets			
(a) Inventories	10	142.09	118.22
(b) Trade receivables		0.06	1.59
(c) Cash and cash equivalents	11	6.47	4.87
(d) Short-term loans and advances	12	14.44	9.23
TOTAL		808.34	857.75

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

25th May, 2013

Sumanth Ramamurthi

Managing Director

P. Nagarajan

Chief Financial Officer

Dr I Venkat Rao

Director

P M Vaishnavi

Company Secretary

Statement of Profit and Loss for the year ended 31st March 2013

₹ lakhs

	Notes	31.03.2013	31.03.2012
I. Revenue from operations	13	1,917.54	1,904.71
II. Other income	14	6.65	4.28
III. Total Revenue		1,924.19	1,908.99
IV. Expenses:			
Cost of materials consumed	15.1	1,100.97	1,408.18
Purchases of Stock-in-Trade	15.2	–	–
Changes in inventories of Finished goods, Work-in Progress and Stock in Trade	15.3	(18.50)	70.10
Employee benefits expense	16	269.42	252.90
Finance costs	17	–	12.16
Depreciation and amortization expense	8	76.75	77.04
Power & Fuel		291.70	207.40
Other expenses	18	134.16	149.02
Total expenses		1,854.50	2,176.80
V. Profit / (Loss) Before Tax		69.69	(267.81)
Tax expense:			
Current tax		–	–
Deferred tax		22.30	(66.09)
Adjustment for earlier years		0.55	–
VI. Profit / (Loss) After Tax		46.84	(201.72)
VII. Earnings per share:			
Basic and Diluted		0.81	(3.49)

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

25th May, 2013

Sumanth Ramamurthi

Managing Director

P. Nagarajan

Chief Financial Officer

Dr I Venkat Rao

Director

P M Vaishnavi

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

(₹ lakhs)

PARTICULARS	Year ended 31.03.2013	Year ended 31.03.2012
A. Cash Flow from operating activities :		
Net Profit before tax and extraordinary items	69.69	(267.81)
Adjustment for :		
Depreciation	76.75	77.04
Taxes relating to earlier years	(0.55)	-
(Profit)/Loss on sale of assets	(1.90)	(1.45)
(Interest Income)	(4.75)	-
Interest Payments	-	12.30
Operating Profit before working capital changes	139.24	(179.92)
Adjustments for :		
Trade receivables	1.53	39.18
Other receivables	(2.65)	(3.52)
Inventories	(23.87)	116.23
Trade and other payables	(96.25)	204.23
Cash generated from operations	18.00	176.20
Direct taxes paid	-	-
Net Cash Flow from operating activities (A)	18.00	176.20
B. Cash Flow from Investing activities :		
Purchase of fixed assets	(23.05)	(0.26)
Sale of fixed assets	1.90	1.60
Interest received	4.75	-
Net cash used for investing activities (B)	(16.40)	1.34
C. Cash Flow from financing activities :		
Long term borrowings	-	(205.00)
Interest paid	-	(12.30)
Net cash flow from financing activities (C)	-	(217.30)
Net Increase / (Decrease) in cash and cash equivalent	1.60	(39.76)
Cash and cash equivalents - Opening	4.87	44.63
Cash and cash equivalents - Closing	6.47	4.87

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 & COChartered Accountants
(Firm Registration No. 009617S)**S Muralidharan**

Partner

Membership No.026554

Coimbatore

25th May, 2013

Sumanth Ramamurthi

Managing Director

P. Nagarajan

Chief Financial Officer

Dr I Venkat Rao

Director

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 manufacturing and selling of cotton yarn.

2 Basis of preparation of financial statements

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

2.1 Use of Estimates

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

**2.4 Provisions and Contingencies**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes forming part of the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

2.5 Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. Direct costs 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 ₹5000 or less are fully depreciated in the year of purchase.

2.7 Impairment of Assets

At each Balance Sheet date, the carrying values of the tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is normally charged to the 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 realisable 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 unrealised deferred tax assets to the extent it becomes virtually certain of realisation.

2.9 Retirement benefits to employees**a) Gratuity**

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

Gratuity benefits are managed through the Group Gratuity Scheme of Life Insurance Corporation of India. The provision for gratuity liability is actuarially determined at 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 Employees' Provident Funds Act, 1952 and the same is charged to revenue.

2.10 Dues to Micro, Small and Medium Enterprises as defined under MSME 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 31.03.2013.

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 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.



3. Share Capital		₹ lakhs	
		31.03.2013	31.03.2012
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	1,150.00	1,150.00	
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	
	578.50	578.50	
5,00,000 (5,00,000) 9% Cumulative Redeemable Preference shares of ₹ 100 each	500.00	500.00	
Total	1,078.50	1,078.50	

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

Particulars	As at 31.3.2013		As at 31.3.2012	
	₹ 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	581.06	5,810,600	581.06	5,810,600
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	500.00	500,000	500.00	500,000

3.2 Shareholders holding more than 5% of Paid up Capital :

Name of the Shareholder	As at 31.3.2013		As at 31.3.2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
a) Equity Capital : Shri Sumanth Ramamurthi	29,32,840	50.47	29,38,490	50.57
b) Cumulative Redeemable Preference Share Capital : Shri Sumanth Ramamurthi	5,00,000	100	5,00,000	100



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.

4. Reserves and Surplus	31.03.2013	₹ lakhs 31.03.2012
a. Surplus in Statement of Profit and Loss		
Opening Balance	(1,234.50)	(1,032.78)
Add: Amount Transferred from Statement of Profit and Loss	46.84	(201.72)
Less: Utilised / Transferred	<u> —</u>	<u> —</u>
Closing Balance	<u>(1,187.66)</u>	<u>(1,234.50)</u>
b. General Reserve		
Opening Balance	17.50	17.50
Add: Additions	<u> —</u>	<u> —</u>
Less: Utilised / Transferred	<u> —</u>	<u> —</u>
Closing Balance	<u>17.50</u>	<u>17.50</u>
Total	<u>(1,170.16)</u>	<u>(1,217.00)</u>
5. Long Term Borrowings		
Term Loans (Unsecured)		
From Banks	<u> —</u>	<u> —</u>
From Promoters	90.00	90.00
Total	<u>90.00</u>	<u>90.00</u>
6. Other Current Liabilities		
Advances from Customers	480.21	627.15
Liabilities for expenses	80.24	61.82
Statutory Liabilities	2.78	0.85
Total	<u>563.23</u>	<u>689.82</u>
7. Short Term Provisions		
For Bonus	8.40	8.40
Gratuity Payable	38.59	27.49
Total	<u>46.99</u>	<u>35.89</u>



₹ lakhs

S. No.	Particulars	Gross Block			Depreciation			Net Block			
		As at 01.04.2012	Additions	Disposals	As at 31.03.2013	Upto 01.04.2012	For the year	Disposals	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
	Tangible Assets										
1.	Land	11.86			11.86	-	-	-	-	11.86	11.86
2.	Buildings	323.44			323.44	165.93	9.42		175.35	148.09	157.51
3.	Plant and Equipment	1,258.72	23.05	3.50	1,278.27	1,120.10	66.28	3.50	1,182.88	95.39	138.62
4.	Furniture and Fixtures	22.61			22.61	18.12	1.05		19.17	3.44	4.49
5.	Vehicles	2.57			2.57	2.57			2.57	-	-
	Total	1,619.20	23.05	3.50	1,638.75	1,306.72	76.75	3.50	1,379.97	258.78	312.48



9. Deferred Tax Asset (Net)

₹ lakhs

Particulars	Balance as at 31.03.2012	Charge / Credit	Balance as at 31.03.2013
Depreciation	32.56	14.71	17.85
Loss	(368.21)	(43.04)	(325.17)
Others	(8.49)	6.03	(14.52)
Total - Liability / (Asset)	(344.14)	(22.30)	(321.84)

31.03.2013

31.03.2012

10. Inventories

Valued at Cost or Net Realisable value whichever is lower

Raw Materials	41.80	34.33
Work-in Process	76.49	53.65
Finished Goods	2.54	10.39
Stores and Spares	16.64	18.74
Waste	4.62	1.11
Total	142.09	118.22

11 Cash and Cash Equivalents

Balance with Banks	6.44	4.43
Cash on Hand	0.03	0.44
Total	6.47	4.87

12 Short-term Loans and Advances

Unsecured, considered good

Prepaid Expenses	1.86	1.74
Employee Related Advances	3.72	2.88
Electricity charges paid in advance	6.52	-
Advance Payment of Taxes	2.34	4.61
Total	14.44	9.23

13 Revenue from Operations

Sale of products	1,909.25	1,823.85
Other operating revenues	8.29	80.86
Less: Excise duty	-	-
Total	1,917.54	1,904.71

**KAKATIYA TEXTILES LIMITED**

	31.03.2013	₹ lakhs 31.03.2012
14 Other Income		
Interest Income(Refer Note 14.1 below)	4.75	2.84
Profit on sale of assets	1.90	1.44
Total	<u>6.65</u>	<u>4.28</u>
14.1 Interest Income		
Interest on Electricity Deposits	4.68	2.84
Interest on IT refunds	0.07	-
Total	<u>4.75</u>	<u>2.84</u>
15.1 Cost of Materials Consumed		
Opening Stock of Cotton	34.33	77.78
Add: Purchase of Cotton	1,108.44	1,364.73
Less: Closing Stock of Cotton	41.80	34.33
Total	<u>1,100.97</u>	<u>1,408.18</u>
15.2 Purchase of Traded goods	-	-
15.3 Change in Inventories of Finished goods, Work-in Process & Stock in Trade		
Inventories at the end 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>
Inventories at the beginning of the year		
Finished goods	10.39	15.86
Work-in Progress	53.65	99.76
Waste	1.11	19.63
Total	<u>65.15</u>	<u>135.25</u>
Net (Increase) / Decrease	(18.50)	70.10
16 Employee Benefit Expenses		
Salaries	226.29	215.92
Contributions to Provident Fund	18.03	15.02
Gratuity Fund Contribution	11.11	7.56
Welfare Expenses	13.99	14.40
Total	<u>269.42</u>	<u>252.90</u>
17 Finance Cost		
Interest on Borrowings	-	12.16
Other Borrowing Cost	-	-
Total	<u>-</u>	<u>12.16</u>



	31.03.2013	31.03.2012
		₹ lakhs
18 Other Expenses		
Stores	42.90	57.46
Repairs and Maintenance		
Buildings	–	3.66
Machinery	41.77	33.42
Others	2.88	0.39
Selling Expenses	13.82	20.24
Insurance	1.89	2.12
Postage, Telephone & Printing	2.36	3.48
Travelling & Transport Charges	4.43	3.91
Taxes and Licence	5.58	2.78
Professional Charges	2.55	3.01
Auditors' Remuneration	0.74	0.97
Directors Sitting fees	1.20	1.20
Others	14.04	16.38
Total	134.16	149.02
18.1 Auditors' Remuneration:		
Audit fee	0.67	0.60
Tax audit fee	0.07	0.25
Others	–	0.12
Total	0.74	0.97
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	46.84	(201.72)
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	0.81	(3.49)
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	31.03.2013	31.03.2012
Present Value of the Obligation as on 1st April	39.76	36.98
Current Service cost	2.43	2.46
Interest Cost	3.29	2.82
Actuarial Loss / (Gain) on Obligation	6.35	3.58
Benefits paid	(3.77)	(6.08)
Present Value of the Obligation as on 31st March	48.06	39.76

The liability of the company as of 31st March 2013 is ₹ 48.06 lakhs out of which it has been funded to the extent of ₹9.47 lakhs.

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

Particulars	31.03.2013	31.03.2012
Fair value of the Plan Assets as on 1st April	12.27	17.06
Expected Rate of Return	0.93	1.26
Actuarial Gains and (Losses)	0.04	0.03
Contributions by the Employer	-	-
Benefits paid	(3.77)	(6.08)
Fair value of the Plan Assets as on 31st March	9.47	12.27

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

Particulars	31.03.2013	31.03.2012
Current Service Cost	2.43	2.46
Interest Cost	3.29	2.82
Expected Return on Plan Assets	(0.93)	(1.26)
Actuarial (Gains) and Losses	6.32	3.54
Amount recognised in the Statement of Profit and Loss	11.11	7.56

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	31.03.2013	31.03.2012
Discount Rate	8.10%	8.70%
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 estimated 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.

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

Particulars	31.03.2013	31.03.2012
Present Value of the Defined Benefit Obligation	48.06	39.76
Fair Value of Plan Assets	9.47	12.27
Deficit in Plan Assets	38.59	27.49
Experience Adjustments arising on Plan Liabilities as an amount	(4.08)	(1.48)
Experience adjustments arising on Plan Assets as an amount	0.04	0.03

19.3 Related Party Disclosure (as certified by the Management)

i) Names of Related parties and description of Relationship

- a) Key Management Personnel 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 Trading and Industrial Services Ltd |
| Sara Elgi Insurance Advisory Services Pvt Ltd | Sara Elgi Envirotech Ltd |
| Sara Elgi Arteriors Ltd | Sara Elgi Industries Ltd |
| Sara Elgi Industrial Research and Development Ltd | |

ii) **Related Party Transactions** ₹ lakhs

Nature of Transaction	2012-13	2011-12
Conversion charges Receipt	1.83	0.17
Purchases	2.38	630.43
Sales	1,826.94	1596.28
Expenses reimbursed	0.07	-
Amount outstanding at year end - Cr	481.00	718.77

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

25th May 2013

Sumanth Ramamurthi

Managing Director

P. Nagarajan

Chief Financial Officer

Dr I Venkat Rao

Director

P M Vaishnavi

Company Secretary

KAKATIYA TEXTILES LIMITED

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

ADMISSION SLIP

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

I hereby record my presence at the 31st Annual General Meeting of the Company held on Saturday, 27th July 2013 at 3.30 PM at 'Elgi Towers', 737-D, Green Fields, Puliakulam Road, Coimbatore - 641 045

.....
Signature of Member / Proxy

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



KAKATIYA TEXTILES LIMITED

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

PROXY FORM

I/We
of being a Member / Members of Kakatiya Textiles Ltd., hereby appoint of or failing him.....of as my / our Proxy to attend and vote for me / us on my / our behalf at the 31st Annual General Meeting of the Company to be held on Saturday, 27th July 2013 at 3.30 PM at 'Elgi Towers', 737-D, Green Fields, Puliakulam Road, Coimbatore - 641 045 and at any adjournment thereof.

Signed this day of

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

Affix
15 paise
Revenue
Stamp

Signature

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

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

BOOK - POST



PRINTED MATTER

If Undelivered please return to :

Kakatiya Textiles Limited

“Elgi Towers”

737-D, Green Fields, Puliakulam Road

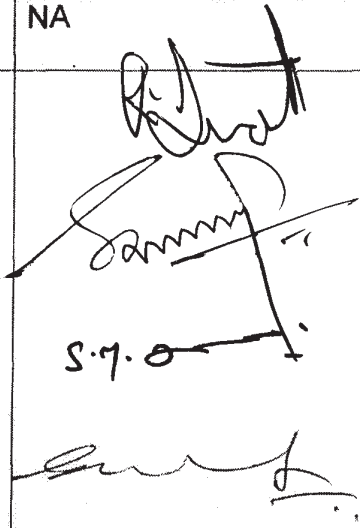
Coimbatore - 641 045.

KAKATIYA TEXTILES LTD

Regd. Office: "ELGI TOWERS", Green Fields, 737-D, Puliakulam Road,
Coimbatore – 641045. Phone: 0422-2311711,4351711 Fax: 0422-2311611
e-mail: super@ssh.saraelgi.com Website: www.kakatiyatextiles.com

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 2013
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• CFO• Auditor of the company• Audit Committee Chairman	

FACTORY: Nallabandagudem – 508206, Kodad (Mandal), Nalgonda (Dt.), A.P. Phone: 08683-284223, 284226 Tele Fax: 08683-284223