



KAKATIYA TEXTILES LIMITED

CIN : L18100TZ1981PLC013940

Nallabandagudem, Kodad(M), Nalgonda Dist. Phone :08819-224005,225005

Email:md@rspl.ind.in

To
The Corporate Relationship Department
BSE Limited
1st Floor, New Trading Ring,
Rotunda Building, P.J. Towers,
Dalal Street, Fort, Mumbai – 400 001

28th December, 2016

Dear Sir,

Sub: Submission of Annual Report pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015


Ref: Scrip Code: 521054

With reference to the subject cited above, pursuant to Regulation 34 of the (Listing Obligations and Disclosure Requirements) Regulations, 2015, a copy of Annual Report for the Financial Year ended on 31st March, 2016, as approved and adopted at the Annual General Meeting held on 27th December, 2016, is attached herewith.

Kindly acknowledge and take the same on record.

Yours Sincerely

For Kakatiya Textiles Limited

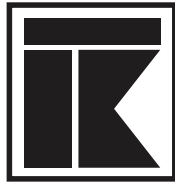

Maddimsetti Naga Raju
Company Secretary



34th

Annual Report

2015 - 2016



KAKATIYA TEXTILES LIMITED

CIN: L18100AP1981PLC104439

KAKATIYA TEXTILES LIMITED

34th ANNUAL GENERAL MEETING

TUESDAY 27th December 2016

at 11.00 A.M.

at Raveli Spinners Auditorium,
Beside NH-16, Khandavalli, Tanuku, West
Godavari-534330, Andhra Pradesh

| Index | Page |
|--------------------------|-------------|
| 1. Corporate Information | 04 |
| 2. Notice | 05 |
| 3. Directors Reports | 13 |
| 5. Auditors Reports | 43 |
| 6. Balance Sheets | 51 |
| 7. Profit & Loss Account | 52 |
| 8. Cash Flow Statement | 53 |
| 9. Notes | 54 |
| 10. Attendance Slip | 73 |
| 11. Proxy Slip | 75 |

KAKATIYA TEXTILES LIMITED

KAKATIYA TEXTILES LIMITED

CIN: L18100AP1981PLC104439

Corporate Information

| | |
|---|---|
| Board of Directors | Shri. Vanka Ravindra Nath Smt. Vanka Raja Kumari Shri. Venkatasubbarao Gamini Shri. Kudary Anand |
| Manager | Shri. Mohammed Alisha Shaik (w.e.f. 26.05.2016) |
| Chief Financial Officer | Shri. Nanduri Hanumantha Rao |
| Company Secretary | Shri. Maddimsetti Naga Raju |
| Statutory Auditors | M/s. Chevuturi Associates Chartered Accountants #33-25-33D, Govindarajula Naidu Street, Surya Rao Pet, Vijayawada-520 003, Andhra Pradesh, India. |
| Secretarial Auditor | M/s. P.S.Rao & Associates Flat No.10, 4th Floor, # 6-3-347/22/2, Ishwarya Nilayam, Opp: Sai Baba Temple, Dwarakapuri Colony, Punjagutta, Hyderabad-500 082 Telangana |
| Registrar and Share Transfer Agent | M/s. Link Intime India Pvt Ltd Surya, 35, Mayflower Avenue Behind Senthil Nagar, Sowripalayam Road Coimbatore – 641 028 Ph / Fax: (0422) 2314792 E-mail: coimbatore@linkintime.co.in |
| Registered Office | Plot No. 9 & 10, Industrial Estate, Tetali, Tanuku, West Godavari–534218, Andhra Pradesh Phone No: 08819-224005 / 225005 E-mail : shares.ktl@rspl.ind.in Internet: www.kakatiyatextiles.in |

Notice

Notice is hereby given that the 34th Annual General Meeting of the Company will be held on Tuesday, the 27th day of December, 2016 at 11:00 A.M. at Ravali Spinners Auditorium, Beside NH-16, Khandavalli, Tanuku, West Godavari-534330, Andhra Pradesh to transact the following business:

ORDINARY BUSINESS:

Item No.1: Adoption of Financial Statements

To receive, consider and adopt the audited Financial Statements of the company for the Financial Year ended on 31st March, 2016 together with the Report of the Board of Directors and Auditors thereon;

Item No.2: Re-Appointment of Director

To appoint a director in place of Shri. Vanka Ravindra Nath (DIN: 00480295), who retires by rotation and being eligible offers himself for re-appointment.

Item No 3: Ratification of Appointment of Auditor

Ratification of appointment of M/s. Chevuturi Associates, Chartered Accountants, as Statutory Auditors of the company and to fix their remuneration:

“**RESOLVED THAT** pursuant to the provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made there under, the company hereby ratifies the appointment of M/s. Chevuturi Associates, Chartered Accountants, Vijayawada, (ICAI Firm Registration No. 000632S) as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 38th Annual General Meeting at such remuneration as may be fixed by the Board of Directors of the Company.”

Special Business:

Item No.4: To Approve the Appointment of Mr. Mohammed Alisha Shaik as the Manager of the Company:

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) along with Schedule V of the Companies Act, 2013 and as recommended by Nomination and Remuneration Committee, the appointment of Shri. Mohammed Alisha Shaik, as Manager of the Company, for a period of 3 years with effect from 26.03.2016, made by the board of directors of the company at their meeting held on 26.05.2016, at a remuneration of Rs.35,000/- (Rupees Thirty Five Thousand only) per month and other superannuation benefits as per service rules of the Company, be and is hereby approved.”

“**FURTHER RESOLVED THAT** Shri. Mohammed Alisha Shaik in addition to above mentioned Salary and perquisites is also eligible for a commission of 3% on net profits of the Company arrived in pursuance of Section 198 of the Companies Act, 2013.”

KAKATIYA TEXTILES LIMITED

“FURTHER RESOLVED THAT the overall amount of remuneration payable to Shri. Mohammed Alisha Shaik shall not exceed 5% of net profits of the Company arrived in pursuance of Section 198 of the Companies Act,2013.”

“FURTHER RESOLVED THAT in the event the Company does not have profits or the profit of the Company is inadequate in any financial year during his tenure as referred above, the amount of Salary and perquisites referred above shall be paid as minimum remuneration in terms of Section II of Part II of Schedule V to the Companies Act, 2013.”

By Order of the Board of Directors
For Kakatiya Textiles Ltd

Place: Hyderabad
Date : 21st November, 2016

Sd/-
V Ravindra Nath
Director
DIN: 00480295

NOTES:

1. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Meeting is annexed hereto.

2. **A member entitled to attend and vote at the meeting is entitled to appoint one or more proxy to attend and on a poll, to vote instead of himself. A proxy need not be a member of the company. The instrument appointing the proxy should be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.**

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. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.

3. Corporate Members intending to send their authorised representative 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. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.

KAKATIYA TEXTILES LIMITED

5. The Register of Members and Share Transfer Books will remain closed from Wednesday, December 21, 2016 to Tuesday, December 27, 2016 (both days inclusive).
6. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours upto the date of the Annual General Meeting.
7. Members holding shares in Physical form are requested to advise any change of address immediately to the Company/ Registrar and Share Transfer Agent M/s. Link Intime India Pvt. Ltd, Coimbatore Branch.

The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (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 may submit their PAN to the M/s. Link Intime India Pvt. Ltd, Coimbatore Branch.

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 who are holding Physical Shares in identical order of names in more than one folio are requested to send to the Company or to the Company's Share Transfer agent, the details of such folios together with the Share Certificates for consolidating their holding into single folio. The Share Certificates will be returned to the members after making requisite changes thereon.
10. Members are requested to mandatorily quote their Registered Folio No. or Demat Account No. and Depository Participant Identification Number (DPID No) on all correspondence with the company.
11. Securities and Exchange Board of India [SEBI] vide circular ref No.MRD/Dop/CIR-05/2007 dated April 27, 2007 made PAN, the sole Identification Number for all participants transacting in the Securities Market, irrespective of the amount of transaction. In continuation to the aforesaid circular, it is hereby clarified that for Securities Market Transactions and off market/ private transactions involving transfer of shares of listed companies in Physical form, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the company/ RTA for registration of such Transfer of Shares.
12. Members are advised to update their email IDs with Company's RTA and/or concerned Depository participants as soon as possible.

13. Remote E-Voting

The items of business as set out in the Notice may be transacted through electronic voting system. Therefore, the Company is providing facility for voting by electronic means. Pursuant to Section 108 of the Companies Act 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and in force as on date and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer remote e-voting facility, as an alternate, to its members in respect of the business to be transacted at the AGM.

The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Tuesday, December 20, 2016, i.e. the date prior to the commencement of Book Closure date, are entitled to vote on the resolutions set forth in this Notice. Eligible members who have acquired shares after the dispatch of the Annual Report may approach the Company for required assistance in connection with generation of the User ID / Password in order to exercise their right to vote by electronic means. The remote e-voting period will commence at 9.00 A.M. on Saturday, December 24, 2016 and will end at 5.00 P.M. on Monday, December 26, 2016. The members will not be able to cast their votes electronically beyond the date and time mentioned above.

The Company has appointed Mr. M B Suneel, Practicing Company Secretary (Membership. No. 31197 and C.P No. 14449) to act as the Scrutinizer to conduct and scrutinize the voting process in a fair and transparent manner. The Members desiring to vote through electronic mode may refer to the detailed procedure on remote e-voting given hereunder:

PROCEDURE FOR REMOTE E-VOTING:

The remote e voting period begins on Saturday, December 24, 2016 (9.00 A.M.) and ends on Monday, December 26, 2016 (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 i.e. December 20, 2016, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.

- A. In case of members receiving e-mail (for members whose e-mail address are registered with the Company/Depositories)
- (i) The shareholders should log on to the remote 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.

KAKATIYA TEXTILES LIMITED

- (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/ Physical Form | |
|---|---|
| PAN | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none">Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field |
| DOB | <p>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.</p> |
| Dividend Bank Details | <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none">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 member ID / folio number in the Dividend Bank details field as mentioned in instruction (iii). |

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Members holding shares in physical form will then directly reach 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 remote 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 remote e-voting on the resolutions contained in this Notice.
- (x) Click on the **EVS**N for the relevant **<Kakatiya Textiles Limited>** on 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.

KAKATIYA TEXTILES LIMITED

- (xii) Click on the “**RESOLUTIONS FILE LINK**” if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, 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 Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for 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.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xviii) In case you have any queries or issues regarding remote e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

B. In case of members receiving the physical copy of Notice of AGM (for members whose e-mail ids are not registered with the Company/Depositories):

Please follow all the steps from Sl. No. (i) to Sl. No. (xvii) to cast vote

The Scrutinizer shall immediately after the conclusion of voting at the AGM, first count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least 2 witnesses not in the employment of the Company and make not later than 3 days of conclusion of the

KAKATIYA TEXTILES LIMITED

Meeting a consolidated Scrutiniser's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same and declare the result of voting forthwith.

A member can opt for only one mode of voting, i.e., either through remote e-voting or by Ballot. If a member casts votes by both modes, then voting done through remote e-voting shall prevail and Ballot shall be treated as invalid.

The results declared along with the Scrutinizer's Report will be posted on the Company's website and communicated to the Stock Exchange.

By Order of the Board of Directors
For Kakatiya Textiles Ltd

Sd/-

V Ravindra Nath

Director

DIN: 00480295

Place: Hyderabad

Date : 21st November, 2016

KAKATIYA TEXTILES LIMITED

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4

Shri. Mohammed Alisha Shaik was appointed by the board vide its meeting held on 26.05.2016, as the manager of the company, in terms of Section 203 of the Companies Act, 2013, for a period of 3 years from 26.05.2016 at a remuneration as stated in the resolution No.4. Pursuant to the provisions of Section 196 the said appointment made by the board requires the approval of the members subsequently.

A Brief profile of Shri. Mohammed Alisha Shaik is as follows:

Shri. Mohammed Alisha Shaik is a diploma holder in textile technology. He is having a vast experience of over 35 years in the textile business. He was associated in various roles & designations in different companies. He started his career as a supervisor and has worked in various prominent roles at different levels. He attended and obtained certifications from various internationally certified training centers. His vision, dynamism and efforts will definitely take the company to new heights in the coming years.

Taking into consideration of his rich experience of over 35 years and in view of the increased responsibility with the increase in business activities of the company it is proposed that Shri. Mohammed Alisha Shaik be appointed as the manager of the company with effect from 26.05.2016 at a remuneration as detailed in the resolution.

In compliance with the provisions of Sections 196, 197 and other applicable provisions of the Act, read with Schedule V to the Act, the terms of appointment and remuneration as set out in item No.4 are now being placed before the Members for their approval by way of Ordinary Resolution.

Your Directors recommend the Resolution for your approval as an Ordinary Resolution.

None of the Directors, Key Managerial Personnel or their relatives, are concerned or interested in the proposed resolution.

By Order of the Board of Directors
For Kakatiya Textiles Ltd

Sd/-

V Ravindra Nath

Director

DIN: 00480295

Place: Hyderabad

Date : 21st November, 2016

KAKATIYA TEXTILES LIMITED

DIRECTORS' REPORT

To
The Members

Your Directors are delighted to present their 34th Annual Report of the Company for the financial year 2015-16 along with the audited accounts for the financial year ended March 31, 2016.

FINANCIAL PERFORMANCE:

(₹ in lakhs)

| PARTICULARS | YEAR ENDED 31.03.2016 | YEAR ENDED 31.03.2015 |
|---|--------------------------|--------------------------|
| Total Income | 2202.19 | 1068.80 |
| Profit before Depreciation, Interest & Tax for the year | (105.79) | (110.29) |
| Depreciation for the year | 33.34 | 19.51 |
| Finance Cost | 0.67 | - |
| Net Profit / (Loss) | 13.20 | (129.80) |

DIVIDEND

On account of the accumulated losses before exceptional & extra ordinary items and tax your Directors do not recommend any dividend for the year ended 31st March, 2016.

TRANSFER TO RESERVES

Due to the accumulated losses before exceptional & extra ordinary items, the company is unable to transfer any amount to its reserves.

TAKE OVER

During the financial year 2015-16 the present Promoters of the company have entered into a Share Purchase Agreement with the erstwhile promoters on 4th May, 2015 and have acquired 50.47 % of the total Equity Share Capital and 50.70 % of the total voting power. In this regard the promoters have provided an Open Offer to acquire shares as required under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and have complied with the various applicable regulations.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Since the Company has not declared any dividends, there is no unclaimed dividend to be transferred to Investor Education and Protection Fund.

BOARD MEETINGS CONDUCTED DURING THE PERIOD UNDER REVIEW

The meetings of the board are scheduled at regular intervals to decided and discuss on business performance, policies, strategies and other matters of significance.

In certain exigencies, decisions of the board are also accorded through circulation.

The Company had conducted Five (5) Board meetings during the period under review. The intervening gap between any consecutive board meetings was within the period prescribed under the provisions of the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134 (3) (c) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures from those standards;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors confirm that the annual accounts have been prepared on a going concern basis;
- (e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DECLARATION OF INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013.

COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND OTHER MATTERS PROVIDED UNDER SECTION 178(3) OF THE COMPANIES ACT, 2013.

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished on the Company's website www.kakatiyatextiles.in.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The Company has not granted any loans or given any security or made any investments pursuant to the provisions of Section 186 of the Companies Act, 2013 during the year under review.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions entered into with related parties during the financial year 2015-16 were in the ordinary course of business and on an arm's length basis. Since there are no transactions which are not on arm's length basis and material in nature the requirement of disclosure of such related party transactions in Form AOC-2 does not arise.

The policy on related party transactions as approved by the Board of Directors of the Company has been uploaded on the company's website and may be accessed through the website at www.kakatiyatextiles.in

EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No.MGT-9 pursuant to Section 92(3) read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished as **Annexure-I** and is attached to this Report.

INTERNAL AUDITORS

The Board of directors based on the recommendation of the audit committee has appointed M/s. Cherukuri & Co, Chartered Accountants as the Internal Auditors of the company. The internal auditors are submitting their report on quarterly basis.

STATUTORY AUDITORS

The erstwhile auditors of the company, M/s. S. Murali Dharan & Co, Chartered Accountants, have expressed their unwillingness to continue as the Statutory Auditors at the 33rd annual general meeting held on 29.09.2015. Subsequently, based on the recommendation of the board, the members have appointed M/s. Chevuturi Associates, Chartered Accountants (FR No. 000632S) as the Statutory auditors of the company, vide 33rd Annual General Meeting held on 29.09.2015, for a period of 5 years from the conclusion of the said general meeting till the conclusion of the 38th Annual General Meeting to be held in the year 2020, subject to the ratification of the members annually.

The Statutory auditor's report does not contain any qualifications, reservations or adverse remarks.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. P.S. Rao &

Associates, Company Secretaries to undertake the Secretarial Audit of the Company. The report of the Secretarial Audit is annexed herewith as **Annexure-II** to this report.

NATURE OF BUSINESS

There were no changes in the nature of business of the company.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company which has occurred between the financial year ended 31st March, 2016 and the date of the report.

STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

The Company has a structured risk management policy. The Risk management process is designed to safeguard the organization from various risks through adequate and timely actions. It is designed to anticipate, evaluate and mitigate risks in order to minimize its impact on the business. The potential risks are inventoried and integrated with the management process such that they receive the necessary consideration during decision making

WHISTLE BLOWER POLICY (VIGIL MECHANISM)

The Company has formulated a whistle blower policy in line with the provisions of Section 177 of the Companies Act, 2013 and Regulation 22 of the SEBI ((Listing Obligations and Disclosure Requirements) Regulations, 2015 to enable the directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. The policy also provides for adequate safeguards against victimization of director(s) / employee(s) who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases. The Whistle Blower policy has been uploaded on the company's website at www.kakatiyatextiles.in.

ANNUAL EVALUATION OF THE BOARD ON ITS OWN PERFORMANCE AND OF THE INDIVIDUAL DIRECTORS

In accordance with the criteria suggested by the Nomination and Remuneration Committee, the Board of Directors evaluated the performance of the Board, having regard to various criteria such as Board composition, Board processes, Board dynamics etc. The Independent Directors, at their separate meetings, also evaluated the performance of non-independent directors and the Board as a whole based on various criteria.

The performance of each Independent Director was evaluated by the entire board of directors on various parameters like engagement, leadership, analysis, decision making, communication, governance etc. The Board and the Independent Directors were of the unanimous view that performance of the Board of Directors as a whole was satisfactory.

The performances of all the Committees were evaluated by the Board having regard to various criteria such as committee composition, committee, processes, committee dynamics etc. The Board was of the unanimous view that all the committees were performing their functions satisfactorily.

DIRECTORS' & KEY MANAGERIAL PERSONNEL

During the financial year under review, the Members at the Annual General Meeting held on 29th September, 2015 have approved the appointment of Shri. G Venkata Subba Rao & Dr. Kudary Anand as the Independent Directors of the Company for a period of 5 years. At the said meeting the members have also approved the appointment of Shri. Vanka Ravindra Nath and Smt. Vanka Raja Kumari as Directors of the Company, who were appointed as Additional Directors by the board on 13th August, 2015.

Further based on the recommendation of the Nomination and remuneration committee the Board, vide its meeting held on 26.05.2016, has appointed Shri. Mohammed Alisha Shaik as Manager of the company in terms of Section 203 of the Companies Act, 2013. In terms of the provisions of Section 196 of the Companies Act, 2013 the appointment of manager needs to be approved by the shareholders. The Board recommends the approval of the appointment of the manager as mentioned above.

Shri. Vanka Ravindra Nath, Director of the Company, retires by rotation at the ensuing Annual General Meeting and expressed his willingness to reappoint as the Director of the Company.

Your Directors recommend his re-appointment.

During the year under review the following directors and key managerial personal have resigned from the board:

1. Shri. Sumanth Ramamurthi who was liable to retire by rotation at the 33rd annual general meeting has expressed his unwillingness to re-appoint and has ceased from the board since 29.09.2015.
2. Smt. Hemalatha Ramamurthi, who was appointed as the additional director, was ceased as director at the 33rd annual general meeting.
3. Shri. CSK Prabhu, Shri. I Venkat Rao and Shri.S S R Koteswara Rao have tendered their resignation and were ceased to be director's w.e.f 30.09.2015.
4. Shri. R Narayanan who was the chief financial officer of the company has tendered his resignation on 30.09.2015.

COMPOSITION OF BOARD COMMITTEES

We have in place of all the committees of the board which are required to be constituted under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

KAKATIYA TEXTILES LIMITED

The Composition of various committees of the Board is hereunder:

AUDIT COMMITTEE

| | |
|-------------------------------|----------|
| Shri Kudary Anand | Chairman |
| Shri Vanka Ravindra Nath | Member |
| Shri Venkata Subba Rao Gamini | Member |

NOMINATION AND REMUNERATION COMMITTEE

| | |
|-----------------------------|----------|
| Shri Venkatasubbarao Gamini | Chairman |
| Shri Kudary Anand | Member |
| Smt Vanka Raja Kumari | Member |

STAKEHOLDERS RELATIONSHIP COMMITTEE

| | |
|-----------------------------|----------|
| Shri Venkatasubbarao Gamini | Chairman |
| Shri Kudary Anand | Member |
| Smt Vanka Raja Kumari | Member |

FIXED DEPOSITS

Since the Company has not accepted any fixed deposits covered under Chapter V of the Companies Act, 2013, there are no deposits remaining unclaimed or unpaid as on 31st March 2016 and accordingly, the question of default in repayment of deposits or payment of interest thereon, during the year, does not arise.

EROSION OF NETWORTH

As at 31st March 2016, your Company had a negative net worth of Rs. 262.56 lakhs. Your Directors believe that the Company's net worth could become positive if the favourable business trend continues for some time. Therefore, the sickness status has not been referred to BIFR.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE

There is no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and company's operation in future.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control systems to monitor internal business process, financial reporting and compliance with applicable laws. The Company periodically reviews the adequacy and effectiveness of the control systems.

The Audit committee of the Board reviews internal control systems and their adequacy, significant risk areas, observations made by the internal auditors on control mechanism and the operations of the company, recommendations made for corrective action and the internal audit reports. The committee reviews with the statutory auditors and the management, key issues, significant processes and accounting policies.

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and as amended in respect of our employees, is attached herewith as **Annexure-III**.

Further, we do not have any employee whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and as amended i.e. 8.5 Lakhs per Month or Rs. 1.02 Crores per Annum.

Further, details of top ten employees in terms of remuneration drawn during the financial year ended 31st march 2016 as required under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and as amended is attached herewith as **Annexure-III**.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to the Regulation 34 (2) (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a report on Management Discussion and Analysis is herewith annexed as **Annexure-IV**

CORPORATE GOVERNANCE REPORT

Since the paid up equity share capital of the Company is less than Rs. 10 Crores and the networth of the Company is less than Rs. 25 Crores, the provisions of Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation 2 of Regulation 46 and para C, D & E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are not applicable to the Company.

CORPORATE SOCIAL RESPONSIBILITY

Since your Company does not fall within any of the parameters specified under the provisions of the Companies Act, 2013 read with Rules made there under, reporting pursuant to Section 134 (3) (o) is not applicable.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology absorption, Foreign Exchange Earnings and outgo as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached herewith as **Annexure-V** to this report.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a policy on Sexual Harassment of Women at workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The company has constituted an internal complaints committee to address the complaints regarding sexual harassment. All employees are covered under this policy. The company has not received any complaints during the year under review.

PERSONNEL RELATIONS

Staff and Labour relations during the year at all units of the company continued to be cordial.

ACKNOWLEDGEMENTS

Your Directors wish to thank the Company's Bankers, Financial Institutions, Customers and Suppliers for their unstinted support and co-operation.

Your Directors wish to place on record their appreciation of the confidence reposed by the shareholders in the Company at all times.

The Board of Directors also wishes to thank the employees at all levels for their excellent support and contribution made by them.

By Order of the Board of Directors
For Kakatiya Textiles Ltd

Place: Hyderabad
Date : 21st November, 2016

Sd/-
V Ravindra Nath
Chairman & Director
DIN: 00480295

KAKATIYA TEXTILES LIMITED

Annexure I

**FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31.03.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]**I. REGISTRATION AND OTHER DETAILS:**

| | |
|--|--|
| CIN:- | L18100AP1981PLC104439 |
| Registration Date | 26.08.1981 |
| Name of the Company | KAKATIYA TEXTILES LIMITED |
| Category / Sub-Category of the Company | Public Limited Company / Limited by Shares |
| Address of the registered office and contact details: | Plot No. 9 & 10, Industrial Estate, Tetali, Tanuku, West Godavari-534218, Andhra Pradesh Tel.No: 08819-224005/225005 Email.Id : shares.ktl@rspl.ind.in Website : www.kakatiyatextiles.in |
| Whether listed company | Yes |
| Name, Address and Contact details of Registrar Transfer Agent, if any | Link Intime India Private Limited (Branch Office) "Surya", 35 May flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641 028. Tel. No : 0422-2314792, Fax. No : 0422-2314792 Email ID : coimbatore@linkintime.co.in |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| S. No | Name and Description of Main products / Services | NIC Code of The Product/ Service Company | % to total Turnover of the |
|-------|--|--|-------------------------------|
| 1 | Cotton Yarn | 13111 | 100 |

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - NIL

| S.NO | Name and Address of The Company | CIN/GLN | Holding/ Subsidiary / Associate | % of Shares held | Applicable Section |
|------|---------------------------------------|---------|---------------------------------------|---------------------|-----------------------|
| NIL | | | | | |

KAKATIYA TEXTILES LIMITED

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 31-March-2015] | | | | No. of Shares held at the end of the year [As on 31-March-2016] | | | | % Change during the year |
|---|--|-------------|----------------|-------------------|--|-------------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 2932808 | - | 2932808 | 50.47 | 2947212 | - | 2947212 | 50.72 | 0.25 |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 4 | - | 4 | 0.00 | - | - | - | - | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Sub - Total (A)(1) | 2932812 | - | 2932812 | 50.47 | 2947212 | - | 2947212 | 50.72 | 0.25 |
| (2) Foreign | | | | | | | | | |
| a) NRIs- Individuals | - | - | - | - | - | - | - | - | - |
| b) Others- Individual | - | - | - | - | - | - | - | - | - |
| c) Bodies corporate | - | - | - | - | - | - | - | - | - |
| d) Banks/ FI | - | - | - | - | - | - | - | - | - |
| e) Any other... | - | - | - | - | - | - | - | - | - |
| Sub- Total (A)(2) | - | - | - | - | - | - | - | - | - |
| Total shareholding of promoter (A) = (A)(1)+(A)(2) | 2932812 | - | 2932812 | 50.47 | 2947212 | - | 2947212 | 50.72 | 0.25 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | 1000 | 1000 | 0.02 | - | 1000 | 1000 | 0.02 | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1):- | - | 1000 | 1000 | 0.02 | - | 1000 | 1000 | 0.02 | - |

KAKATIYA TEXTILES LIMITED

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 31-March-2015] | | | | No. of Shares held at the end of the year [As on 31-March-2016] | | | | % Change during the year |
|---|--|----------|---------|-------------------|--|----------|---------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 21801 | 186400 | 208201 | 3.58 | 23829 | 186400 | 210229 | 3.62 | 0.04 |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| I) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 712010 | 1600507 | 2312517 | 39.80 | 723256 | 1555407 | 2278663 | 39.21 | (0.59) |
| II) Individual shareholders holding nominal share capital in excess of Rs 2 lakh (Previous Year 1 Lakh) | 267744 | 76700 | 344444 | 5.93 | 276001 | 76700 | 352701 | 6.07 | 0.14 |
| c) Others Clearing Member Foreign Nationals | 2566 | - | 2566 | 0.04 | 914 | - | 914 | 0.01 | (0.03) |
| i) Non Resident Indians (Repat) | 780 | - | 780 | 0.01 | 2374 | - | 2374 | 0.04 | 0.03 |
| ii) Non Resident Indians (Non Repat) | 500 | - | 500 | 0.01 | 1600 | - | 1600 | 0.03 | 0.02 |
| HUF | 7780 | - | 7780 | 0.13 | 15907 | - | 15907 | 0.27 | 0.14 |
| Sub-total (B)(2):- | 1013181 | 1863607 | 2876788 | 49.50 | 1043881 | 1818507 | 2862388 | 49.26 | (0.25) |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 1013181 | 1864607 | 2877788 | 49.52 | 1043881 | 1819507 | 2863388 | 49.27 | (0.25) |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 3945993 | 1864607 | 5810600 | 100.00 | 3991093 | 1819507 | 5810600 | 100 | - |

KAKATIYA TEXTILES LIMITED

ii) Shareholding of Promoter

| Sl | Shareholders Name | Shares held at the beginning of the year As on 31-March-2015 | | | Shares held at the end of the year As on 31-March-2016 | | | % Change No. shares holding during the year |
|----|---|---|---------------------------------|---|---|---------------------------------|---|---|
| | | No of Shares | %of total shares of the company | % of Shares Pledged /encumbered to total shares | No of Shares | %of total Shares of the company | % of Shares Pledge/ /encumbered to total shares | |
| 1 | Sumanth R | 2932808 | 50.47 | - | - | - | - | (50.47) |
| 2 | M/s. Elgi Electric and Industries Limited | 2 | - | - | - | - | - | - |
| 3 | M/s. Super Farms Products Limited | 2 | - | - | - | - | - | - |
| 4 | V Ravindra Nath | - | - | - | 747603 | 12.86 | - | 12.86 |
| 5 | V Raja kumari | - | - | - | 733203 | 12.62 | - | 12.62 |
| 6 | V Ravali | - | - | - | 733203 | 12.62 | - | 12.62 |
| 7 | V Raghuv eer | - | - | - | 733203 | 12.62 | - | 12.62 |
| | TOTAL | 2932812 | 50.47 | - | 2947212 | 50.72 | - | 0.25 |

KAKATIYA TEXTILES LIMITED

iii) Change in Promoters' Shareholding

| Sl No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding During the year | |
|--------|---|---|---------------------------------|---|---------------------------------|
| | | No of Shares | %of total shares of the company | No of Shares | %of total Shares of the company |
| 1 | Sumanth R | | | | |
| | At the beginning of the year | 2932808 | 50.47 | - | - |
| | Transfer on 08.05.2015 | (2932808) | (50.47) | - | - |
| | At the end of the year | - | - | - | - |
| 2 | M/s. Elgi Electric and Industries Limited | | | | |
| | At the beginning of the year | 2 | - | - | - |
| | Transfer on 08.05.2015 | (2) | - | - | - |
| | At the end of the year | - | - | - | - |
| 3 | M/s. Super Farms Products Limited | | | | |
| | At the beginning of the year | 2 | - | - | - |
| | Transfer on 08.05.2015 | (2) | - | - | - |
| | At the end of the year | - | - | - | - |
| 4 | V Ravindra Nath | | | | |
| | At the beginning of the year | 500 | 0.01 | 500 | 0.01 |
| | Transfer on 14.08.2015 | (100) | - | 400 | 0.01 |
| | Transfer on 21.08.2015 | 3600 | 0.06 | 4000 | 0.07 |
| | Transfer on 28.08.2015 | 200 | - | 4200 | 0.07 |
| | Transfer on 30.09.2015 | (500) | (0.01) | 3700 | 0.06 |
| | Transfer on 23.10.2015 | 400 | - | 4100 | 0.07 |
| | Transfer on 30.10.2015 | 733303 | 12.63 | 737403 | 12.70 |
| | Transfer on 06.11.2015 | 100 | - | 737503 | 12.70 |
| | Transfer on 27.11.2015 | (100) | - | 737403 | 12.70 |
| | Transfer on 05.02.2016 | 10200 | 0.16 | 747603 | 12.86 |
| | At the end of the year | - | - | 747603 | 12.86 |
| 5 | V Raja kumari | | | | |
| | At the beginning of the year | - | - | - | - |
| | Transfer on 30.10.2015 | 733203 | 12.62 | 733203 | 12.62 |
| | At the end of the year | 733203 | 12.62 | 733203 | 12.62 |
| 6 | V Ravali | | | | |
| | At the beginning of the year - | - | - | - | - |
| | Acquisition | 733203 | 12.62 | 733203 | 12.62 |
| | At the end of the year | 733203 | 12.62 | 733203 | 12.62 |
| 7 | V Raghuveer | | | | |
| | At the beginning of the year - | - | - | - | - |
| | Acquisition | 733203 | 12.62 | 733203 | 12.62 |
| | At the end of the year | 733203 | 12.62 | 733203 | 12.62 |

Note: During the year, changes in shareholding of promoters have taken place pursuant to the open offer for acquisition of shares.

KAKATIYA TEXTILES LIMITED

iv) Shareholding Pattern of top ten Shareholders: (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sl No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding During the year | |
|----------|--|---|---------------------------------|---|---------------------------------|
| | | No of Shares | %of total shares of the company | No of Shares | %of total Shares of the company |
| 1 | PEEVEE HOLDINGS AND PROPERTY DEV. LTD. | | | | |
| | At the beginning of the year | 173500 | 2.99 | 173500 | 2.99 |
| | Date wise Transfer of shareholdings / Decrease in Share holding during the year specifying the reasons for Transfer of shareholdings / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the end of the year | 173500 | 2.99 | 173500 | 2.99 |
| 2 | KETAN JAYANTILAL KARANI | | | | |
| | At the beginning of the year | 160722 | 2.77 | 160722 | 2.77 |
| | Transfer on 30.09.2015 | 5272 | 0.08 | 165994 | 2.85 |
| | Transfer on 09.10.2015 | 3638 | 0.07 | 169632 | 2.92 |
| | Transfer on 30.10.2015 | 1300 | 0.02 | 170932 | 2.94 |
| | Transfer on 06.11.2015 | 1900 | 0.03 | 172832 | 2.97 |
| | Transfer on 19.02.2016 | (12110) | (0.20) | 160722 | 2.77 |
| | Transfer on 26.02.2016 | 12110 | 0.20 | 172832 | 2.97 |
| | At the end of the year | 172832 | 2.97 | 172832 | 2.97 |
| 3 | BOYAPATI SRINIVASA APPA RAO | | | | |
| | At the beginning of the year | 47200 | 0.81 | 47200 | 0.81 |
| | Date wise Transfer of shareholdings / Decrease in Share holding during the year specifying the reasons for Transfer of shareholdings / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the end of the year | 47200 | 0.81 | 47200 | 0.81 |
| 4 | TRUPTI KETAN KARANI | | | | |
| | At the beginning of the year | 34500 | 0.59 | 34500 | 0.59 |
| | Date wise Transfer of shareholdings / Decrease in Share holding during the year specifying the reasons for Transfer of shareholdings / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the end of the year | 34500 | 0.59 | 34500 | 0.59 |
| 5 | RAMAKOTESWARA RAO KUCHIPUDI | | | | |
| | At the beginning of the year | 23575 | 0.41 | 23575 | 0.41 |
| | Date wise Transfer of shareholdings / Decrease in Promoters Share holding | | | | |

KAKATIYA TEXTILES LIMITED

| | | | | | |
|----|--|--------|--------|--------|------|
| | during the year specifying the reasons for Transfer of shareholdings / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the end of the year | 23575 | 0.41 | 23575 | 0.41 |
| 6 | BOYAPATI SRINIVASA SRI KRISHNA | | | | |
| | At the beginning of the year | 19400 | 0.33 | 19400 | 0.33 |
| | Date wise Transfer of shareholdings / Decrease in Share holding during the year specifying the reasons for Transfer of shareholdings / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the end of the year | 19400 | 0.33 | 19400 | 0.33 |
| 7 | PARVATI GOKARAJU ## | | | | |
| | At the beginning of the year | - | - | - | - |
| | Transfer on 17.07.2015 | 10000 | 0.17 | 10000 | 0.17 |
| | Transfer on 24.07.2015 | (3600) | (0.06) | 6400 | 0.11 |
| | Transfer on 31.07.2015 | 3010 | 0.05 | 9410 | 0.16 |
| | Transfer on 07.08.2015 | 9483 | 0.17 | 18893 | 0.33 |
| | At the end of the year | 18893 | 0.33 | 18893 | 0.33 |
| 8 | VIMALA BURRAMSETTY | | | | |
| | At the beginning of the year | 14600 | 0.25 | 14600 | 0.25 |
| | Transfer on 30.09.2015 | (200) | (0.01) | 14200 | 0.24 |
| | At the end of the year | 14200 | 0.24 | 14200 | 0.24 |
| 9 | VENKATA SESHALAKSHMI HANUMAPRASAD ## | | | | |
| | At the beginning of the year | - | - | - | - |
| | Transfer on 18.09.2015 | 12000 | 0.21 | 12000 | 0.21 |
| | Transfer on 31.12.2015 | 1 | - | 120001 | 0.21 |
| | At the end of the year | 12001 | 0.21 | 12001 | 0.21 |
| 10 | S RAJYALAKSHMI | | | | |
| | At the beginning of the year | 12676 | 0.22 | 12676 | 0.22 |
| | Transfer on 07.08.2015 | (1000) | (0.02) | 11676 | 0.20 |
| | Transfer on 11.12.2015 | (1000) | (0.02) | 10676 | 0.18 |
| | Transfer on 18.12.2015 | (1) | - | 10675 | 0.18 |
| | Transfer on 19.02.2016 | (8175) | (0.14) | 2500 | 0.04 |
| | Transfer on 26.02.2016 | 8175 | 0.14 | 10675 | 0.18 |
| | At the end of the year | 10675 | 0.18 | 10675 | 0.18 |
| 11 | K L P RAO ** | | | | |
| | At the beginning of the year | 12187 | 0.21 | 12187 | 0.21 |
| | Transfer on 24.07.2015 | (2350) | (0.04) | 9837 | 0.17 |
| | Transfer on 31.07.2015 | (1087) | (0.02) | 8750 | 0.15 |
| | Transfer on 07.08.2015 | (4255) | (0.07) | 4495 | 0.08 |
| | Transfer on 14.08.2015 | (4495) | (0.08) | - | - |
| | At the end of the year | - | - | - | - |

KAKATIYA TEXTILES LIMITED

| | | | | | |
|----|------------------------------|--------|--------|-------|------|
| 12 | JAHNAVI BONTU ** | | | | |
| | At the beginning of the year | 11984 | 0.21 | 11984 | 0.21 |
| | Transfer on 22.05.2015 | (84) | - | 11900 | 0.21 |
| | Transfer on 03.07.2015 | (900) | (0.02) | 11000 | 0.19 |
| | Transfer on 10.07.2015 | (1000) | (0.02) | 10000 | 0.17 |
| | Transfer on 17.07.2015 | (6000) | (0.10) | 4000 | 0.07 |
| | Transfer on 24.07.2015 | (1000) | (0.02) | 3000 | 0.05 |
| | Transfer on 31.07.2015 | (3000) | (0.05) | - | - |
| | At the end of the year | - | - | - | - |

Not in the list of Top 10 shareholders as on 31.03.2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2016.

** Ceased to be in the list of Top 10 shareholders as on 31.03.2016. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2015.

v) Shareholding of Directors and Key Managerial Personnel:

| Sl No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding During the year | |
|--------|-------------------------------------|---|---------------------------------|---|---------------------------------|
| | | No of Shares | %of total shares of the company | No of Shares | %of total Shares of the company |
| 1 | Sumanth R | | | | |
| | At the beginning of the year | 2932808 | 50.47 | - | - |
| | Transfer on 08.05.2015 | (2932808) | (50.47) | - | - |
| | At the end of the year | - | - | - | - |
| 2 | CSK Prabhu | | | | |
| | At the beginning of the year | 40 | - | - | - |
| | At the end of the year | - | - | 40 | - |
| 3 | V RAVINDRA NATH | | | | |
| | At the beginning of the year | 500 | 0.01 | 500 | 0.01 |
| | Transfer on 14.08.2015 | (100) | - | 400 | 0.01 |
| | Transfer on 21.08.2015 | 3600 | 0.06 | 4000 | 0.07 |
| | Transfer on 28.08.2015 | 200 | - | 4200 | 0.07 |
| | Transfer on 30.09.2015 | (500) | (0.01) | 3700 | 0.06 |
| | Transfer on 23.10.2015 | 400 | 0.01 | 4100 | 0.07 |
| | Transfer on 30.10.2015 | 733303 | 12.63 | 737403 | 12.70 |
| | Transfer on 06.11.2015 | 100 | - | 737503 | 12.70 |
| | Transfer on 27.11.2015 | (100) | - | 737403 | 12.70 |
| | Transfer on 05.02.2016 | 10200 | 0.16 | 747603 | 12.86 |
| | At the end of the year | - | - | 747603 | 12.86 |
| 4 | V RAJA KUMARI | | | | |
| | At the beginning of the year | - | - | - | - |
| | Transfer on 30.10.2015 | 733203 | 12.62 | 733203 | 12.62 |
| | At the end of the year | 733203 | 12.62 | 733203 | 12.62 |

KAKATIYA TEXTILES LIMITED

V) INDEBTEDNESS - Nil

Indebtedness of the Company including interest Outstanding/accrued but not due for payment.

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|-------------------------------------|--------------------|----------|-----------------------|
| Indebtedness at the Beginning of the financial year | | | | |
| i) Principal Amount | - | 153.00 | - | 153.00 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | 153.00 | - | 153.00 |
| Change in Indebtedness during the financial year | | | | |
| * Addition | 8.91 | 31.00 | - | 39.91 |
| * Reduction | - | - | - | - |
| Net Change | 8.91 | 31.00 | - | 39.91 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 8.91 | 184.00 | - | 192.91 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 8.91 | 184.00 | - | 192.91 |

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| SN. | Particulars of Remuneration | V RAJA KUMARI Managing Director | Total Amount |
|-----|---|------------------------------------|--------------------------|
| 1 | Gross salary | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | - |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - |
| 2 | Stock Option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission - as % of profit - others, specify... | - - | - - |
| 5 | Others, please specify | - | - |
| | Total (A) | - | - |
| | Ceiling as per the Act | Rs. 60 Lakh per annum | Rs. 60 Lakh per annum |

KAKATIYA TEXTILES LIMITED

B. Remuneration to other directors : Nil

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

| S.No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|-------|---|--------------------------|---------------|--------------|---------------|
| | | CEO | CS | CFO | TOTAL |
| | Gross salary | - | 108000 | 78080 | 186080 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | - | - | - |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | - | - | - | - |
| | - as % of profit | - | - | - | - |
| | - others, specify... | - | - | - | - |
| 5 | Others, please specify | - | - | - | - |
| | Total | - | 108000 | 78080 | 186080 |

KAKATIYA TEXTILES LIMITED

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section Of the Companies Act | Brief Description | Details of Penalty / P Punishment/ Compounding Fees imposed | Authority [RD / NCLT / COURT] | Appeal Made if any (Give Details) |
|-------------------------------------|------------------------------|-------------------|---|-------------------------------|-----------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |

By Order of the Board of Directors
For Kakatiya Textiles Ltd

Place: Hyderabad
Date: 21st November, 2016

Sd/-
V Ravindra Nath
Director
DIN: 00480295

SECRETARIAL AUDIT REPORT

For the financial year ended 31st march, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and ruleNo.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members
Kakatiya Textiles Limited
Plot No.9 & 10, Industrial Estate,
Tetali, Tanuku, West Godavari,
Andhra Prades-534218, India

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kakatiya Textiles Limited, (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion , the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder.
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment. (Not applicable to the company during the audit period).
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the audit period);

KAKATIYA TEXTILES LIMITED

- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during the audit period);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit period); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the audit period);
- vi. Other specifically applicable laws to the Company:
- Water (Prevention and Control of Pollution) Act, 1974 read with rules issued thereunder;
 - Air (Prevention and Control of Pollution) Act, 1981;
 - Industries (Development & Regulation) Act, 1951;

We have also examined compliance with the applicable clauses of the following:

- i. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective from 01.12.2015) and the Listing Agreements entered into by the Company with Stock Exchange(s).
- ii. Secretarial Standards SS-1 and SS-2 with respect to meetings of the board of directors and shareholders respectively issued and notified by The Institute of Company Secretaries of India which came into force w.e.f 1st July, 2015 under the provisions of Section 118(10) of the Act.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

KAKATIYA TEXTILES LIMITED

- All the decisions at the Board Meetings and Committee Meetings have been carried out unanimously as recorded in the Minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the year under review

- During the financial year 2015-16 the present Promoters of the company have entered into a Share Purchase Agreement with the erstwhile promoters on 4th May, 2015 and have acquired 50.47 % of the total Equity Share Capital and 50.70 % of the total voting power. In this regard the promoters have provided an Open Offer to acquire shares as required under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and have complied with the various applicable regulations.

For P S Rao & Associates
Company Secretaries

Sd/-

MB Suneel
Company Secretary
C.P. No.: 14449

Place: Hyderabad
Date : 05.08.2016

To
The Members
Kakatiya Textiles Limited
Hyderabad- 34.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For P S Rao & Associates
Company Secretaries

Sd/-

MB Suneel
Company Secretary
C.P. No.: 14449

Place: Hyderabad
Date : 05.08.2016

Report on Managerial Remuneration

As per Section 197 of the Companies Act 2013 Read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

A) Statement of Particulars as per Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 :

- i. The ratio of the remuneration of the each Director to the median remuneration of the employees of the Company for the financial year :

| S No. | Name of Director | Designation | Ratio of the remuneration of each Director to the median remuneration of employees |
|-------|---------------------------|----------------------|--|
| 1 | Smt. V Raja Kumari | Managing Director | - |
| 2 | Shri. V Ravindra Nath | Executive Director | - |
| 3 | Shri. Anand Kudary | Independent Director | - |
| 4 | Shri. G Venkata Subba Rao | Independent Director | - |

* During the year under review no remuneration was paid to any of the directors of the company.

- ii. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16:

| S No. | Name of Director/KMP and Designation | Designation | % increase in Remuneration in the Financial year 2015-16 |
|-------|--------------------------------------|-------------------|--|
| 1 | Smt. V Raja Kumari | Managing Director | - |
| 2 | Shri. V Ravindra Nath | Director | - |
| 3 | Shri. N Hanumatha Rao | CFO | - |
| 4 | Shri. M Nagaraju | CS | - |

- iii. **The percentage increase in the median remuneration of employees in the financial year:**

There was no increase in the median remuneration of the employees during the Financial Year 2015-16.

- iv. **The number of permanent employees on the rolls of Company as at March 31, 2016:**

There were 137 permanent employees on the rolls of Company as on 31 March, 2016.

- v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

KAKATIYA TEXTILES LIMITED

There was no increase in the salaries of employees other than the managerial personnel in the last financial year. Further the managerial personal are not drawing any remuneration as on 31.03.2016

The Company affirms that remuneration to the Directors and Key Managerial Personnel is as per the remuneration policy of the Company.

B) Top 10 Employees in terms of remuneration :

| Name | Age | Qualification | Designation | Date of commencement of employment | Experience Gross (years) | Nature of employment | Remuneration in (Rs. In Lacs) Per Month | Previous Employment | Relative of Director | If any % of Share- |
|-----------------------|-----|-----------------|---------------------------|------------------------------------|--------------------------|----------------------|---|--------------------------------|----------------------|--------------------|
| M Nagaraju | 34 | ACS | Company Secretary | 09/02/2016 | 11 years | Full Time | 54,000 | Ravali Spinners Pvt Ltd | No | NA |
| N Hanumantha Rao | 50 | Graduate | Chief Financial officer | 09/02/2016 | 25 years | Full Time | 39,040 | Indian Hair Industries Pvt Ltd | No | No |
| Shaik Mohammed Alisha | 60 | Textile diploma | Manager | 22/04/2016 | 35 years | Full Time | 35,000 | Priyadarsini Spinning Mills | No | No |
| V Hari Obul Reddy | 36 | M.Com | Senior Officer (Accounts) | 04/10/2014 | 12 years | Full Time | 26,800 | Suryavansi Industries Ltd | No | No |
| G Srinivasa Rao | 51 | Graduate | Junior | 01/03/1990 Officer (cotton) | 27 years | Full Time | 22,301 | NA (no previous experience) | No | No |
| B Venkateswarlu | 51 | Graduate | Accounts Assistant | 01/10/1990 | 26 years | Full Time | 16,281 | NA | No | No |
| U Lakshmi Narayana | 52 | Graduate | Stores Assistant | 20/08/1986 | 30 years | Full Time | 15,223 | NA | No | No |
| K S V SUBRAMANYAM | 54 | Graduate | Production Assistant | 01/10/1986 | 30 years | Full Time | 15,223 | NA | No | No |
| JVVENKATESWARA RAO | 52 | Graduate | Packing supervisor | 10/08/1985 | 31 years | Full Time | 13860 | NA | No | No |
| K MUKTESWARARAO | 43 | Graduate | Accounts | 18/03/1998 | 19 years | Full Time | 13563 | NA | No | No |
| CH SUNDER RAO | 41 | Graduate | Production assistant | 01/04/2006 | 11 years | Full Time | 11799 | NA | No | No |

KAKATIYA TEXTILES LIMITED

C) Details of Employee's drawing remuneration of Rs 8.50 Lacs per month or Rs 102.00 Lacs per annum:

There are no employees in the company who are drawing remuneration of more than Rs 8.50 Lacs per month or Rs 102.00 Lacs per annum.

*Remuneration Includes Salary and Commission.

- D) There are no other employees drawing Rs 8.50 Lacs per month or Rs 102.00 Lacs per annum, whether employed throughout the year or part of the Financial year.
- E) There are no employees in the service of the Company covered under Rule 5 (2) (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

By Order of the Board of Directors
For Kakatiya Textiles Ltd

Place: Hyderabad
Date: 21st November, 2016

Sd/-
V Ravindra Nath
Director
DIN: 00480295

MANAGEMENT DISCUSSION AND ANALYSIS**INDUSTRY STRUCTURE AND DEVELOPMENTS**

The Indian textile industry plays an important role in the country's economic growth. The industry is important in terms of output, foreign exchange earnings and employment. One of the key trends seen in the liberalized post quota period is that India emerged a major sourcing destination for new players. With growing interest in the Indian textiles and clothing sector, a number of buyers opened their sourcing/liaison office in India. The recent couple of years were challenging for the Indian textile Industry as a result of the global economic slowdown. Back home, the Industry faced challenges of strong demand side pressures due to inflationary trends and volatility in commodity prices.

During the year under review our Company has been striving hard to face the major challenges during the year. In spite of various concerns like volatility and uncertainty in cotton prices and sudden glut in the yarn market, the Company managed to reach a turnover of ` 22.02 Crores and expect the situation improves during the current financial year. Sale of Yarn and price realization in both domestic and export markets have been lower this year on account of poor demand for yarn. Measures are being taken to save costs and rationalize operations, which are likely to yield positive results.

OPPORTUNITIES

The demand for the textile products are likely to improve with the anticipated decrease in inflation rates and improvement in the consumer confidence for the products. Various measures are already on the stand to maximize the capacity utilization and efficiency rate and also to minimize the expenditures on various spheres to maximise the profits. The yarn prices are also likely to improve depending on the policy of the government to improve with the industry along with domestic demand for the products. With a normal monsoon forecast, the prospects of a good cotton crop in India in the ensuing season are bright.

THREATS

Non-availability of skilled manpower is one of the major threat faced by our industry today which affects the industry and the operations. Higher inflation, and substantial increase in the interest rates along with increasing costs of inputs would reduce the profitability of the operations. Above all, the uncertainty in the economic growth has an adverse impact on the

growth of the industry. Even though the forecast for Indian economic growth is positive, the performance of the company largely depends on the improvement in domestic consumption and monetary policy of the country. Appreciation of Indian rupee over major currencies could have an impact on exports.

RISKS AND CONCERNS

The Company has been adopting a risk management policy to identify the nature and magnitude of risk associated with the company in general and various measures are initiated to avoid such risks. These are also reviewed periodically and placed before the Board.

HEALTH, SAFETY AND SECURITY ENVIRONMENT

The Company has always been adopting all possible safety measures considering the health and safety of the workers and staff at all levels. This has resulted in improvement in the working environment and motivation among workers and staff.

HUMAN RESOURCES/INDUSTRIAL RELATIONS

Employer- employee relations continued to remain cordial during the year at all the units of the Company. Various measures are being adopted towards improving the life, work culture, productivity, efficiency and effectiveness of the workers and staff at all levels. Fundamental HR process of recruiting, training and deployment of trained labour, at added costs continues in view of shortage of manpower persisting in this industry in Andhra Pradesh.

By Order of the Board of Directors
For Kakatiya Textiles Ltd

Place: Hyderabad
Date: 21st November, 2016

Sd/-
V Ravindra Nath
Director
DIN: 00480295

PARTICULARS IN RESPECT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as required under section 134 of the Companies Act, 2013 read with the rule 8(3) of Companies (Accounts) Rules, 2014 is here under:

A) CONSERVATION OF ENERGY

- (i) Steps taken for conservation of energy: Energy conservation signifies how effectively and efficiently the company is managing its operations. The Company has undertaken various energy efficient practices and strengthened the Company's commitment towards becoming an environment friendly organization. The Company cautiously utilizes power and fuel to reduce the cost of maintenance.
- (ii) Steps taken by the company for utilizing alternate sources of energy: NA
- (iii) Capital investment on energy conservation equipment's:

The company has invested about Rs.73.31 Lakhs on procurement and erection of 33 KVA Electrical sub station

B) TECHNOLOGY ABSORPTION

- (i) The efforts made towards technology absorption: NA
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution: NA
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- NA
 - (a) The details of technology imported;
 - (b) The year of import;
 - (c) Whether the technology been fully absorbed;
 - (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof.
- (iv) The expenditure incurred on Research and Development: NA

KAKATIYA TEXTILES LIMITED

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

| S. No | Particulars | Rs. In Mn | |
|-------|-------------|-----------|-----------|
| | | 2015-2016 | 2014-2015 |
| 1 | Earnings | Nil | Nil |
| 2 | Outgo | Nil | Nil |

By Order of the Board of Directors
For Kakatiya Textiles Ltd

Place: Hyderabad
Date: 21st November, 2016

Sd/-
V Ravindra Nath
Director
DIN: 00480295

INDEPENDENT AUDITOR'S REPORT

To
The Members of
KAKATIYA TEXTILES LIMITED

Report on the Financial Statements:

We have audited the accompanying financial statements of KAKATIYA TEXTILES LIMITED (“the Company”), which comprise the Balance Sheet as at March 31, 2016, and 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’s Responsibility for the Financial Statements:

The Management is responsible for the matters in section 134(5) of the Companies Act, 2013 (“the Act”) with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 financial control

relevant to the Company's preparation of the financial statements that give true and fair view 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 on the financial statements.

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, 2016;
- 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 Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, 2013, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books ;
 - c. the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

KAKATIYA TEXTILES LIMITED

- e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Companies Act, 2013.
- f. With respect to the adequacy of internal financial control over financial reporting of the Company and the operating effectiveness of such control, refer to our separate report in “Annexure B”.
- g. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
 - i. The Company does not have any pending litigations which would impact its financial position as on reporting date.
 - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which required to be transferred, to the Investor Education and Protection Fund by the Company.

For CHEVUTURI ASSOCIATES

Chartered Accountants
Firm Reg. No.000632S

Sd/-

CA. Srinivasa Rao Cherukuri

Partner
M. No.209237

Place: Tanuku
Date: 26th May, 2016

Annexure-A to the Independent Auditors' Report

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The company has physically verified its fixed assets during the period and such intervals which in our opinion, provided for the physical verification of all the Fixed Assets at reasonable interval having regard to the size of the company and nature of its business. According to the information and explanation given to us, no material discrepancies have been noticed on such verification carried out during the period.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
 - (ii) According to the information and explanations furnished to us, the company has physically verified its inventories at reasonable intervals during the period under report. In our opinion and according to information and explanation given to us, the discrepancies if any noticed on verification of inventories between the physical stocks and the book records were not material, and have been properly dealt with in the books of account.
 - (iii) According to the information and explanations furnished to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in register maintained under Section 189 of the Companies Act 2013. Consequently, paragraph 3 iii (a), (b) and (c) of the order are not applicable to the Company.
 - (iv) According to the information and explanations furnished to us, the company has not given any loan, made any investment, given any guarantee, or provided any security covered under section 185 and 186 of the Companies Act, 2013.
 - (v) According to the information and explanations given to us, the company has not accepted any deposits covered under the provisions of section 73 to 76 or any other relevant provisions of the Act. Further, according to the information furnished to us, no order has been passed on the company by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for non-compliance with the provisions of Sections 73 to 76 of the Companies Act, 2013.
 - (vi) The Central Government has prescribed the maintenance of cost records under Section 148 (1) (d) of the Companies Act, 2013. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion, that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

KAKATIYA TEXTILES LIMITED

- (vii) (a) According to the information and explanations furnished to us and according to the books and records produced for our examination, in our opinion, the company is regular in depositing with the appropriate authorities, the undisputed statutory dues including Provident Fund, Employees' State insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Value added tax and other material statutory dues wherever applicable to it and further there are no undisputed statutory dues that were outstanding, as at the date of the Balance Sheet, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations furnished to us and according to the records of the company, the company has no disputed dues on account of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Value added tax or Cess pending remittance as at March 31, 2016 except the following:

| Name of the statute | Nature of demand | Amount (in Lakhs) | Period | Forum where dispute is pending |
|---------------------|------------------|-------------------|------------------|---|
| CST Act 1956 | Penalty | 9.21 | 2011-12& 2012-13 | Appellate Deputy Commissioner(CT) Hyderabad |

- (viii) According to the information and explanations given to us, there were no defaults in repayment of dues to financial institutions, banks, government or debenture holders at the date of balance sheet.
- (ix) According to the information and explanations given to us, the company has not raised money by way of initial public offer or further public offer (including debt instrument) and the term loans from Banks and Financial Institutions have been applied for the purposes for which they were obtained.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations furnished to us, the company has not paid or provided managerial remuneration during the period. Hence reporting requirement in terms of Clauses (xi) does not arise during the period under report.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

KAKATIYA TEXTILES LIMITED

- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations furnished to us, the company has not entered in to any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations furnished to us, the company is not required to be registered under the section 45-IA of the Reserve Bank of India Act, 1934.

For CHEVUTURI ASSOCIATES

Chartered Accountants

Firm Reg. No.000632S

Sd/-

CA. Srinivasa Rao Cherukuri

Partner

M. No.209237

Place: Tanuku

Date: 26th May, 2016

Annexure-B to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of KAKATIYA TEXTILES LIMITED ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India („ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For CHEVUTURI ASSOCIATES

Chartered Accountants

Firm Reg. No.000632S

Sd/-

CA. Srinivasa Rao Cherukuri

Partner

M. No.209237

Place: Tanuku

Date: 26th May, 2016

KAKATIYA TEXTILES LIMITED

BALANCE SHEET AS ON 31ST MARCH, 2016

Amount in ₹

| Particulars | Note No. | As At 31.03.2016 | As At 31.03.2015 |
|------------------------------------|----------|-----------------------|----------------------|
| EQUITY AND LIABILITIES | | | |
| (1) Shareholder's funds | | | |
| (a) Share Capital | 3 | 1078.54 | 1078.50 |
| (b) Reserves & Surplus | 4 | <u>(1341.10)</u> | <u>(1354.30)</u> |
| | | (262.56) | (275.80) |
| (2) Non-Current Liabilities | | | |
| (a) Long Term Borrowings | 5 | <u>1848.91</u> | <u>153.00</u> |
| | | 1848.91 | 153.00 |
| (3) Current Liabilities | | | |
| (a) Trade payables | 6 | 153.22 | 174.75 |
| (b) Other Current Liabilities | 7 | 229.90 | 708.16 |
| (c) Short-term provisions | 8 | <u>45.66</u> | <u>54.41</u> |
| | | 428.78 | 937.32 |
| TOTAL | | <u>2015.13</u> | <u>814.52</u> |
| (1) Non-current assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible assets | 9 | 809.40 | 251.12 |
| (ii) Capital work -in- progress | | 139.19 | - |
| (b) Deffered tax asset (Net) | 10 | 297.95 | 297.95 |
| (c) Long term loans and advances | 11 | 7.08 | 4.27 |
| (d) Other Non Current assets | 12 | <u>56.85</u> | <u>52.14</u> |
| | | 1310.47 | 605.48 |
| (2) Current assets | | | |
| (a) Inventories | 13 | 358.99 | 156.68 |
| (b) Trade receivables | 14 | 172.14 | 15.54 |
| (c) Cash and cash Equivalents | 15 | 28.81 | 31.24 |
| (d) Short-term loans and advances | 16 | 80.11 | 5.58 |
| (e) Other Current Assets | 17 | <u>64.61</u> | <u>-</u> |
| | | 704.66 | 209.04 |
| TOTAL | | <u>2015.13</u> | <u>814.52</u> |
| Company General Information | 1 | | |
| Statement of accounting policies | 2 | | |

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For CHEVUTURI ASSOCIATES

For and on behalf of the Board

Chartered Accountants

Firm Regn.No.000632S

Sd/-

CA Srinivasa Rao Cherukuri

Partner

ICAI M.No.209237

Place : Tanuku

Date : 26.05.2016

Sd/-

VANKA RAJA KUMARI

Managing Director

DIN .00480392

Sd/-

N.HANUMANTHA RAO

Chief Financial Officer

Sd/-

VANKA RAVINDRANATH

Director

DIN .00480295

Sd/-

M NAGA RAJU

Company Secretary

KAKATIYA TEXTILES LIMITED

| STATEMENT PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016 | | | Amount in ₹ |
|---|---------|---------------------|---------------------|
| Particulars | Note No | As at 31.03.2016 | As at 31.03.2015 |
| (a) Revenue from operations | 18 | 2161.78 | 1063.87 |
| (b) Other Income | 19 | 40.41 | 4.93 |
| Total Revenue(A) | | 2202.19 | 1068.80 |
| 2 EXPENSES: | | | |
| (a) Cost of materials consumed | 20 | 1460.75 | 638.34 |
| (b) Purchase of Stock - in - Trade | | - | - |
| (c) Changes in inventories of finished goods, work-in-progress | 21 | (95.11) | (10.28) |
| (d) Employee benefits expense | 22 | 342.43 | 226.31 |
| (e) Finance cost | 23 | 0.67 | - |
| (f) Depreciation and amortization expense | 9 | 33.34 | 19.51 |
| (g) Other expenses | 24 | 599.91 | 324.72 |
| Total Expenses(B) | | 2341.99 | 1198.60 |
| Profit / (Loss) Before Exceptional & Extraordinary items and tax (A)-(B) | | (139.80) | (129.80) |
| Extraordinary items | 31 | 153.00 | - |
| Profit Before Tax (VII - VIII) | | 13.20 | (129.80) |
| Tax expense: | | | |
| Less: (1) Current tax -- MAT | | - | - |
| (2) Deferred tax | | - | - |
| Profit / (Loss) After Tax | | 13.20 | (129.80) |
| Earnings per equity share:Basic & Diluted | | 0.23 | (2.24) |

The accompanying notes are an integral part of the financial statements.

| | | |
|--|--|---|
| <p>For CHEVUTURI ASSOCIATES Chartered Accountants Firm Regn.No.000632S</p> <p>Sd/- CA Srinivasa Rao Cherukuri Partner ICAI M.No.209237</p> <p>Place : Tanuku Date : 26.05.2016</p> | <p>For and on behalf of the Board</p> <p>Sd/- VANKA RAJA KUMARI Managing Director DIN .00480392</p> <p>Sd/- N.HANUMANTHA RAO Chief Financial Officer</p> | <p>Sd/- VANKA RAVINDRANATH Director DIN .00480295</p> <p>Sd/- M NAGA RAJU Company Secretary</p> |
|--|--|---|

KAKATIYA TEXTILES LIMITED

| CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH,2016 | | Amount in ₹ |
|---|--------------------------------|---------------------------|
| Particulars | 31.03.2016 | 31.03.2015 |
| | Amount | Amount |
| I. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before tax & extraordinary items | (139.80) | (129.80) |
| <u>Add/Less: Adjustments for</u> | | |
| Depreciation | 33.34 | 19.51 |
| Finance Cost | 0.67 | - |
| (Profit) /Loss on Sale of Assets | (34.16) | - |
| Interest Income | (0.17) | (4.93) |
| Operating profit before working capital changes | (140.12) | (115.22) |
| <u>Add/Less: Adjustments for working capital</u> | | |
| Increase/Decrease in trade receivables | (156.60) | 22.74 |
| Increase/Decrease in inventories | (202.30) | (13.67) |
| Increase/Decrease in other current assets | (64.61) | - |
| Other receivables | (74.52) | 10.21 |
| Trade & other payables | (508.54) | 57.70 |
| Cash generated from operations | (1146.69) | (38.24) |
| Less: Direct taxes paid | - | - |
| Net cash from operating activities | (1146.69) | (38.24) |
| II. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Investment in fixed assets/works under progress | (730.81) | - |
| Proceeds from Sale of Asset | 34.16 | - |
| Increase in other non current assets | (4.72) | - |
| Interest Received | 0.17 | 4.93 |
| Net cash from Investing activities | (701.20) | 4.93 |
| III. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of share capital | 0.04 | - |
| Proceeds from borrowings | 1848.91 | 63.00 |
| Interest and finance charges | (0.67) | - |
| increase/decrease in long term loans and advances | (2.82) | - |
| Interest Income | - | - |
| Net cash from financing activities | 1845.46 | 63.00 |
| Net increase / decrease in cash and cash equivalents | (2.43) | 29.69 |
| Cash and cash equivalents at the beginning of the period | 31.24 | 1.55 |
| Cash and cash equivalents at the end of the period | 28.81 | 31.24 |
| Net increase / decrease in cash and cash equivalents | (2.43) | 29.69 |
| For CHEVUTURI ASSOCIATES | | |
| Chartered Accountants | For and on behalf of the Board | |
| Firm Regn.No.000632S | Sd/- | Sd/- |
| | VANKA RAJA KUMARI | VANKA RAVINDRANATH |
| Sd/- | Managing Director | Director |
| CA Srinivasa Rao Cherukuri | DIN .00480392 | DIN .00480295 |
| Partner | | |
| ICAI M.No.209237 | Sd/- | Sd/- |
| | N.HANUMANTHA RAO | M NAGA RAJU |
| Place : Tanuku | Chief Financial Officer | Company Secretary |
| Date : 26.05.2016 | | |

STATEMENT ON ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

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 of the company have been prepared in accordance with generally accepted accounting principles in India on the accrual basis.

a) Use of Estimates :

The preparation of financial statements requires the management of the Company to make judgments, estimates and assumptions that affect the reported balance of assets and liabilities, revenues and expenses and disclosures relating to the contingent liabilities and commitments. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. The judgments, estimates and underlying assumptions are made with the management's best knowledge of the business environment and are reviewed on an ongoing basis. However, future results could differ from these estimates. Any revision to these accounting estimates is recognised prospectively in the current and future periods.

b) Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use but exclusive of duties and taxes that are subsequently recoverable from taxing authorities. Capital work-in-progress comprises 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 acquisition of such assets and are carried at cost less accumulated amortization and impairment.

c) Depreciation and Amortization:

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets in the manner prescribed in Schedule II of the Companies Act, 2013. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use.

d) Borrowing Costs :

Borrowing Costs, that are directly attributable to the acquisition or construction of assets,

that necessarily take a substantial period of time to get ready for its intended use, are capitalized as part of the cost of qualifying asset when it is possible that they will result in future economic benefits and the cost can be measured reliably.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

e) Investments :

Non-current investments are stated at cost and income thereon is accounted for on accrual. Provision towards decline in the value of long term investments is made only when such decline is other than temporary.

f) Inventories :

Valuation of inventories is made as under:

- i) Finished goods are valued at lower of cost or net realizable value.
- ii) Raw materials, work-in-progress and stores and spares are valued at cost, following the FIFO Basis.
- iii) Work-in-Progress, raw materials, stores, spares are valued at cost except where the net realizable value of the finished goods they are used in is less than the cost of finished goods and in such an event, if the replacement cost of such materials etc., is less than their books value, they are valued at replacement cost.
- iv) By-products and scrap are valued at net realizable value.

g) Revenue Recognition :

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue from sale of products is recognized when the risks and rewards of ownership are transferred to the buyer under the terms of the contract usually on the dispatch of goods to the customer.

Sales are accounted for net of discounts and rebates.

Interest on investments and deposits is booked on a time proportion basis taking into account the amounts invested and the rate of interest when no significant uncertainty as to measurability or collectability exists.

Revenue from sale of assets is recognized upon delivery, which is when title passes to the customer.

h) Retirement benefits to employees

(i) 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 the tenure of employment with the Company.

Gratuity benefits are managed through the Group Gratuity Scheme of LIC. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method.

The Company recognizes the net obligation of the Gratuity Plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard (AS) 15, „Employee Benefits“.

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

(ii) Provident fund and ESI

Provident fund and Employees State Insurance contributions are paid as per the rates prescribed by the respective acts and the same is charged to revenue

i) Foreign Exchange Transactions :

i) Transactions in foreign currency are initially accounted at exchange rate prevailing on the date of transaction, and adjusted appropriately, with the difference in the rate of exchange arising on actual receipt/payment during the period under report.

ii) At each Balance Sheet date foreign currency monetary items being receivables/payables are reported using the rate of exchange on that date and difference is recognized as income or expense. Foreign currency non-monetary items are reported using the exchange rate at which they were initially recognized.

iii) In respect of forward exchange contracts in the nature of hedges. Premium or discount on the contract is amortized over the term of the contract. Exchange differences on the contract are recognized as profit or loss in the period in which they arise.

j) Income Taxes :

Income tax expense comprises current and deferred taxes.

i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

ii) Deferred tax is recognized under the liability method, on timing differences, being the difference between taxable income and accounting income that originate in one period and capable of reversal in one or more subsequent periods, at the rate of tax enacted or substantively enacted by the balance sheet date.

k) Provisions, Contingent Liabilities and Contingent assets :

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

The company does not recognise contingent liabilities but the same are disclosed in the Notes.

Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

l) Earnings per Share :

Earnings per share is calculated by dividing the net profit or loss for the year after tax 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 dilutive potential equity shares.

m) Government Grants:

Grants from government are recognized when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants relating to assets the company has opted "capital approach" method. Accordingly, the grant is deducted from the gross value of the assets concerned in arriving at their books value.

n) Impairment of Assets :

An asset is treated as impaired when the carrying cost of the same exceeds its recoverable amount. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

KAKATIYA TEXTILES LIMITED

NOTES TO BALANCE SHEET NOTE NO 3 : SHARE CAPITAL

Amount in ₹

| SI No | Particulars | As on 31st March, 2016 | As on 31st March, 2015 |
|-------|---|---------------------------|---------------------------|
| i) | Authorised Share capital | | |
| | 65,00,000 (65,00,000) Equity Shares of ₹ 10/- each | 650.00 | 650.00 |
| | 5,00,000 (5,00,000) 1% Cumulative Redeemable Preference Shares of ₹ 100/- each. | 500.00 | 500.00 |
| | Total | 1150.00 | 1150.00 |
| ii) | Issued, Subscribed & Paid Up Capital | | |
| | 58,10,600 (58,10,600) Equity shares of ₹ 10/- each | 581.06 | 581.06 |
| | Less: Calls in arrears | 2.52 | 2.56 |
| | | 578.54 | 578.50 |
| | 5,00,000 (5,00,000) 1% Cumulative Redeemable Preference Shares of ₹ 100/- each. | 500.00 | 500.00 |
| | Total | 1078.54 | 1078.50 |

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

| Name of the Share Holder | As at 31.03.2016 | | As at 31-03-2015 | |
|---|------------------|---------------|------------------|---------------|
| | ₹ lakhs | No. of Shares | ₹ lakhs | No. of Shares |
| No. of equity shares outstanding at the beginning of the year | 581.06 | 58,10,600 | 581.06 | 58,10,600 |
| Add: Additional shares / Bonus shares issued | -- | -- | -- | -- |
| Less: Shares forfeited / Bought back | -- | -- | -- | -- |
| No. of equity shares outstanding at the end of the year | 581.06 | 58,10,600 | 581.06 | 58,10,600 |
| No. of cumulative redeemable preference shares outstanding at the beginning of the year | 500.00 | 5,00,000 | 500.00 | 5,00,000 |
| Add: Additional shares / Bonus shares issued | -- | -- | -- | -- |
| Less: Shares forfeited / Bought back | -- | -- | -- | -- |
| No. of equity shares outstanding at the end of the year | 500.00 | 5,00,000 | 500.00 | 5,00,000 |
| Details of shares held by shareholders holding more than 5% of shares | | | | |

KAKATIYA TEXTILES LIMITED

| Name of the Share Holder | As at 31.03.2016 | | As at 31-03-2015 | |
|--|------------------|--------------|------------------|--------------|
| | No. of Shares | % of Holding | No. of Shares | % of Holding |
| Equity Capital | | | | |
| Shri Vanka Ravindra Nath | 7,47,603 | 12.87 | - | - |
| Smt Vanka Raja Kumari | 7,33,203 | 12.62 | - | - |
| Shri Vanka Raghuv eer | 7,33,203 | 12.62 | - | - |
| Ms. Vanka Ravali | 7,33,203 | 12.62 | - | - |
| Shri Sumanth Ramamurthi | - | - | 29,32,808 | 50.47 |
| Cumulative Redeemable Preference Capital | | | | |
| Shri Vanka Ravindra Nath | 1,25,000 | 25.00 | - | - |
| Smt Vanka Raja Kumari | 1,25,000 | 25.00 | - | - |
| Shri Vanka Raghuv eer | 1,25,000 | 25.00 | - | - |
| Ms. Vanka Ravali | 1,25,000 | 25.00 | - | - |
| Shri Sumanth Ramamurthi | - | - | 5,00,000 | 100.00 |

NOTE NO. 4 : RESERVES AND SURPLUS

| Sl. No. | Particulars | As on 31-03-2016 | As on 31-03-2015 |
|----------|---|------------------|------------------|
| I | RESERVES AND SURPLUS | | |
| i) | General reserve | | |
| | Opening Balance | 17.50 | 17.50 |
| | Add: Additions | - | - |
| | Less: Utilised/transferred | - | - |
| | Closing Balance (A) | 17.50 | 17.50 |
| ii) | Surplus in Statement of profit and loss | | |
| | Opening Balance | (1371.80) | (1233.31) |
| | Add: Net Profit transferred from statement of Profit & Loss | 13.20 | (129.80) |
| | Add: Adjustment of Depreciation | - | (8.69) |
| | Closing Balance (B) | (1358.60) | (1371.80) |
| | (A+B) | (1341.10) | (1354.30) |

KAKATIYA TEXTILES LIMITED

NOTE NO. 5 : LONG TERM BORROWINGS

Amount in ₹

| Sl. No. | Particulars | As on 31-03-2016 | As on 31-03-2015 |
|---------|---|---------------------|---------------------|
| | a) HDFC Bank Vehicle Loan | 8.91 | - |
| | Note: The above loan was primarily secured by hypothecation of Vehicle purchased out of above finance Terms & Conditions Amount Sanctioned : ₹ 13.45 Lakhs No. of Installments : 47 EMI 's Rate of Interest : 10.05 % p.a (The company is regular in repayment of installment amounts on the above loan as on reporting date) | | |
| | b) Unsecured Loans | | |
| | i) Inter Corporate Loan | 1840.00 | - |
| | ii) From Promoters | - | 153.00 |
| | | 1848.91 | 153.00 |

NOTE NO. 6 : TRADE PAYABLES:

| Particulars | As on 31-03-2016 | As on 31-03-2015 |
|-------------------------|---------------------|---------------------|
| i) For Raw Material | 137.13 | 150.00 |
| ii) For Stores & Spares | 16.09 | 24.75 |
| | 153.22 | 174.75 |

NOTE NO. 7 : OTHER CURRENT LIABILITIES:

| Particulars | As on 31-03-2016 | As on 31-03-2015 |
|---|---------------------|---------------------|
| i) Current maturities of Long term Debt | 3.10 | - |
| ii) Other Payables | | |
| a) Advance from customers | - | 551.78 |
| b) Statutory Liabilities | 2.91 | 1.08 |
| c) Employee related payables | 15.18 | 14.30 |
| d) Creditors for Capital Goods | 104.92 | - |
| e) Creditors for Commission | 13.12 | - |
| f) Creditors for Expenses | 90.67 | 141.00 |
| | 229.90 | 708.16 |

KAKATIYA TEXTILES LIMITED**NOTE NO. 8 : SHORT-TERM PROVISIONS:**

| Particulars | As on 31-03-2016 | As on 31-03-2015 |
|--------------------|-----------------------------|-----------------------------|
| Bonus Payable | 8.40 | 8.40 |
| Gratuity payable | 37.26 | 46.01 |
| | 45.66 | 54.41 |

NOTE NO. 10 : DEFERRED TAX ASSET:

| Particulars | As on 31-03-2016 | As on 31-03-2015 |
|--------------------|-----------------------------|-----------------------------|
| Depreciation | (26.92) | (26.92) |
| Losses | 309.94 | 309.94 |
| Others | 14.93 | 14.93 |
| | 297.95 | 297.95 |

NOTE NO. 11 : LONG TERM LOANS & ADVANCES:

| Particulars | As on 31-03-2016 | As on 31-03-2015 |
|--|-----------------------------|-----------------------------|
| Unsecured considered good: Capital advances | 7.08 | 4.27 |
| | 7.08 | 4.27 |

NOTE NO. 12 ; OTHER NON CURRENT ASSETS:

| Particulars | As on 31-03-2016 | As on 31-03-2015 |
|--------------------------------|-----------------------------|-----------------------------|
| Deposits with Govt authorities | 56.85 | 52.14 |
| | 56.85 | 52.14 |

NOTE NO.9 TANGIBLE FIXED ASSETS:(SLM)

| Name of the Asset | GROSS BLOCK | | | | | DEPRECIATION | | | | NET BLOCK | |
|--------------------------|-----------------------|---------------------------|----------------------------|-----------------------------|-------------------------------|--------------|-----------------------------|----------------------------|-------------------------------|------------------------|------------------------|
| | Cost as on 01.04.2015 | Additions during the year | Deductions during the year | Total Cost up to 31.03.2016 | Depreciation Upton 31.03.2015 | Adjustment | Depreciation for the period | Depreciation on Deductions | Depreciation Up to 31.03.2016 | W.D.V As on 31.03.2016 | W.D.V As on 31.03.2015 |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| LAND | 1186083 | 0 | 0 | 1186083 | 0 | 0 | 0 | 0 | 0 | 1186083 | 1186083 |
| NON FACTORY BUILDING | 8083047 | 0 | 0 | 8083047 | 2415595 | 0 | 131754 | 0 | 2547349 | 5535698 | 5667452 |
| FACTORY BUILDING | 24261030 | 59097 | 0 | 24320127 | 17004765 | 0 | 810324 | 0 | 17815089 | 6505038 | 7256265 |
| PLANT & MACHINERY | 114042924 | 57283048 | 6860629 | 164465343 | 106481824 | 0 | 782197 | 6860629 | 100403393 | 64061951 | 7561100 |
| ELECTRICAL INSTALLATIONS | 14881694 | 0 | 0 | 14881694 | 11562380 | 0 | 1488169 | 0 | 13050549 | 1831145 | 3319314 |
| FURNITURE & FIXTURES | 2292285 | 318632 | 0 | 2610917 | 2192154 | 0 | 25768 | 0 | 2217921 | 392995 | 100131 |
| COMPUTERS | 1106944 | 69100 | 0 | 1176044 | 1085740 | 0 | 1739 | 0 | 1087479 | 88565 | 21204 |
| VEHICLES | 257009 | 1432360 | 0 | 1689369 | 257009 | 0 | 94417 | 0 | 351425 | 1337944 | 0 |
| TOTAL: | 166111016 | 59162237 | 6860629 | 218412624 | 140999467 | 0 | 3334367 | 6860629 | 137473205 | 80939419 | 25111549 |
| | 166111016 | 0 | 0 | 166111016 | 138180062 | (869380) | 1951225 | 0 | 141000667 | 251103489 | 27930954 |

KAKATIYA TEXTILES LIMITED**NOTE NO. 13 : INVENTORIES:(valued at lower of cost or net realizable value)**

| Particulars | As on 31-03-2016 | As on 31-03-2015 |
|------------------------|-----------------------------|-----------------------------|
| - Stores & Spares | 84.93 | 13.06 |
| - Raw Material Cotton | 73.85 | 40.41 |
| - Stock In Process | 62.98 | 50.96 |
| - Finished Goods--Yarn | 111.48 | 47.18 |
| - Cotton Waste | 22.73 | 3.93 |
| - Goods in Transit | 3.02 | 1.14 |
| | 358.99 | 156.68 |

NOTE NO. 14 : TRADE RECEIVABLES:

| Particulars | As on 31-03-2016 | As on 31-03-2015 |
|---|-----------------------------|-----------------------------|
| unsecured considered good | | |
| -- Above Six Months | - | - |
| -- Others | 172.14 | 15.54 |
| (Out of which an amount of ₹ 7.60 Lakhs was due from a company in which directors are interested) | | |
| | 172.14 | 15.54 |

NOTE NO. 15 : CASH AND CASH EQUIVALENTS :

| Particulars | As on 31-03-2016 | As on 31-03-2015 |
|--|-----------------------------|-----------------------------|
| Cash on Hand | 0.36 | 0.12 |
| At schedule banks (In current accounts) | 23.30 | 31.12 |
| Fixed Deposits with banks(margin money deposits) | 5.15 | - |
| | 28.81 | 31.24 |

KAKATIYA TEXTILES LIMITED**NOTE NO. 16 : SHORT-TERM LOANS AND ADVANCES:**

Unsecured, considered good unless stated otherwise

| Particulars | As on 31-03-2016 | As on 31-03-2015 |
|--------------------------------------|-----------------------------|-----------------------------|
| Prepaid Expenses | 1.24 | 1.32 |
| Employee related Advances | 3.22 | - |
| Advance Payment of Taxes | 7.21 | 4.26 |
| Advance for purchase of Raw Material | 47.11 | - |
| Advance for purchase of stores | 16.11 | - |
| Advance for Expenses | 4.00 | - |
| Other Advances | 1.22 | - |
| | 80.11 | 5.58 |

NOTE NO. 17 : OTHER CURRENT ASSETS:

Unsecured, considered good unless stated otherwise

| Particulars | As on 31-03-2016 | As on 31-03-2015 |
|--|-----------------------------|-----------------------------|
| Interest accrued on fixed deposits | 0.10 | - |
| Receivable on account of sale of Machinery | 58.32 | - |
| Receivable on account of Indirect income | 6.19 | - |
| | 64.61 | - |

KAKATIYA TEXTILES LIMITED

Notes Annexed and Farming Part of Profit & Loss Statement

NOTE NO. 18 : REVENUE FROM OPERATIONS:

Unsecured, considered good unless stated otherwise

| Particulars | Year ended March 31,2016 | Year ended March 31,2015 |
|------------------------------|-----------------------------|-----------------------------|
| a) Sale of Products: | 2157.59 | 1053.01 |
| b) Other Operating Revenues: | 4.19 | 10.86 |
| Less: Excise Duty: | | |
| | 2161.78 | 1063.87 |

NOTE NO. 19 : OTHER INCOME:

| Particulars | Year ended March 31,2016 | Year ended March 31,2015 |
|---------------------------------------|-----------------------------|-----------------------------|
| Interest Income | 0.11 | 4.93 |
| Interest Income on Income Tax refunds | 0.06 | - |
| Gain from Sale of Fixed Asset | 34.16 | - |
| Credit balances written Off | 0.08 | - |
| Agricultural income | 6.00 | - |
| | 40.41 | 4.93 |

NOTE NO. 20 : COST OF MATERIALS CONSUMED:

| Particulars | Year ended March 31,2016 | Year ended March 31,2015 |
|------------------------------------|-----------------------------|-----------------------------|
| Opening Stock of Cotton Lint | 40.41 | 34.52 |
| Add: Purchases | 1494.19 | 644.23 |
| Less: Closing Stock of Cotton Lint | 73.85 | 40.41 |
| | 1460.75 | 638.34 |

KAKATIYA TEXTILES LIMITED

NOTE NO. 21 : CHANGE IN INVENTORIES OF FINISHED GOODS WORK-IN-PROCESS & STOCK IN TRADE:

| Particulars | Year ended March 31,2016 | Year ended March 31,2015 |
|---|-----------------------------|-----------------------------|
| Inventories at the end of the year | | |
| Finished Goods | 47.18 | 5.06 |
| Stock-in-Process | 50.96 | 79.28 |
| Process waste | 3.93 | 7.45 |
| | 102.07 | 91.79 |
| Inventories at the beginning of the year | | |
| Finished Goods | 111.48 | 47.18 |
| Stock-in-Process | 62.98 | 50.96 |
| Waste | 22.72 | 3.93 |
| | 197.18 | 102.07 |
| | (95.11) | (10.28) |

NOTE NO. 22 : EMPLOYEE BENEFIT EXPENSES:

| Particulars | Year ended March 31,2016 | Year ended March 31,2015 |
|---|-----------------------------|-----------------------------|
| Salaries | 292.54 | 193.39 |
| Contributions to Provident fund and other funds | 21.12 | 16.72 |
| Gratuity Fund Contribution | 11.75 | 8.40 |
| Welfare Expenses | 17.02 | 7.80 |
| | 342.43 | 226.31 |

NOTE NO. 23 : EMPLOYEE BENEFIT EXPENSES:

| Particulars | Year ended March 31,2016 | Year ended March 31,2015 |
|-------------------------|-----------------------------|-----------------------------|
| Interest Paid to Banks | | |
| On Vehicle Loans | 0.65 | - |
| Interest paid to Others | 0.02 | - |
| | 0.67 | - |

KAKATIYA TEXTILES LIMITED

NOTE NO. 24 : OTHER EXPENSES

| Particulars | Year ended March 31,2016 | Year ended March 31,2015 |
|---------------------------------|-----------------------------|-----------------------------|
| Stores and spares Consumed | 61.75 | 30.30 |
| Power & Fuel | 402.27 | 209.39 |
| Taxes & Licences | 11.77 | 6.26 |
| Repairs & Maintenance | | |
| --Factory Building | 2.40 | 1.18 |
| --Plant & Machinery | 62.65 | 17.14 |
| --Others | 0.20 | 0.21 |
| Selling Expenses | 17.83 | 29.12 |
| Payment to Auditors | 0.42 | 1.45 |
| Professional charges | 6.84 | 4.02 |
| Insurance | 1.87 | 2.21 |
| Postage, Telephone & Printing | 4.12 | 5.35 |
| Directors sitting fees | 0.70 | 1.40 |
| Traveling & Conveyance Expenses | 1.76 | 2.42 |
| Others | 25.33 | 14.27 |
| | 599.91 | 324.72 |

NOTE NO. 25. Auditors Remuneration:

| Particulars | 31.03.2016 | 31.03.2015 |
|---------------------------|-------------|-------------|
| Auditors Remuneration: | | |
| As Auditors | 0.29 | 0.80 |
| Tax matters | 0.29 | 0.00 |
| Reimbursement of expenses | 0.13 | 0.65 |
| | 0.71 | 1.45 |

NOTE NO. 26. Earnings Per Share (E.P.S) – AS-20:

| Particulars | 31.03.2016 | 31.03.2015 |
|--|------------|------------|
| Net Profit attributable to the ordinary share holders for Basic & Diluted Earnings per Share | 13.20 | (129.80) |
| No. of ordinary shares | 5785350 | 5784950 |
| Nominal value per share (₹) | 10 | 10 |
| Weighted average No of equity shares | 5784981 | 5784950 |
| Basic & Diluted Earnings per Share (₹) | 0.23 | (2.24) |

KAKATIYA TEXTILES LIMITED

NOTE NO. 27 : Contingent Liabilities not provided for on account of:

| Particulars | 31.03.2016 | 31.03.2015 |
|------------------------------|------------|------------|
| Disputed Sales tax liability | 9.22 | 9.22 |

NOTE NO. 28. 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:

| Particulars | 31.03.2016 | 31.03.2015 |
|--|------------|------------|
| Present value of the Obligation as on 1st April | 49.62 | 45.41 |
| Current Service Cost | 2.88 | 2.43 |
| Interest Cost | 4.77 | 3.97 |
| Actuarial (Gains) and Losses | 5.45 | 2.46 |
| Benefits Paid | (3.39) | (4.65) |
| Present value of the Obligation as on 31st March | 59.33 | 49.62 |

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

| Particulars | 31.03.2016 | 31.03.2015 |
|--|------------|------------|
| Fair value of the Plan Assets as on 1st April | 3.61 | 7.8 |
| Expected Rate of Return | 1.36 | 0.5 |
| Actuarial Gains and (Losses) | 0 | (0.04) |
| Contributions by the Employer | 20.5 | 0 |
| Benefits paid | (3.39) | (4.65) |
| Fair value of the Plan Assets as on 31st March | 22.08 | 3.61 |

KAKATIYA TEXTILES LIMITED

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

| Particulars | 31.03.2016 | 31.03.2015 |
|---|------------|------------|
| Current Service Cost | 2.88 | 2.43 |
| Interest Cost | 4.77 | 3.97 |
| Expected Return on Plan Assets | (1.36) | (0.49) |
| Actuarial Gains and Losses | 5.45 | 2.49 |
| Amount recognised in the Statement of Profit and Loss | 11.74 | 8.4 |

The expense 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:

| | |
|---|-------|
| Discount Rate | 7.80% |
| Expected Rate of Return on Plan Assets | 8.75% |
| Attrition Rate | 4.00% |
| Rate of escalation in salary(per annum) | 6.00% |

The estimated 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:

| | | |
|---|---------|---------|
| Present value of the Defined Benefit Obligation | 59.33 | 49.62 |
| Fair value of Plan Assets | 22.08 | 3.61 |
| Surplus / (Deficit) in Plan Assets | (37.25) | (46.01) |
| Experience Adjustments arising on Plan Liabilities as an amount | 5.45 | (6.49) |
| Experience Adjustments arising on Plan Assets as an amount | 0 | (0.04) |

KAKATIYA TEXTILES LIMITED

NOTE NO. 29. Particulars disclosed pursuant to “AS-18 Related Party Disclosures”.

- a) Key Management Personnel
 Smt.Vanka Raja Kumari Managing Director
 Sri.Vanka Ravindranath Director
- b) Companies controlled by Key Management Personnel:
 Indian Hair Industries Private Limited
 R.K Hair Products Private Limited
 SVR Spinning Mills Private Limited
 Raghuveer Infra & Fashions Private Limited
 Ravali Spinners Private Limited

| S. No. | Nature of transaction | Key Management | Relatives of Companies / Key firms controlled Personnel Management by KMP / Personnel Relatives of KMP |
|--------|---|----------------|--|
| 1 | Sale of goods -Ravali Spinners Pvt Ltd | | 45.42 |
| 2 | Purchase of fixed assets -SVR Spinning Mills Pvt Ltd -Ravali Spinners Pvt Ltd | | 77.32 8.67 |
| 3 | Purchase of Store items -SVR Spinning Mills Pvt Ltd | | 0.10 |
| 4 | Expenses -Ravali Spinners Pvt Ltd | | 10.88 |
| 5 | Loan Received -RK Hair Products Pvt Ltd | | 800.00 |
| 6 | Amount outstanding at year end-Cr -RK Hair Products Pvt Ltd -Ravali Spinners Pvt Ltd -SVR Spinning Mills Pvt Ltd | | 1840.00 2.93 77.32 |

KAKATIYA TEXTILES LIMITED

NOTE NO. 30. Deferred tax

| Particulars | Balance as at 3.03.2016 | (Charge) /Credit | Balance as at 31.03.2015 |
|---------------------------------|----------------------------|---------------------|-----------------------------|
| Depreciation | (45.40) | (18.49) | (26.91) |
| Loss | 349.00 | 39.06 | 309.94 |
| Others | 14.11 | (0.81) | 14.92 |
| Total –(Liability)/Asset | 317.71 | 19.76 | 297.95 |

The Company did not provide for deferred tax asset (net) of ` 19.76 Lakhs for the year 2015-16 against Depreciation, Brought forward loss & others because there is no certainty of set off against future income. Hence no deferred tax asset has been created.

If the company has made a provision for deferred tax asset of ` 19.76 Lakhs, the profit for 2015-16 would have been increased from ` 13.20 Lakhs to ` 32.96 Lakhs

31. Disclosure on payments and dues to “suppliers” as defined under the “Micro, Small and Medium Enterprises Development Act, 2006” („The Act“).

| Sl No. | Particulars | 31-03-16 |
|--------|--|----------|
| 1 | Amount remaining unpaid, beyond the appointed/ agreed day, at the end of the period (a) Principal amount of bills to be paid (b) Interest due thereon | --Nil-- |
| 2. | (a) Payments made to suppliers, during the period, but beyond appointed/agreed day interest thereon in terms of Sec.16 of the Act. (b) Interest paid along with such payments during the period. (c) Interest due and payable at the end of the period, on such payments made during the period. | --Nil-- |
| 3. | Amount of interest, for the period, u/s.16 of the Act. Accrued and remaining unpaid, at the end of the period. | --Nil-- |
| 4. | Total amount of interest, u/s.16 of the Act, including that arising in earlier periods, accrued and remaining unpaid at the end of the period. | --Nil-- |

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, Medium Enterprises outstanding as on 31.03.2016

KAKATIYA TEXTILES LIMITED

32. The company operates in one primary segment. i.e., Textiles Hence reporting under AS-17 was not applicable.
33. The previous year's figures have been regrouped / reclassified wherever necessary to conform to the current period presentation.

For CHEVUTURI ASSOCIATES

Chartered Accountants
Firm Regn.No.000632S

Sd/-

CA Srinivasa Rao Cherukuri

Partner

ICAI M.No.209237

Place : Tanuku

Date : 26.05.2016

For and on behalf of the Board

Sd/-

VANKA RAJA KUMARI

Managing Director

DIN .00480392

Sd/-

N.HANUMANTHA RAO

Chief Financial Officer

Sd/-

VANKA RAVINDRANATH

Director

DIN .00480295

Sd/-

M NAGA RAJU

Company Secretary

KAKATIYA TEXTILES LIMITED

KAKATIYA TEXTILES LTD
(CIN: L18100AP1981PLC104439)

Reg Office: Plot No. 9 & 10, Industrial Estate, Tetali, Tanuku, West Godavari-534218,
Andhra Pradesh. Phone No: 08819-224005 / 225005
Email: shares.ktl@rspl.ind.in, website: www.kakatiyatextiles.in

ATTENDNACE SLIP

I certify that I am a registered shareholder/proxy/representative for the registered shareholder(s) of Avantel Limited.

I hereby record my presence at the 34th Annual General Meeting of the shareholders of Kakatiya Textiles Ltd on 27th December, 2016 at Ravali Spinners Auditorium, Beside NH-16, Khandavalli, Tanuku, West Godavari-534330, Andhra Pradesh

| | |
|------------|----------------|
| DP ID* | Reg. Folio No. |
| Client ID* | No of Shares |

*Applicable if shares are held in electronic form

Name and Address of Member

Signature of Shareholder/ Proxy/
Representative (Please Specify)

KAKATIYA TEXTILES LIMITED

KAKATIYA TEXTILES LTD

(CIN: L18100AP1981PLC104439)

Reg Office: Plot No. 9 & 10, Industrial Estate, Tetali, Tanuku, West Godavari-534218,
Andhra Pradesh. Phone No : 08819-224005 / 225005

Email: shares.ktl@rspl.ind.in, website: www.kakatiyatextiles.in

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]**

| | | | | |
|---------------------|---|--|---------|--|
| CIN | : | L18100AP1981PLC104439 | | |
| Name of the Company | : | KAKATIYA TEXTILES LIMITED | | |
| Registered Office | : | PLOT NO. 9 & 10, INDUSTRIAL ESTATE, TETALI, TANUKU, WEST GODAVARI, AP-534218 IN | | |
| Name of the Member | : | | | |
| 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 | | | |
| | Email ID | Signature | | |
| | Or failing him | | | |
| 2. | Name: | | | |
| | Address | | | |
| | Email ID | Signature | | |
| | Or failing him | | | |
| 3. | Name: | | | |
| | Address | | | |
| | Email ID | Signature | | |
| | Or failing him | | | |

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 34th Annual General Meeting of the company, to be held on 27th December, 2016 at Ravali Spinners Auditorium, Beside NH-16, Khandavalli, Tanuku, West Godavari-534330, Andhra Pradesh and at any adjournment thereof in respect of such resolutions as are indicated below :

KAKATIYA TEXTILES LIMITED

| | Resolutions | For | Against |
|---|---|------------|----------------|
| 1 | Adoption of the Financial Statements for the F.Y. ended 31st March, 2016. | | |
| 2 | Re-appointment of Shri. Vanka Ravindra Nath to the office of the director of the company | | |
| 3 | Ratification of appointment of M/s. Chevuturi Associates, Chartered Accountants as Statutory Auditors | | |
| 4 | To approve the appointment of Mr. Mohammed Alisha Shaik as Manager of the Company | | |

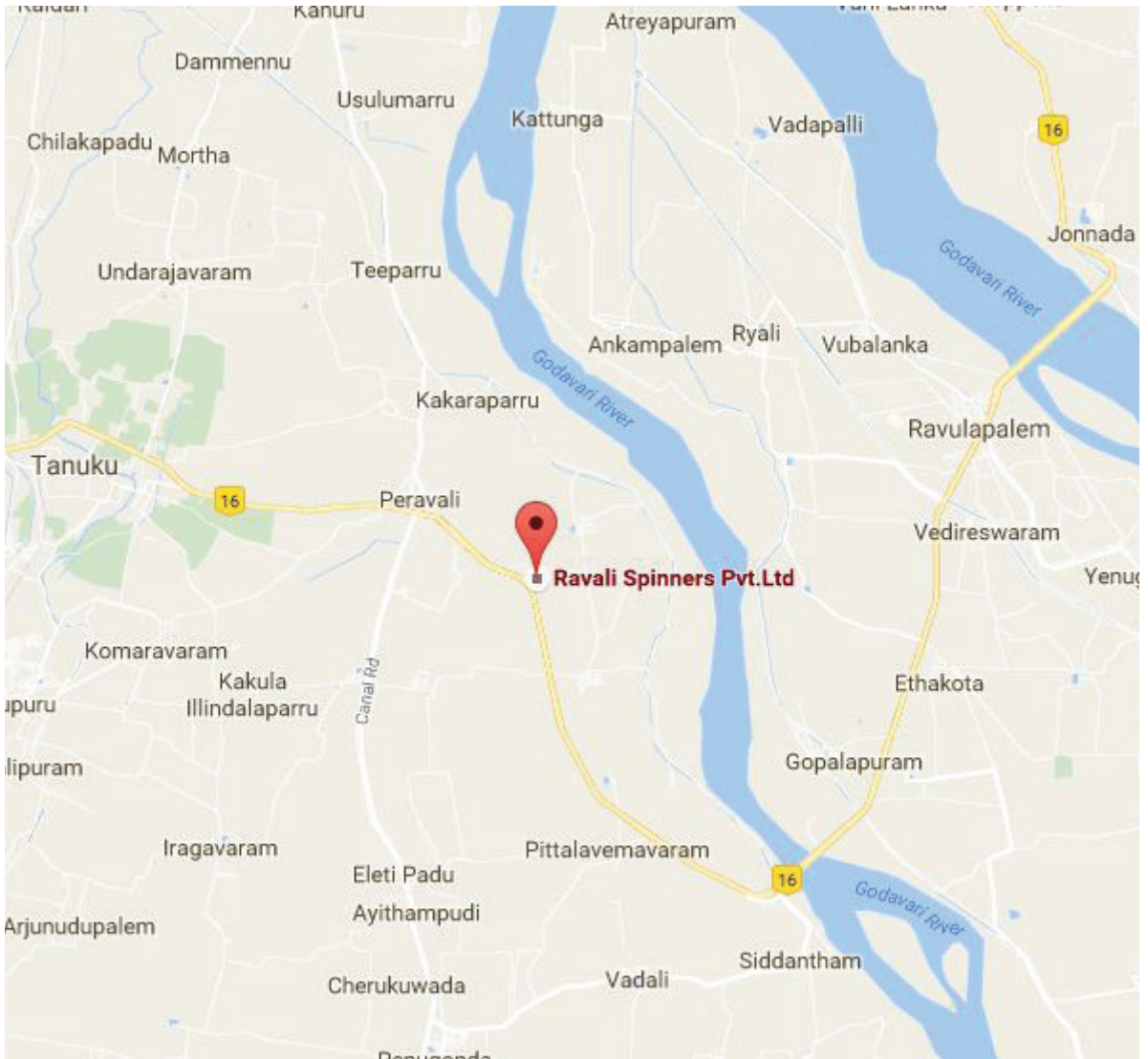
Signed this day of 2016.

Affix
Revenue
Stamp

Signature of shareholder:
holder(s):

Signature of Proxy

Note: 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.



If undelivered please return to:

KAKATIYA TEXTILES LTD

Plot No. 9 & 10, Industrial Estate,
Tetali, Tanuku, West Godavari-534218,
Andhra Pradesh