



# KAKATIYA TEXTILES LIMITED

Registered Office : 9 & 10, Industrial Estate, Tetali, TANUKU - 534 218, W.G.Dist., A.P.

Ph : 08819 - 224005, 225005 e-mail : md@rspl.ind.in / cs@rspl.ind.in

Factory : NALLABANDAGUDEM - 508 206, Kodad (Mdl), Nalgonda District, T.S. Ph : +91 92911 07250

Date: 07.09.2020

To

The Corporate Relations Department

**BSE Limited**

Phiroze Jeejeebhoy Towers

Dalal Street,

Mumbai-400 001

Fax No.: 022-22723121/3719

Dear Sir,

**Sub: Notice of 38<sup>th</sup> Annual General Meeting (AGM) and Annual Report of the Company for the F Y 2019-20**

**Ref: Company Code: 521054**

With reference to the subject cited above, Please find the enclosed Notice convening the 38<sup>th</sup> AGM of the Company to be held on Tuesday, the 29th day Of September, 2020 at 5.00 P.M through Video Conference/Other Audio Visual Means (VC/OAVM).

In order to comply with the requirements of Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company along with the Notice of AGM for the financial year 2019-20 which is being dispatched / sent to the members by the permitted mode(s).

This is for your information and necessary records.

ForKakatiya Textiles Ltd

**V Ravindranath**

Chairman & Director

DIN 00480295



**KAKATIYA TEXTILES LIMITED**

**38<sup>th</sup>**  

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**Annual Report**  

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**2019-20**



**KAKATIYA TEXTILES LIMITED**

**CIN: L18100AP1981PLC104439**

**KAKATIYA TEXTILES LIMITED**

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**Corporate Information**

**Board of Directors & Key Managerial Personnel**

Shri. Vanka Ravindra Nath	-	Chairman & Non-Executive Director
Smt. Vanka Raja Kumari	-	Non-Executive Director
Shri. Venkata Subbarao Gamini	-	Independent Director
Shri. Kudary Anand	-	Independent Director
Shri. Ranga Rao Avula	-	Manager
Shri. Nanduri Hanumantha Rao	-	Chief Financial Officer

**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, 4<sup>th</sup> Floor,  
# 6-3-347/22/2, Ishwarya Nilayam,  
Opp: Sai Baba Temple,  
Dwarakapuri Colony, Punjagutta,  
Hyderabad-500 082  
Telangana

**Registrar and Share Transfer Agent**

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](mailto: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](mailto:shares.ktl@rspl.ind.in)  
Internet: [www.kakatiyatextiles.in](http://www.kakatiyatextiles.in)

**AUDIT COMMITTEE**

Shri. Kudary Anand	- Chairman
Shri. Vanka Ravindranath	- Member
Shri. Venkata Subbarao Gamini	- Member

**NOMINATION AND REMUNERATION COMMITTEE**

Shri. Venkata Subbarao Gamini	- Chairman
Shri. Kudary Anand	- Member
Smt. Vanka Raja Kumari	- Member

**STAKEHOLDERS RELATIONSHIP COMMITTEE**

Shri. Venkata Subbarao Gamini	- Chairman
Shri. Kudary Anand	- Member
Smt. Vanka Raja Kumari	- Member

**NOTICE**

**NOTICE IS HEREBY GIVEN THAT THE 38<sup>th</sup> ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON TUESDAY, THE 29<sup>TH</sup> DAY OF SEPTEMBER, 2020 AT 5:00 PM THROUGH VIDEO CONFERENCE/OTHER AUDIO VISUAL MEANS (VC/OAVM) TO TRANSACT THE FOLLOWING ITEMS OF BUSINESS:**

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**ORDINARY BUSINESS:**

**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, 2020 together with the Report of the Board of Directors and Auditors thereon;

**2. Re-Appointment of Director:**

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

**3. To Re-appoint Statutory Auditors 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 Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 M/s. Chevuturi Associates, Chartered Accountants (FRN. 000632S) be and are hereby re-appointed as the Statutory Auditors of the Company to hold office for a period of 5 years from the conclusion of this Annual General Meeting till the conclusion of the 43<sup>rd</sup> Annual General Meeting which ought to be held in the year 2025 at a Remuneration of Rs. 2,75,000/- per annum and reimbursement of all out of pocket expenses.”

**SPECIAL BUSINESS:**

**4. Re-appointment of Shri. Gamini Venkata Subba Rao (DIN 00123730) as an Independent Director of the Company for a second term of five consecutive years**

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

**“RESOLVED THAT** pursuant to the provisions of Section 149, 152, 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Regulations 16(b) and 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Shri. Gamini Venkata Subba Rao (DIN 00123730), who was appointed as an Independent Director of the Company for a term of five years at the 33<sup>rd</sup> Annual General Meeting, in terms of Section 149 of the Companies Act, 2013 and who attains the age of 75 years on 14.01.2023, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years till the conclusion of the 43<sup>rd</sup> Annual General Meeting of the members of the company and continue his appointment .”

**5. Re-appointment of Dr. Kudary Anand, (DIN: 07261583) as an Independent Director of the Company for a second term of five consecutive years.**

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

**“RESOLVED THAT** pursuant to the provisions of Section 149, 152, 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Dr. Kudary Anand, (DIN: 07261583), who was appointed as an Independent Director of the Company for a term of five years at the 33<sup>rd</sup> Annual General Meeting, in terms of Section 149 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years till the conclusion of the 43<sup>rd</sup> Annual General Meeting of the members of the company.”

**6. To approve the re-appointment of Shri. Ranga Rao Avula as 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, 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 & Remuneration Committee and the Board of Directors, consent of the Members of the company be and is hereby accorded for the re-appointment of Shri. Avula Ranga Rao, as Manager of the Company, for a period of 3 years with effect from 29<sup>th</sup> June, 2020 at a remuneration of Rs. 9,00,000 per annum and other superannuation benefits as per service rules of the Company.”

**“FURTHER RESOLVED THAT** Shri. Avula Ranga Rao in addition to above mentioned Salary 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.”

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

**“FURTHER RESOLVED THAT** where in any financial year during the tenure of his appointment, the company has no profits or its profits are inadequate, Shri. Avula Ranga Rao shall be paid salary, allowances and perquisites in accordance with the provisions of Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby severally authorised to file the necessary forms, returns, documents and to do all such acts, deeds, matters and things as may be required to give effect to the foregoing resolution.”

By Order of the Board of Directors  
**For Kakatiya Textiles Ltd**

Place: Tanuku  
Date: 03.09.2020

Sd/-  
**V Ravindranath**  
Chairman & Director  
DIN 00480295

**NOTES:**

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Service (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as voting during the AGM will be provided by CDSL.
3. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re- appointment at this AGM is annexed.
4. An Explanatory Statement setting out all material facts as required under Section 102 of the Companies Act, 2013 in respect of special business of the Company is appended and forms part of the Notice.
5. The Register of Members and Share Transfer Books of the Company will remain closed from September 23, 2020 to September 29, 2020 (both days inclusive) for the purpose of giving effect to the transmission and transposition requests lodged with the Company.
6. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
7. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company’s Registrars and Transfer Agents, Link Intime India Pvt. Ltd (“Link Intime”) for assistance in this regard.
8. To promote green initiative, Members who have not registered their email addresses are requested to register the same with their Depository Participants in case the shares are held by them in electronic form and with Link Intime, in case the shares are held in physical form.
9. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to Link In time in case the shares are held by them in physical form.

10. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company's website <https://www.kakatiyatextiles.in> Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to Link In time in case the shares are held in physical form.
11. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or Link Intime, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
12. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
13. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before September 21, 2020 through email on [cs@rspl.ind.in](mailto:cs@rspl.ind.in). The same will be replied by the Company suitably.
14. Pursuant to the directions/notifications of Securities and Exchange Board of India (SEBI) and Depositories, the demat account holders can operate their accounts if they had already provided Income Tax Permanent Account Number either at the time of opening of the account or at any time subsequently. In case they have not furnished the Income Tax Permanent Account Number to the Depository Participants, such demat account holders are requested to contact their DPs with a photocopy of the PAN Card (with original PAN Card for verification), so that the frozen demat accounts would be available for operation and further consequences of non-compliance with the aforesaid directives would be obviated. SEBI, vide Circular ref.no. MRD/Dop/Cir-05/2009 dated May 20, 2009 made it mandatory to have PAN particulars for registration of physical share transfer requests. Based on the directive contained in the said circulars, all share transfer requests are therefore to be accompanied with PAN details. Members holding shares in physical form can submit their PAN details to the Company / RTA.
15. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website [www.kakatiyatextiles.in](http://www.kakatiyatextiles.in), websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and CDSL at <https://www.evotingindia.com/>. Members whose email IDs are not registered with the Company/Depositories are requested to follow the process provided further for registration of email IDs with the depositories for procuring user ID & password and registration of email IDs for e-voting for the resolutions set out in this notice.
16. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

## **E-VOTING**

### **CDSL e-Voting System – For Remote e-voting and e-voting during AGM**

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.



2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at-least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.kakatiyatextiles.in](http://www.kakatiyatextiles.in). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

**THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:**

- I. The voting period begins on Saturday, 26<sup>th</sup> September, 2020(09:00 A.M.) and ends on Monday, 28<sup>th</sup> September, 2020(05:00 P.M.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22<sup>nd</sup> September 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- II. Board of Directors have appointed Mr. M.B. Suneel, Practising Company Secretary, to act as Scrutinizer to conduct and scrutinize the electronic voting process in connection with the ensuing Annual General Meeting in a fair and transparent manner. The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereunder.

- III. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue
- IV. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- V. Click on “Shareholders” module.
- VI. Now enter your User ID
  - i. For CDSL: 16 digits beneficiary ID,
  - ii. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - iii. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- VII. Alternatively, if you are registered for CDSL’s EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL’s EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.
- VIII. Next enter the Image Verification as displayed and Click on Login.
- IX. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- X. If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both 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 (v).

- XI. After entering these details appropriately, click on “SUBMIT” tab.
- XII. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- XIII. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- XIV. Click on the EVSN for the relevant **Kakatiya Textiles Limited** on which you choose to vote.
- XV. 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.

- XVI. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- XVII. 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.
- XVIII. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- XIX. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- XX. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- XXI. Shareholders can also cast their vote using CDSL’s mobile app “m-Voting”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to Company/RTA email id.
3. The Company Secretary shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at-least 2 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [cs@rspl.ind.in](mailto:cs@rspl.ind.in). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 2 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [cs@rspl.ind.in](mailto:cs@rspl.ind.in). These queries will be replied to by the company suitably by email.

6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

**INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**XXII. Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto: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 linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto: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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [cssunil1427@gmail.com](mailto:cssunil1427@gmail.com) and [cs@rspl.ind.in](mailto:cs@rspl.ind.in). if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022-23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).
- All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

**C. General Instructions:**

- A. The Chairman shall, at the general meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting, with the assistance of scrutiner, by use of ballot or polling paper or by using an electronic voting system for all those members who are present at the general meeting but have not cast their votes by availing the remote e-voting facility.
- B. 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 48 hours of conclusion of the 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.

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

**ITEM NO: 3**

In terms of Section 139 of the Companies Act, 2013 ("the Act"), and the Companies (Audit and Auditors) Rules, 2014, made thereunder, the term of the present Statutory Auditors of the Company, M/s. Chevuturi Associates, Chartered Accountants (Firm Registration No. 000632S), will be expiring at the ensuing Annual General Meeting.

The Board of Directors at its meeting held on 3<sup>rd</sup> September, 2020, after considering the recommendations of the Audit Committee, had recommended the appointment of M/s. Chevuturi Associates, Chartered Accountants, as the Statutory Auditors of the Company for another term of five years at a remuneration of Rs. 2,75,000/- per annum plus out of pocket expenses and taxes at the applicable rates from the conclusion of the thirty eighth Annual General Meeting till the conclusion of forty third Annual General Meeting of the Company.

M/s. Chevuturi Associates is a Chartered Accountancy Firm registered with Institute of Chartered Accountants of India with Firm Registration No. 000632S. The Firm provides range of services which include Audit & Assurance, Taxation, Accounting and Risk Advisory.

M/s. Chevuturi Associates, Chartered Accountants, have consented to the aforesaid appointment and confirmed that their appointment, if made, will be within the limits specified under Section 141(3)(g) of the Companies Act, 2013. They have further confirmed that they are not disqualified to be appointed as the Statutory Auditors in terms of the Companies Act, 2013 and the rules made thereunder.

Pursuant to Section 139 of the Companies Act, 2013, approval of the members is required for appointment of the Statutory Auditors and fixing their remuneration by means of an ordinary resolution. Accordingly, approval of the members is sought for appointment of M/s. Chevuturi Associates, Chartered Accountants as the Statutory Auditors of the Company and to authorise the Board of Directors, on the recommendation of the Audit Committee, to determine the remuneration payable to them.

None of the Directors, Key Managerial Personnel of the Company and their respective relatives is concerned or interested in the Resolution. The Board of Directors recommend the resolution for approval of the members.

**ITEM NO. 4&5**

In accordance with the provisions of Section 149 read with schedule IV to the Companies Act, 2013, appointment of an Independent Director requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have proposed that Shri Venkata Subba Rao Gamini and Dr. Kudary Anand be appointed as Non-Executive Independent Directors on the Board for a second term of five consecutive years, in terms of Section 149 of the Companies Act, 2013, whose office is not liable to retire by rotation.

The appointment of Shri Venkata Subba Rao Gamini and Dr. Kudary Anand shall be effective upon approval by the members in the Meeting.

The Company has received notices in writing from members under Section 160 of the Act proposing the candidature of Shri Venkata Subba Rao Gamini and Dr. Kudary Anand for the office of Director of the Company. The Company has received individual declarations from Shri Venkata Subba Rao Gamini and Dr. Kudary Anand stating that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. Also Shri Venkata Subba Rao Gamini, will attain age of Seventy Five years on 14.01.2023, pursuant to the provisions of Regulation 17(1)(a) of SEBI (LODR), Regulations, 2015, this resolution requires approval of members as special resolution.

Shri Venkata Subba Rao Gamini and Dr. Kudary Anand are not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given individual consents to act as Director.

**Brief resume of Shri. Gamini Venkata Subba Rao:**

Shri. Gamini Venkata Subba Rao is a resident of Tanuku and is an eminent business man. He is the founder promoter of Sree Gamini Textiles Pvt Ltd which was established in the year 1993. Since its incorporation he managed the company as a consistent profit making concern. He is also the managing partner of Gamini Raja Filling Station established in the year 2005 which deals in petrol, diesel and lubricants. He is also the founder partner of Associates Engineering works which deals in design and manufacture of renewable energy appliances and has thrice won the national award for its design and products. He is also the founder partner of Gamini knitting works, the first hosiery unit in Andhra Pradesh and a renowned brand in that area. He has over 55 years of industrial and business experience and is successful in establishing and managing units of diversified activities.

**Brief resume of Dr. Kudary Anand:**

Dr. Kudary Anand is a doctor by his profession. He did his MBBS at Rangaraya medical college of Kakinada in the year 1980-86 and also possesses a DPM, post graduate in Psychiatry at Guntur Medical College in the year 1991-93. He established Priyanka Nursing Home at Tanuku in the year 1999 exclusively for Psychiatric and Neurotic Patients to render services for the needy and poor patients free of cost. He published various articles in various Indian newspapers on bringing awareness of Psychiatric problems among general population. He is a life member of Indian Medical Association and has held various executive posts. He is a life member of Indian Psychiatric Society and Gideon's International Organization and also an active member of various voluntary organizations like Lions Club International, Spandana etc.

**Directorships/Memberships, Shareholding and relationship with directors inter-se of Shri Venkata Subba Rao Gamini and Dr. Kudary Anand**

Shri Venkata Subba Rao Gamini and Dr. Kudary Anand are not related to any of the Directors of the Company. Shri Venkata Subba Rao Gamini and Dr. Kudary Anand does not

hold any shares in the equity share capital of the Company. Shri Venkata Subba Rao Gamini and Dr. Kudary Anand does not have directorship or membership of committee of Board in any other listed Company.

The Board of Directors recommend the resolutions set out at Item No. 4&5 in relation to the appointment of Shri Venkata Subba Rao Gamini and Dr Kudary Anand as Independent Directors of the Company for the approval of the shareholders of the Company.

Except Shri Venkata Subba Rao Gamini and Dr. Kudary Anand, none of the Directors and Key Managerial Personnel of the Company and their respective relatives is concerned or interested, financially or otherwise in the resolutions set out at item no. 4&5 respectively.

**Item No. 6**

The members of the board vide their meeting held on 29.06.2020 have re-appointed Shri. Ranga Rao Avula as the manager of the company in terms of Section 203 of the Companies Act, 2013, for a period of 3 years commencing from 29.06.2020, at a remuneration as stated in the resolution No.6. The said appointment made by the board requires the approval of the members subsequently.

A Brief profile of Shri. Ranga Rao Avula is as follows:

Shri. Ranga Rao Avula is a diploma holder in textile technology. He is having a vast experience of over 38 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 38 years and in view of the increased responsibility with the increase in business activities of the company it is proposed that Shri. Ranga Rao Avula be re-appointed as the manager of the company with effect from 29.06.2020 at a remuneration as detailed in the resolution. In compliance with the provisions of Sections 196, 197, 198, 203 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.6 are now being placed before the Members for their approval by way of Special Resolution.

Your Directors recommend the Resolution for your approval as Special Resolution.

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

The following is the additional information as per Section II of Part II of Schedule V of the Companies Act, 2013:

### **I. General Information**

(1) Nature of industry: The company is carrying on the business of manufacturing cotton yarn.

(2) Date or expected date of commercial production: The company was incorporated in the year 1981 and the commercial production commenced simultaneously.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable

(4) Financial performance based on given indicators:

<b>Particulars</b>	(₹ in Lakhs)	
	<b>31.03.2020</b>	<b>31.03.2019</b>
Total Income	2426	4068
Net Profit / (Loss) Before Tax(PBT)	(252)	(47)
Net Profit / (Loss) After Tax(PAT)	(252)	(47)

(5) Foreign investments or collaborations, if any. Nil

### **II Information about the appointee**

(1) Back ground details: Shri. Avula Ranga Rao, is a diploma holder in textile technology. He is having a vast experience of over 30 years in the textile business.

(2) Past Remuneration: Shri. Avula Ranga Rao was drawing a remuneration of Rs.9 Lakhs p.a. in the previous financial year.

(3) Recognition or awards: Shri. Avula Ranga Rao has accomplished has received award for the best employee in his previous company

(4) Job profile and his suitability: Shri. Avula Ranga Rao has got a vast experience in the field of manufacturing of cotton yarn. It is under his supervision and directions that majority of the company's operations would be carried on. Keeping in view that Shri. Avula Ranga Rao has rich and varied experience in the Industry and has been involved in the textile industry over a long period of time, it would be in the interest of the Company, the resolution commended for your approval.

(5) Remuneration proposed: The board has recommended for a remuneration of Rs. 9,00,000 (Rupees Nine Lakhs Only) per annum along with the superannuation benefits as per the service rules of the company with effect from 29<sup>th</sup> June, 2020.



(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin): The proposed remuneration of Shri. Avula Ranga Rao is in line with the remuneration being paid to any Manger in the relevant industry. Considering the background, competence and experience of Shri. Avula Ranga Rao the proposed remuneration as set out in the resolution are considered to be fair, just and reasonable.

(7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any. He does not have any relationship directly or indirectly with the company or relationship with the managerial personnel and is not having any directorship or membership of committee of the Board in any other listed Company,

**III Other information:**

(1) Reasons of loss or inadequate profits:

Due to sluggish growth in the textile industry the company is unable to make profits.

Further, the rise of the domestic interest rates has also adversely impacted the net profits of the company.

(2) Steps taken or proposed to be taken for improvement

The operations of the company are being scaled up to increase to revenues.

(3) Expected increase in productivity and profits in measurable terms

We expect a substantial increase in approval and implementation of various projects leading to good improvement in operating margins.

By Order of the Board of Directors  
For **Kakatiya Textiles Ltd**

Sd/-

**V RavindraNath**

Chairman & Director

DIN: 00480295

Place: Tanuku

Date: 03.09.2020

**Information pursuant to the Listing Regulations and Secretarial Standards in respect of Appointment/ Re-appointment of Directors**

<b>Particulars</b>	<b>Shri Venkata Subba Rao Gamini</b>	<b>Dr. Kudary Anand</b>	<b>Shri. A Ranga Rao</b>	<b>Shri V Ravindranath</b>
Date of Birth	14/01/1948	31/03/1962	05/11/1967	28/12/1961
Date of Appointment	29/09/2015	29/09/2015	15/06/2017	13/08/2015
Qualifications	Diploma	MBBS(Post Graduate in Psychiatry)	Diploma(Textile Technology)	B.SC
Expertise in specific Functional area	Industrial Business &	Doctor	Manufacturing of cotton yarn	Cotton Industry
Directorship held in other public companies (excluding foreign companies)	NIL	NIL	N.A	NIL
Memberships / Chairmanships of committees of other Public companies (includes only Audit and Shareholders/Investors Grievance Committee)	NIL	NIL	N.A	NIL
Number of shares held in the company	NIL	NIL	NIL	7476030

**DIRECTORS' REPORT**

To  
The Members

Your Directors are delighted to present their 38<sup>th</sup> Annual Report of the Company for the financial year 2019-20 along with the audited accounts for the financial year ended March 31, 2020

**FINANCIAL PERFORMANCE:**

(₹. In Lakhs)

Particulars	31.03.2020	31.03.2019
Total Income	2426	4068
Profit before Depreciation, Interest & Tax for the year	(198)	9
Depreciation for the year	54	55
Finance Cost	0	1
Net Profit / (Loss)	(252)	(47)

**DIVIDEND:**

On account of the accumulated losses, your Directors do not recommend any dividend for the year ended 31<sup>st</sup> March, 2020.

**TRANSFER TO RESERVES:**

The Directors of the company didn't transfer any amount to its reserves.

**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.

The Company had conducted 5 (Five) Board meetings during the period under review. (i.e: 30.05.2019, 14.08.2019, 14.11.2019, 13.02.2020 and 27.02.2020) 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:

- in the preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures from those standards;
- 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;
- 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 BY 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](http://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 2019-20 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](http://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 annexed as **Annexure-1**. The annual return is placed on the company's website on [www.kakatiyatextiles.in](http://www.kakatiyatextiles.in)

**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:**

M/s. Chevuturi Associates, Chartered Accountants, who were appointed as the statutory auditors of the company at the 38<sup>th</sup> Annual General Meeting (AGM) held on September 29, 2020, to hold office as such till the conclusion of the ensuing 43<sup>rd</sup> AGM. The term of the said Statutory Auditors shall expire at the ensuing, 43<sup>rd</sup> Annual General Meeting of the company. Further, pursuant to Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 M/s. Chevuturi Associates, Chartered Accountants, being

eligible, offer themselves for re-appointment for a term of 5 (Five) years in accordance with the provisions of Sec. 139 of the Companies Act, 2013 and the rules made there under. The Company has also received written consent from the Auditors and a confirmation to the effect that their re-appointment, if made, would be within the limits prescribed under the Section 141 of the Companies Act, 2013 and the rules made there under.

Accordingly, the appointment of M/s. Chevuturi Associates, Chartered Accountants, as the statutory auditors of the Company, at a remuneration of Rs. 2,75,000/- per annum plus out of pocket expenses and taxes at the applicable rates is hereby placed before the shareholders for their approval.

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. PSRao & 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.

**CHANGE IN 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 31<sup>st</sup> March, 2020 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](http://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 period under review, there were no changes in the Board of Directors of the Company.

Shri. Vanka Ravindranath, Director of the Company, retires by rotation at the ensuing Annual General Meeting and expressed his willingness to be reappointed as the Director of the Company. The necessary resolution for the appointment of Shri. Vanka Ravindranath is set out in the notice for approval of members in the ensuing Annual General Meeting of the Company.

Further, the term of Shri Gamini Venkata Subba Rao and Dr. Kuday Anand term will expires on conclusion of this Annual General Meeting. The Nomination and Remuneration Committee and Board of Directors of the Company have recommended the appointment of Shri Gamini Venkata Subba Rao and Dr. Kuday Anand as Independent Directors for another term of five years till the conclusion of 43<sup>rd</sup> Annual General Meeting. The necessary resolution is set out in the notice for approval of members in the ensuing Annual General Meeting of the Company.

Further also the term of Shri. A Ranga Rao, Manager of the Company expired on 29<sup>th</sup> June 2020. The Nomination and Remuneration Committee and Board of Directors of the Company have re-appointed him as a Manager for another term of three years with effect from 29<sup>th</sup> June 2020. The necessary resolution is set out in the notice for approval of members in the ensuing Annual General Meeting of the Company.

**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.

The Composition of various committees of the Board is hereunder:

**AUDIT COMMITTEE:**

Shri. Kudary Anand	- Chairman
Shri. Vanka Ravindranath	- Member
Shri. Venkata Subbarao Gamini	- Member

**NOMINATION AND REMUNERATION COMMITTEE:**

Shri. Venkata Subbarao Gamini	- Chairman
Shri. Kudary Anand	- Member
Smt. Vanka Raja Kumari	- Member

**STAKEHOLDERS RELATIONSHIP COMMITTEE:**

Shri. Venkata Subbarao 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, 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 2020, your Company had a net worth of Rs. (1103) lakhs. Your Directors believe that the Company's net worth could become positive if the favorable 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. 8.50 Lakhs per Month or Rs. 1.02Crores per Annum.

Further, details of top ten employees in terms of remuneration drawn during the financial year ended 31<sup>st</sup>March 2020 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 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 Section 135 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**

Sd/-

**V Ravindranath**

Chairman & Director

DIN: 0480295

Place: Tanuku  
Date: 03.09.2020



## FORM NO. MGT-9

## EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31<sup>st</sup> March, 2020

[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:

i)	CIN	L18100AP1981PLC104439
ii)	Registration Date	26.08.1981
iii)	Name of the Company	KAKATIYA TEXTILES LIMITED
iv)	Category / Sub-Category of the Company	Public Limited Company / Limited by Shares
v)	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 : <a href="http://www.kakatiyatextiles.in">www.kakatiyatextiles.in</a>
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and 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 : <a href="mailto:coimbatore@linkintime.co.in">coimbatore@linkintime.co.in</a>

## 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	% to total turnover of the company
1	Cotton Yarn	13111	100

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
NIL					

## 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 01-04-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	2947212	-	2947212	50.72	2947212	-	2947212	50.72	0
b) Central Govt	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-

**Kakatiya Textiles Limited**

c) State Govt(s)									
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub- Total (A)(1)</b>	<b>2947212</b>	<b>-</b>	<b>2947212</b>	<b>50.72</b>	<b>2947212</b>	<b>-</b>	<b>2947212</b>	<b>50.72</b>	<b>0</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Others-Individual	-	-	-	-	-	-	-	-	-
c) Bodies corporate	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
<b>Sub- Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of promoter (A) = (A)(1)+(A)(2)</b>	<b>2947212</b>	<b>-</b>	<b>2947212</b>	<b>50.72</b>	<b>2947212</b>	<b>-</b>	<b>2947212</b>	<b>50.72</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
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)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>-</b>	<b>1000</b>	<b>1000</b>	<b>0.02</b>	<b>-</b>	<b>1000</b>	<b>1000</b>	<b>0.02</b>	<b>-</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
l) Individual shareholders holding nominal share capital upto Rs. 1 lakh	739346	1513807	2253153	38.78	740071	1503907	2243978	38.61	(-0.15)

**Kakatiya Textiles Limited**

II) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	308514	76700	385214	6.62	319061	76700	395761	6.81	0.18
NBFC's registered with RBI	300	-	300	0.00	-	-	-	-	-
c) Others Body Corporate	19541	186400	205941	3.54	17568	186400	203968	3.51	(-0.03)
Foreign Nationals									
i) Non Resident Indians (Repat)	280	-	280	0.00	280	-	280	0.00	-
ii) Non Resident Indians (Non Repat)	1400	-	1400	0.02	1400	-	1400	0.02	0
Clearing members	300	-	300	0.00	-	-	-	-	0
HUF	15800	-	15800	0.27	17001	-	17001	0.29	0.02
<b>Sub-total (B)(2):-</b>	<b>1085481</b>	<b>1776907</b>	<b>2862388</b>	<b>49.26</b>	<b>1095381</b>	<b>1767007</b>	<b>2862388</b>	<b>49.26</b>	<b>-</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>1085481</b>	<b>1777907</b>	<b>2863388</b>	<b>49.28</b>	<b>1095381</b>	<b>1768007</b>	<b>2863388</b>	<b>49.28</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>4032693</b>	<b>1777907</b>	<b>5810600</b>	<b>100.00</b>	<b>4042593</b>	<b>1768007</b>	<b>5810600</b>	<b>100.00</b>	<b>-</b>

**ii) Shareholding of Promoter's**

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding 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 Pledged / encumbered to total shares	
1	Vanka Ravindranath	747603	12.86	-	747603	12.86	-	-
2	Raja Kumari Vanka	733203	12.62	-	733203	12.62	-	-
3	Ravali Vanka	733203	12.62	-	733203	12.62	-	-
4	Vanka Raghuveer	733203	12.62	-	733203	12.62	-	-
	<b>TOTAL</b>	<b>2947212</b>	<b>50.72</b>	<b>-</b>	<b>2947212</b>	<b>50.72</b>	<b>-</b>	<b>-</b>

iii) Change in Promoters' Shareholding

S. No.	Shareholder's Name	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	<b>Vanka Ravindranath</b>				
	At the beginning of the year	747603	12.86	747603	12.86
	At the end of the year	747603	12.86	747603	12.86
2	<b>Raja Kumari Vanka</b>				
	At the beginning of the year	733203	12.62	733203	12.62
	At the end of the year	733203	12.62	733203	12.62
3	<b>Ravali Vanka</b>				
	At the beginning of the year	733203	12.62	733203	12.62
	At the end of the year	733203	12.62	733203	12.62
4	<b>Vanka Raghuv eer</b>				
	At the beginning of the year	733203	12.62	733203	12.62
	At the end of the year	733203	12.62	733203	12.62

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

S. 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	<b>PEEVEE HOLDINGS AND PROPERTY DEV. LTD.</b>				
	At the beginning of the year	173500	2.99	173500	2.99
	At the end of the year	173500	2.99	173500	2.99
2	<b>KETAN JAYANTILAL KARANI</b>				
	At the beginning of the year	172832	2.97	172832	2.97
	At the end of the year	172832	2.97	172832	2.97
3	<b>BOYAPATI SRINIVASA APPA RAO</b>				
	At the beginning of the year	47200	0.81	47200	0.81
	At the end of the year	47200	0.81	47200	0.81
4	<b>TRUPTI KETAN KARANI</b>				
	At the beginning of the year	34500	0.59	34500	0.59
	At the end of the year	34500	0.59	34500	0.59
5	<b>DASIREDDY KIRAN KUMAR</b>				
	At the beginning of the year	29613	0.51	29613	0.51
	At the end of the year	29613	0.51	29613	0.51
6	<b>RAMAKOTESWARA RAO KUCHIPUDI</b>				
	At the beginning of the year	23575	0.41	23575	0.41
	At the end of the year	23575	0.41	23575	0.41
7	<b>BOYAPATI SRINIVASA SRI KRISHNA</b>				
	At the beginning of the year	19400	0.33	19400	0.33
	At the end of the year	19400	0.33	19400	0.33
8	<b>VIMALA BURRAMSETTY</b>				
	At the beginning of the year	19000	0.33	19000	0.33
	At the end of the year	19000	0.33	19000	0.33
9	<b>PARAVATHI GOKARAJU</b>				
	At the beginning of the year	18893	0.33	18893	0.33

	At the end of the year	18893	0.33	18893	0.33
10	<b>VENKATA SESHALAKSHMI HANUMAPRASAD VEMULA</b>				
	At the beginning of the year	12001	0.21	12001	0.21
	At the end of the year	12001	0.21	12001	0.21

**v) Shareholding of Directors and Key Managerial Personnel:**

S. No.	For each of the Directors and KMP	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	<b>V RAVINDRA NATH</b>				
	At the beginning of the year	747603	12.86	747603	12.86
	At the end of the year	747603	12.86	747603	12.86
2	<b>V RAJA KUMARI</b>				
	At the beginning of the year	733203	12.62	733203	12.62
	At the end of the year	733203	12.62	733203	12.62

No other Directors and Key Managerial Personnel holding any shares in the Company

**V. INDEBTEDNESS**

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

(In Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Preference Shares	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>					
i) Principal Amount	603473	217450000	-	50000000	268053473
ii) Interest due but not paid	-	-	-	-	-
iii) Interest accrued but not due	-	-	-	-	-
<b>Total (i+ii+iii)</b>	603473	217450000	-	50000000	268053473
<b>Change in Indebtedness during the financial year</b>					
* Addition	-	270515413	-	-	270515413
* Reduction	568417	280965413	-	-	281533830
<b>Net Change</b>	(568417)	(10450000)	-	-	(11018417)
<b>Indebtedness at the end of the financial year</b>					
i) Principal Amount	35056	207000000	-	-	207035056
ii) Interest due but not paid	-	-	-	-	-
iii) Interest accrued but not due	-	-	-	-	-
<b>Total (i+ii+iii)</b>	35056	207000000	-	50000000	207035056

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole- Time Directors and/ or Manager :**

(Amount in Rs.)

S. No.	Particulars of Remuneration	Mr. Avula Ranga Rao	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	9,00,000	9,00,000
	(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	-	-
5	Others – Allowances	1,20,000	1,20,000
	<b>Total (A)</b>	<b>10,20,000</b>	<b>10,20,000</b>

**B. Remuneration to Other Directors**
**(In Rs.)**

S. No.	Particulars of Remuneration	Total Amount				Total Amount
		Venkata Subbarao Gamini	Vanka Ravindra Nath	Vanka Raja Kumari	Kudary Anand	
	Independent Directors	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	-	-	-	-	-
2	Other Non-Executive Directors	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	-	-	-	-	-
	<b>Total (B)=(1+2)</b>	-	-	-	-	-
	<b>Total Managerial Remuneration</b>	-	-	-	-	-
	Overall Ceiling as per the Act	Not Exceeding Rs. 1 Lakh per Meeting	Not Exceeding Rs. 1 Lakh per Meeting	Not Exceeding Rs. 1 Lakh per Meeting	Not Exceeding Rs. 1 Lakh per Meeting	

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**
**(In Rs.)**

S. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	-	-	492000	<b>492000</b>
	(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	-	-	492000	492000

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

By Order of the Board of Directors  
For **Kakatiya Textiles Ltd**

Sd/-

**V Ravindranath**

Chairman & Director

DIN: 00480295

Place: Tanuku  
Date: 03.09.2020

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

For the Financial Year ended March 31, 2020

*[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.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 Pradesh-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 31<sup>st</sup> March, 2020 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 31<sup>st</sup> March, 2020 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, 1996/2018 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, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable to the Company during the audit period);**
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company during the audit period);**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2018; **( 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, 2018 **(Not applicable to the Company during the audit period)**;
  - (i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- 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 Secretarial Standards issued by the institute of Company Secretaries of India.

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.
- 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.
- there are no such specific events/ actions in pursuance of the above referred laws, rules, regulations etc. having a major bearing on the Company's Affairs.

For **P S Rao & Associates**  
Company Secretaries

Sd/

**MB Suneel**

Company Secretary

C.P. No.: 14449

UDIN: A031197B000659242

Place: Tanuku  
Date: 03.09.2020

Note: This report is to be read with our letter of even date which is annexed as '**Annexure A**' and forms an integral part of this report.

**'Annexure A'**

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 records 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 Account 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. A Substantial portion of the audit programme was completed prior to the outbreak of the pandemic COVID-19. However, owing to the lockdown measure imposed in the country and the cascading impact thereof, for certain verifications and cross checks, we have relied on management representations and assurances, wherever required, for forming our opinion and eventual reporting.
7. 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

UDIN: A031197B000659242

Place: Tanuku  
Date: 03.09.2020

**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	Non-Executive Director	0
2	Shri. V Ravindranath	Non-Executive Director	0
3	Shri. Anand Kudary	Independent Director	0
4	Shri. G Venkata SubbaRao	Independent Director	0

- ii. **The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19:**

S No.	Name of Director/KMP and Designation	Designation	% increase in Remuneration in the Financial year 2019-20
1	Smt. V Raja Kumari	Director	0
2	Shri. V Ravindranath	Director	0
3	Shri. N Hanumatha Rao	CFO	0
4	Shri. A Ranga Rao	Manager	0

- iii. **The percentage increase in the median remuneration of employees in the financial year: 17.12%**
- iv. **The number of permanent employees on the rolls of Company as at March 31, 2020:**

There were 144 permanent employees on the rolls of Company as on March 31, 2020

- 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:**

9.45 Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year. There was no increase in the managerial remuneration.

- vi. **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 Shareholding
A. Ranga Rao	50	Diploma in Textile Technology	General Manger	18.05.2017	30 Years		0.85	GMR Textiles	No	-
V. Basava Purnaiah	49	Diploma in Textile Technology	Production Manager	25.11.2018	29 Years		0.50	NSL Textiles	No	-
N. Hanumantaha Rao	51	Graduate	Chief Financial Officer	01.02.2016	33 years		0.41	Balabala Textiles Ltd	No	-
V. Hari Obula Reddy	37	M.Com	Sr. Officer Accounts	04.10.2014	16 Years		0.29	Suryavanshi Industries Ltd	No	-
K. Gopala Rao	30	EEE	Electrical Incharge	02.03.2020	09 Years		0.25	Precot Meridian Ltd	No	-
G. Srinivasa Rao	53	B.Com	Jr. Officer (Cotton & Yarn)	01.03.1990	30 Years		0.24	Kakatiya Textiles Ltd	No	-
K. Shekar Babu	31	I.T.I	Foreman (SPG)	01.10.2016	18 Years		0.20	Sakku Spinning Mills Pvt Ltd	No	-
K. Karunakar	39	I.T.I	A/C&M TC Supervisor	16.01.2016	22 Years		0.17	Suryodaya Spinning Mills	No	-
R. Harish Reddy	28	I.T.I	Pre/Mtc Supervisor	20.12.2017	10 Years		0.17	GSR Textiles	No	-
U. Lakshminarayana	54	B.Com	Store Keeper	20.08.1986	33 Years		0.17	Kakatiya Textiles Ltd	No	-

C) There are no employees drawing Rs8.50Lacs per month or Rs 102.00 Lacs per annum, whether employed throughout the year or part of the Financial year.

D) 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: Tanuku  
Date: 03.09.2020

Sd/-  
**V Ravindranath**  
Chairman & Director  
DIN: 00480295

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****INDUSTRY CONDITIONS AND REVIEW OF OPERATIONS****ECONOMIC ENVIRONMENT**

The world has changed dramatically in the last few months. The COVID-19 pandemic and subsequent lockdown that the world has seen, has put pressure on all economies. According to the International Monetary Fund (IMF), while there is huge uncertainty about 2020 growth prospects, and even more so about the 2021 outlook, the impact of COVID-19 on the world will—across the board—be severe and unprecedented. This is the lowest growth rate in almost 60 years, including during the global financial crisis (4.7%) and the Asian financial crisis (1.3%). The global economy is expected to contract in 2020 by 3% – causing the worst recession since the Great Depression. This is a synchronised contraction, a sudden global shutdown.

**INDIAN TEXTILE INDUSTRY**

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India's industrial output with approximately 14 percent of the industry output. The textiles industry is also labour intensive and is one of the largest employers. The textile industry employs about 45 million people directly and 20 million people indirectly. The textile industry has two broad segments. First, the unorganised sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organised sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale.

**OPPURTUNITIES**

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.

**CHALLENGES**

The major challenge that the textile industry is facing is rising production costs, arising out of rising wages and power costs. Currently the Indian Denim Industry is going through sluggish phase due to exponential capacity expansion which has created a time bound oversupply situation. The sector is reeling under liquidity and cost pressure as well due to the unprecedented damage caused by COVID-19

**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 employment of trained labour, at added costs continues in view of shortage of manpower persisting in this industry in Andhra Pradesh.

**CAUTIONARY STATEMENT**

Certain statements in the “Management Discussion and Analysis” section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors’ envisage in terms of future performance and outlook.

By Order of the Board of Directors  
For **Kakatiya Textiles Ltd**

Sd/-

**V Ravindranath**

Chairman & Director

DIN: 00480295

Place: Tanuku  
Date: 03/09/2020

**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**

**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.

(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: NA

(b) The year of import: NA

(c) Whether the technology been fully absorbed: NA

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: NA

(iv) The expenditure incurred on Research and Development: NA

(c) **FOREIGN EXCHANGE EARNINGS AND OUTGO**

S. No	Particulars	Rs. In Mn	
		2019-2020	2018-19
1	Earnings	Nil	Nil
2	Outgo	Nil	Nil

By Order of the Board of Directors  
For **Kakatiya Textiles Ltd**

Sd/-

**V Ravindranath**

Chairman & Director

DIN: 00480295

Place: Tanuku  
Date: 03/09/2020

**INDEPENDENT AUDITOR'S REPORT**

To  
The Members of  
**Kakatiya Textiles Limited**  
Tanuku.

**Report on the Audit of the Standalone Ind AS Financial Statements:**

**Opinion**

We have audited the accompanying standalone Ind AS financial statements of **M/s. KAKATIYA TEXTILES LIMITED** ("the Company"), which comprise the balance sheet as at 31<sup>st</sup> March 2020, the statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the statement of Cash Flows ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31<sup>st</sup> March 2020, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*We have determined that there are no key audit matters to communicate in our report."*

**Information other than the Financial Statements and Auditor's Report thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial



performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting 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 adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **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 in terms of Section 143(11) of the Act, we give in "**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 purposes 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 including other comprehensive income, the Statement of changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.
  - d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, 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 controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- 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) Rule, 2014, as amended 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.

Place: Tanuku  
Date: 29<sup>th</sup> June, 2020

**For Chevuturi Associates**  
Chartered Accountants  
Firm Reg. No.000632S

Sd/-  
**CA. Rajitha Vemuri**  
Partner  
M. No.228471  
UDIN: 20228471AAAAAI2875

**Annexure-A to the Independent Auditors' Report**

The Annexure referred to in Paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date to the members of **Kakatiya Textiles Limited** for the year ended 31st March 2020. We report that:

- (i). (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) According to the information and explanations furnished to us, 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, LLP 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. Hence reporting under clause (iv) of the Order is not applicable.
- (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). We have broadly reviewed the books of account and records maintained by the company pursuant to the rules made by the Central Government for the maintenance of Cost Records under the section 148 of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained
- (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, Service Tax, Goods and Service tax, Custom Duty, Excise duty, Value added tax, Cess 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 Provident Fund, Employees' State insurance, Income Tax, Sales Tax, Service Tax, Goods and Service tax, Custom Duty, Excise duty, Value added tax, Cess and other material statutory dues pending remittance as at March 31, 2020.
- (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.
- (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 Indian 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. Hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (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

Place: Tanuku  
Date: 29<sup>th</sup> June, 2020

Sd/-  
**CA. Rajitha Vemuri**  
Partner  
M. No.228471  
UDIN: 20228471AAAAAI2875

**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<sup>st</sup> March 2020 in conjunction with our audit of the Ind AS 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<sup>st</sup> March 2020, 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.

Place: Tanuku  
Date: 29<sup>th</sup> June, 2020

For **Chevuturi Associates**  
Chartered Accountants  
Firm Reg. No.000632S

Sd/-  
**CA. Rajitha Vemuri**  
Partner  
M. No.228471  
UDIN: 20228471AAAAAI2875

## BALANCE SHEET AS AT 31ST MARCH, 2020

(₹ in Lakhs)

PARTICULARS	Note. No.	As at 31st March,2020	As at 31st March,2019
<b>A. ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
(a) Property, plant and equipment	3	1106.67	1147.68
(b) Capital work-in-progress	3	56.94	50.27
(c) Deffered tax asset (Net)	4	297.95	297.95
(d) Income tax assets (net)		3.86	4.45
(e) Other non-current assets	5	108.00	97.33
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1573.42</b>	<b>1597.68</b>
<b>CURRENT ASSETS</b>			
(a) Inventories	6	293.04	353.35
(b) Financial assets			
(i) Trade Receivables	7	63.80	172.14
(ii) Cash and cash equivalents	8	8.45	2.63
(iii) Bank balances other than (ii)above	9	5.81	5.81
(iv) Other financial assets	10	82.15	28.27
(c) Other current assets	11	130.05	129.59
<b>TOTAL CURRENT ASSETS</b>		<b>583.30</b>	<b>691.79</b>
<b>TOTAL ASSETS</b>		<b>2156.72</b>	<b>2289.47</b>
<b>B. EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	12	578.54	578.54
(b) Other equity	13	(2181.98)	(1929.46)
<b>TOTAL EQUITY</b>		<b>(1603.44)</b>	<b>(1350.92)</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	14	2605.00	2674.85
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2605.00</b>	<b>2674.85</b>
<b>CURRENT LIABILITIES</b>			
(a) Financial liabilities			
(i) Trade Payables	15	26.12	292.56
(ii) Other financial liabilities	16	0.35	5.68
(b) Provisions	17	70.98	71.63
(c) Other current liabilities	18	1057.71	595.67
<b>TOTAL CURRENT LIABILITIES</b>		<b>1155.16</b>	<b>965.54</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2156.72</b>	<b>2289.47</b>
Corporate Information Significant accounting policies	1		
	2		

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

As per our report of even date  
For **Chevuturi Associates**  
Chartered Accountants  
Firm Regn.No.000632S

For and on behalf of Board  
**Kakatiya Textiles Limited**

**(CA Ranjita Vemuri)**  
Partner  
ICAI M.No.228471

**Vanka Raja Kumari**  
Director  
DIN .00480392

**VankaRavindranath**  
Director  
DIN .00480295

Place: Tanuku  
Date: 29.06.2020

**N. HanumanthaRao**  
Chief Financial Officer

**Peeyush Sethia**  
Company Secretary



# Kakatiya Textiles Limited

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

( ₹in Lakhs )

PARTICULARS	Note. No.	Year ended March 31,2020	Year ended March 31,2019
<b>I Revenue from Operations</b>	19	2419.77	4039.78
<b>II Other income</b>	20	6.34	28.79
<b>III Total Income(I+II)</b>		<b>2426.11</b>	<b>4068.57</b>
<b>IV EXPENSES</b>			
Cost of materials consumed	21	1789.65	2489.61
Purchases of stock-in-trade		64.57	487.61
Changes in inventories of finished goods, stock-in-trade and work-in-progress	22	(129.95)	25.62
Employee benefits expense	23	231.84	266.19
Finance costs	24	0.34	1.03
Depreciation and amortisation expense	3	54.01	54.88
Other expenses	25	668.17	790.87
<b>Total Expenses (IV)</b>		<b>2678.63</b>	<b>4115.81</b>
<b>V Profit before tax (III -IV)</b>		<b>(252.52)</b>	<b>(47.24)</b>
<b>VI Tax expense</b>			
(i) Current tax		-	-
(ii) Deferred tax (credit) /expense		-	-
<b>Total Tax expense (VI) VII</b>		<b>-</b>	<b>-</b>
<b>Profit for the year (V -VI)</b>		<b>(252.52)</b>	<b>(47.24)</b>
<b>VIII Other Comprehensive Income</b>			
(i) Items that will not be reclassified to profit or loss:			
(a) Re-measurements of the defined benefit plans		-	-
(b) Equity instruments through other comprehensive income		-	-
(ii) Income tax relating to items that will not be re- classified to profit or loss		-	-
<b>Total Other Comprehensive (Loss) / Income [(i)+(ii)]</b>		<b>-</b>	<b>-</b>
<b>IX Total comprehensive income for the year (VII +VIII)</b>		<b>(252.52)</b>	<b>(47.24)</b>
Earnings per share (of ₹ 10/- each): Basic and Diluted(₹)		<b>(4.36)</b>	<b>(0.82)</b>
Corporate Information			
Significant accounting policies	1		

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

As per our report of even date  
For **Chevuturi Associates**  
Chartered Accountants  
Firm Regn.No.000632S

For and on behalf of Board  
**Kakatiya Textiles Limited**

(CA Ranjita Vemuri)  
Partner  
ICAI M.No.228471

**Vanka Raja Kumari**  
Director  
DIN .00480392

**VankaRavindranath**  
Director  
DIN .00480295

**N.HanumanthaRao**  
Chief Financial Officer

**Peeyush Sethia**  
Company Secretary

Place: Tanuku  
Date: 29.06.2020

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020**

( In Lakhs)

PARTICULARS	Year ended 31.03.2020	Year ended 31.03.2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax & extraordinary items	(252.52)	(47.24)
<u>Adjustments for</u>		
Depreciation	54.01	54.88
Finance Cost	0.34	1.03
(Profit) /Loss on Sale of Assets	2.12	(12.00)
Interest Income	(6.05)	(6.77)
<b>Operating profit before working capital changes</b>	<b>(202.10)</b>	<b>(10.10)</b>
<u>Movements in working capital</u>		
<u>Adjustments for (increase)/decrease in operating assets:</u>		
Trade receivables	108.34	(107.87)
Inventories	60.31	(146.72)
other current assets	(54.34)	1.60
<u>Adjustments for increase/(decrease) in operating liabilities:</u>		
Trade payables	(266.44)	187.51
Other liabilities	456.71	(29.26)
Provisions	(0.65)	4.60
<b>Cash generated from operations</b>	<b>101.83</b>	<b>(100.24)</b>
Less: Direct taxes paid	-	-
<b>Net cash from operating activities (A)</b>	<b>101.83</b>	<b>(100.24)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(34.34)	(37.54)
Proceeds from sale of property, plant and equipment	12.55	12.00
Increase in other non current assets	(10.08)	1.52
Interest Received	6.05	6.77
<b>Net cash from Investing activities (B)</b>	<b>(25.82)</b>	<b>(17.25)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	(69.85)	116.82
Interest and finance charges	(0.34)	(1.03)
<b>Net cash from financing activities (C)</b>	<b>(70.19)</b>	<b>115.79</b>
Net increase / (decrease) in cash and cash equivalents (A+B+C)	<b>5.82</b>	<b>(1.70)</b>
Cash and cash equivalents at the beginning of the period	2.63	4.33
Cash and cash equivalents at the end of the period	8.45	2.63
<b>Net increase / decrease in cash and cash equivalents</b>	<b>5.82</b>	<b>(1.70)</b>

As per our report of even date  
For **Chevuturi Associates**  
Chartered Accountants  
Firm Regn.No.000632S

For and on behalf of Board  
**Kakatiya Textiles Limited**

**(CA Ranjita Vemuri)**  
Partner  
ICAI M.No.228471

**Vanka Raja Kumari**  
Director  
DIN .00480392

**VankaRavindranath**  
Director  
DIN .00480295

Place: Tanuku  
Date: 29.06.2020

**N.HanumanthaRao**  
Chief Financial Officer

**Peeyush Sethia**  
Company Secretary

**NOTE No.2 PROPERTY, PLANTANDEQUIPMENT**

(₹ in Lakhs)

Particular	Land - Freehold	Non Factory Buildings	Factory Buildings	Plant & Machinery	Electrical Installations	Furniture & Fixtures	Computers	Vehicles	Total	Capital Work in Progress *
<b>Gross Carrying Amount As at 01.04.2019</b>	11.86	226.61	246.23	1869.13	225.13	29.66	14.12	46.61	2669.35	50.27
Additions	-	-	-	26.28	-	0.40	0.99	-	27.67	33.16
Disposals / Transfers	-	-	-	14.87	-	0.41	-	-	15.28	26.49
<b>Gross Carrying Amount As at 31.03.2020</b>	<b>11.86</b>	<b>226.61</b>	<b>246.23</b>	<b>1880.54</b>	<b>225.13</b>	<b>29.65</b>	<b>15.11</b>	<b>46.61</b>	<b>2681.74</b>	<b>56.94</b>
<b>Accumulated Depreciation As at 01.04.2019</b>	-	31.80	202.71	1080.47	150.15	25.15	13.65	17.74	1521.67	-
Depreciation charged for the year	-	3.69	8.22	32.51	3.05	1.14	0.21	5.19	54.01	-
Disposals / Transfers	-	-	-	0.41	-	0.20	-	-	0.61	-
<b>Accumulated Depreciation As at 31.03.2020</b>	-	<b>35.49</b>	<b>210.93</b>	<b>1112.57</b>	<b>153.20</b>	<b>26.09</b>	<b>13.86</b>	<b>22.93</b>	<b>1575.07</b>	-
<b>Net Carrying Amount</b>										
As at 31.03.2019	11.86	194.81	43.52	788.66	74.98	4.51	0.47	28.87	1147.68	50.27
As at 31.03.2020	11.86	191.12	35.30	767.97	71.93	3.56	1.25	23.68	1106.67	56.94

(₹ in Lakhs)

Note No.	Notes Annexed and Forming Part of Balance Sheet	As at 31st March,2020	As at 31st March,2019
4	<b><u>DEFERRED TAX ASSET:</u></b>		
	Depreciation	(26.92)	(26.92)
	Losses	309.94	309.94
	Others	14.93	14.93
		<b>297.95</b>	<b>297.95</b>
5	<b><u>OTHER NON CURRENT ASSETS:</u></b>		
	<u>Unsecured considered good:</u>		
	Deposits with Govt authorities	98.48	87.81
	Capital advances	9.52	9.52
		<b>108.00</b>	<b>97.33</b>
6	<b><u>INVENTORIES:(at lower of cost and net realisable value)</u></b>		
	(a) Raw materials and bought-outcomponents	14.30	211.70
	(b) Work-in-progress	37.61	46.57
	(c) Finishedgoods		
	Cotton Yarn	174.68	27.53
	Cotton Waste	4.07	12.31
	(d) Stores and spares (including secondary packingmaterial)	62.38	54.52
	(e) Good in transit	0.00	0.72
		<b>293.04</b>	<b>353.35</b>
7	<b><u>TRADE RECEIVABLES:</u></b>		
	(Unsecured -considered good)		
	Exceeding Six Months	-	-
	Others	63.80	172.14
		<b>63.80</b>	<b>172.14</b>
8	<b><u>CASH AND CASH EQUIVALENTS:</u></b>		
	Cash in hand	0.43	0.16
	Balances with Banks		
	-In Current Accounts	8.02	2.47
	-Fixed Deposits	-	-
		<b>8.45</b>	<b>2.63</b>
9	<b><u>BANK BALANCES OTHER THAN CASH ANDCASH EQUIVALENTS</u></b>		
	Balances with Banks	5.81	5.81
	Held as margin / Fixed Deposits		
		<b>5.81</b>	<b>5.81</b>
10	<b><u>OTHER CURRENT FINANCIAL ASSETS</u></b>		
	<b><u>Unsecured, considered good unless stated otherwise</u></b>		
	Prepaid Expenses	2.38	2.47
	Employee related Advances	3.22	3.59
	Advance for purchase of Raw Material	14.00	7.17
	Advance for purchase of stores	20.91	10.41
	Advance for Expenses	5.41	3.40
	Other Advances	36.23	1.23
		<b>82.15</b>	<b>28.27</b>
11	<b><u>OTHER CURRENT ASSETS:</u></b>		
	<b><u>Unsecured, considered good unless stated otherwise</u></b>		
	Interest accrued on fixed deposits	2.10	1.64
	Receivable on account of sale of Machinery	58.32	58.32
	Receivable on account of Indirect income	6.19	6.19
	Receivable on account of VAT	63.44	63.44
		<b>130.05</b>	<b>129.59</b>

(₹ in Lakhs )

Note No.	Notes Annexed and Forming Part of Balance Sheet	As at 31st March,2019	As at 31st March,2018
<b>12</b>	<b>SHARE CAPITAL:</b>		
	i) Authorised Share capital 65,00,000 (65,00,000) Equity Shares of ₹ 10/- each 5,00,000 (5,00,000) 1% Cumulative Redeemable Preference Shares of ` 100/- each.	650.00 500.00	650.00 500.00
		<b>1150.00</b>	<b>1150.00</b>
	ii) Issued, Subscribed & Paid Up Capital 58,10,600 (58,10,600) Equity shares of ₹ 10/- each Less: Calls in arrears	581.06 2.52	581.06 2.52
		<b>578.54</b>	<b>578.54</b>
	Reconciliation of number of shares outstanding at the beginning and at the end of the year:		
		<b>As at 31.03.2020</b>	<b>As at 31.03.2018</b>
		₹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	<b>581.06    58,10,600</b>	<b>581.06    58,10,600</b>
	Details of shares held by shareholders holding more than 5% of shares		
		<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
	<b>Name of the Shareholders</b>	<b>No. of shares    % of holding</b>	<b>No. of shares    % of holding</b>
	<b>Equity Capital</b>		
	Shri Vanka Ravindranath	7,47,603    12.87	7,47,603    12.87
	Smt Vanka Raja Kumari	7,33,203    12.62	7,33,203    12.62
	Shri Vanka Raghuv eer	7,33,203    12.62	7,33,203    12.62
	Ms. Vanka Ravali	7,33,203    12.62	7,33,203    12.62
<b>13</b>	<b>OTHER EQUITY:</b>		
	i) General reserve		
	Opening Balance		17.50    17.50
	Add: Additions		-    -
	Less: Utilised/transferred		-    -
	Closing Balance	(A)	<b>17.50    17.50</b>
	ii) Surplus/(Deficit) in Statement of profit and loss		
	Opening Balance		(1946.96)    (1899.72)
	Add: Net Loss transferred from statement of Profit & Loss		(252.52)    (47.24)
	Closing Balance	(B)	<b>(2199.48)    (1946.96)</b>
		(A+B)	<b>(2181.98)    (1929.46)</b>

Note No.	Notes Annexed and Forming Part of Balance Sheet	As at 31st March,2019	As at 31st March,2018
<b>14</b>	<b><u>NON-CURRENT BORROWINGS</u></b>		
	a) HDFC Bank Vehicle Loan-I	-	0.0
	b) HDFC Bank Vehicle Loan-II	-	0.35
	<b>Note:</b> The above loan was primarily secured by hypothecation of Specific assets purchased out of above finance.		
	<b>Terms &amp; Conditions</b>		
		I	II
	Amount Sanctioned :	13.45	13.70
	No. of Installments :	47	47
	Rate of Interest :	10.05%	10.00%
	(The company is regular in repayment of installment amounts on		
	c) Unsecured Loans		
	i) Inter Corporate Loan	2105.00	2174.50
	d) Preference Shares	500.00	500.00
		<b>2605.00</b>	<b>2674.85</b>
<b>15</b>	<b><u>TRADE PAYABLES:</u></b>		
	i) Due to Micro, Small &Medium Enterprises	-	-
	ii) Others	26.12	292.56
		<b>26.12</b>	<b>292.56</b>
<b>16</b>	<b><u>OTHER CURRENT FINANCIAL LIABILITIES</u></b>		
	Current maturities of Long term Debt	0.35	5.68
		<b>0.35</b>	<b>5.68</b>
<b>17</b>	<b><u>CURRENT PROVISIONS</u></b>		
	Bonus Payable	6.00	5.50
	Gratuity payable	64.98	66.13
		<b>70.98</b>	<b>71.63</b>
<b>18</b>	<b><u>OTHER CURRENT LIABILITIES:</u></b>		
	i) Other Payables	903.18	330.84
	a) Advance from customers	10.85	23.74
	b) Statutory Liabilities	29.15	21.35
	c) Employee related payables	0.00	91.00
	d) Creditors for Capital Goods	42.31	41.72
	e) Creditors for Commission	72.22	87.02
	f) Creditors for Expenses		
		<b>1057.71</b>	<b>595.67</b>

( ₹ in Lakhs )

Note No.	Notes Annexed and Forming part of Profit & Loss	Year ended March 31,2020	Year ended March 31,2019
19	<b><u>REVENUE FROM OPERATIONS:</u></b>		
	a) Sale of Products:	2394.31	4039.78
	b) Other Operating Revenues:	25.46	-
	Less: Excise Duty:	-	-
		<b>2419.77</b>	<b>4039.78</b>
20	<b><u>OTHERINCOME:</u></b>		
	Interest Income	5.98	6.77
	Interest Income on Income Tax refunds	0.07	-
	Gain from Sale of Fixed Asset	-	12.00
	Credit balances written Off	0.29	0.22
	Misc Income	-	0.29
	Insurance Claims Received	-	9.51
		<b>6.34</b>	<b>28.79</b>
21	<b><u>COST OF MATERIALS CONSUMED:</u></b>		
	Opening Stock of Cotton Lint	211.70	37.33
	Add: Purchases	1592.25	2663.98
	Less: Closing Stock of Cotton Lint	14.30	211.70
		<b>1789.65</b>	<b>2489.61</b>
22	<b><u>CHANGE IN INVENTORIES OF FINISHED GOODS WORK-IN-PROCESS &amp; STOCK IN TRADE:</u></b>		
	<b>Inventories at the beginning of the year</b>		
	Finished Goods	27.53	55.95
	Stock-in-Process	46.57	43.48
	Process waste	12.31	12.60
		<b>86.41</b>	<b>112.03</b>
	<b>Inventories at the end of the year</b>		
	Finished Goods	174.68	27.53
	Stock-in-Process	37.61	46.57
	Process waste	4.07	12.31
		<b>216.36</b>	<b>86.41</b>
		<b>(129.95)</b>	<b>25.62</b>
23	<b><u>EMPLOYEE BENEFIT EXPENSES:</u></b>		
	Salaries	200.30	227.13
	Contributions to Provident fund and other funds	14.03	16.78
	Gratuity Fund Contribution	6.50	6.24
	Welfare Expenses	11.01	16.04
		<b>231.84</b>	<b>266.19</b>

( ₹ in Lakhs )

Note No.	Notes Annexed and Forming part of Profit & Loss	Year ended March 31,2020	Year ended March 31,2019
24	<b><u>FINANCE COST:</u></b> Interest Paid to Banks On Vehicle Loans Interest paid to Others		
		0.30	1.02
		0.04	0.01
		<b>0.34</b>	<b>1.03</b>
25	<b><u>OTHER EXPENSES:</u></b> Stores and spares Consumed Power & Fuel Taxes & Licences Repairs & Maintenance --Factory Building --Plant & Machinery --Others Selling expenses Payment to Auditors Professional charges Insurance Postage, Telephone& Printing Traveling & Conveyance Expenses Others Loss on sale of assets		
		82.85	92.28
		374.36	438.92
		12.68	10.75
		0.28	1.08
		133.58	173.07
		0.10	0.37
		28.11	37.35
		0.33	0.55
		4.89	2.53
		3.56	1.84
		1.93	4.91
		0.75	0.45
		22.63	26.77
		2.12	0.00
		<b>668.17</b>	<b>790.87</b>



## **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 vide CIN NO: L18100AP1981PLC104439. Its shares are listed on Bombay Stock Exchange in India. The company is engaged in the manufacture and sale of cotton yarn.

### **2. Statement on Accounting Policies**

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and guidelines issued by the Securities and Exchange Board of India (SEBI).

The accounting policies are applied consistently to all the periods presented in the financial statements.

#### **a) Basis of preparation of financial statements**

The financial statement has been prepared on the historical cost convention under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

#### **b) Use of Estimates :**

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

#### **c) Revenue Recognition :**

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances rebates and amounts collected on behalf of third parties. It includes Excise Duty but excludes Value Added Tax, Sales Tax, GST and Service tax.

Effective from 1st April 2018, the Company adopted Ind AS 115-"Revenue from contracts with customers" and applied prospectively contracts with customers, existing as on 1st April 2018. The applicability of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the financial results of the company.

**Sale of products:**

Revenue from sale of products is recognized, when significant risks and rewards of ownership pass to the dealer / customer, as per terms of contract and it is probable that the economic benefits associated with the transaction will flow to the Company.

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.

**d) Property, Plant and Equipment**

Freehold Land is carried at historical cost. All other items of Property Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred up to the date the asset is ready for its intended use. However, cost excludes Excise Duty, Value Added Tax and Service Tax, to the extent credit of the duty or tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is de-recognized when replaced. All other repairs and maintenance are charged to Profit or Loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

**e) 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.

**f) Inventories :**

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and cost necessary to make the sale.

i) Cost of raw materials, components, stores, spares and work-in-process are valued at cost, determined on a first-in-first-out basis.

ii) By-products and scrap are valued at net realizable value and it is reduced from cost of the main product.

**g) Borrowing Costs :**

Borrowing costs incurred in connection with the funds borrowed for acquisition/erection of assets that necessarily take substantial period of time to get ready for intended use, are capitalized as part of such assets. Interest income earned on the temporary investment of

specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowings costs. All other borrowing costs are charged to revenue.

## **h) Employee benefits**

### **(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 liability or asset recognized in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the Government Bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income (net-off deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

### **(ii) Provident Fund and Employees' state Insurance Scheme:**

Eligible employees of The Kakatiya Textiles Limited receive benefits from a provident fund and Employees' State Insurance scheme which is a defined benefit plan. Both the eligible employee and the company make monthly contributions to the Provident Fund and Employees' State Insurance equal to a specified percentage of the covered employee's salary.

## **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 :**

**i) Provision:**

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is recorded when products are sold based on technical evaluation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are discounted when time value of money is material. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expenses.

**ii) Contingent liabilities:**

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

**iii) Contingent assets:**

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 :**

The company's Basic EPS is calculated by dividing profit or loss from continuing operations attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period as per IND AS-33, Earnings per Share.

The diluted EPS of an entity is calculated on the same basis as basic EPS, after adjusting for the effects of dilutive potential ordinary shares unless the effect of the potential dilutive equity shares is anti-dilutive

**m) Cash and Cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions/banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown with in borrowings in current liabilities in the balance sheet.

**n) Cash flow statement:**

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

**o) Government Grants:**

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Grants related to revenue items are presented as part of profit or loss under general heading such as other income or they are deducted in reporting the related expenses.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

**26. Auditors Remuneration:**

Particulars	(₹ in Lakhs)	
	31.03.2020	31.03.2019
Auditors Remuneration:		
As Statutory Auditors	0.30	0.25
Reimbursement of expenses	0.03	0.30
	<b>0.33</b>	<b>0.55</b>

## 27. Earnings Per Share (E.P.S) – AS-20:

		(₹ In Lakhs)	
P A R T I C U L A R S		31.03.2020	31.03.2019
i)	Net Profit attributable to the ordinary share holders for Basic & Diluted Earnings per Share (Before Extra-ordinary items)	(252.52)	(47.24)
ii)	Net Profit attributable to the ordinary share holders for Basic & Diluted Earnings per Share (After Extra-ordinary items)	(252.52)	(47.24)
ii)	No. of ordinary shares	5785350	5785350
iii)	Nominal value per share (₹)	10	10
iv)	Weighted average No of equity shares	5785350	5785350
v)	Basic & Diluted Earnings per Share (₹) (Before Extra-Ordinary items)	(4.36)	(0.82)
v)	Basic & Diluted Earnings per Share (₹) (After Extra-ordinary items)	(4.36)	(0.82)

## 28. Particulars disclosed pursuant to “Ind AS-24 Related Party Disclosures”.

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

Related Party Disclosure(as certified by the Management)		(₹ In Lakhs)		
Sl. No.	Nature of transaction	Key Management Personnel	Relatives of Key Management Personnel	Companies / firms controlled by KMP / Relatives of KMP
		₹	₹	₹
1	<b>Sale of goods, Machinery &amp; Stores</b>			
	---- SVR Spinning Mills Pvt Ltd	--	--	0.73
	---- Ravali Spinners Pvt Ltd	--	--	66.77
2	<b>Purchase of Goods,Packing Material &amp; Machinery from</b>			
	---- SVR Spinning Mills Pvt Ltd	--	--	22.04
	---- Ravali Spinners Pvt Ltd	--	--	394.78

Sl.No.	Nature of transaction	Key Management Personnel	Relatives of Key Management Personnel	Companies / firms controlled by KMP / Relatives of KMP
	<b>Balances as at 31.03.2020</b>			
3	<b>Share capital of the company held by</b>			
	<b>Equity Share Capital</b>			
	Shri Vanka RavindraNath	74.76	--	--
	Smt Vanka Raja Kumari	73.32	--	--
	Shri Vanka Raghuv eer	--	73.32	--
	Ms. Vanka Ravali	--	73.32	--
	<b>Preference Share Capital</b>			
	Shri Vanka RavindraNath	125.00	--	--
	Smt Vanka Raja Kumari	125.00	--	--
	Shri Vanka Raghuv eer	--	125.00	--
	Ms. Vanka Ravali	--	125.00	--
4	<b>Amount due to</b>			
	---- Ravali Spinners Pvt Ltd (Net)	--	--	900.52
	---- Raghuv eer Infra & Fashions Pvt Ltd	--	--	2105.00
5	<b>Amount due from</b>			
	---- SVR Spinning Mills Pvt Ltd	--	--	0.32
	---- Indian Hair Industries Pvt Ltd	--	--	35.00

27. Disclosure on payments and dues to "suppliers" as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" ('The Act').

	Particulars	31-03-2020	31-03-2019
1.	Principal amount due to suppliers under MSMED Act, as at the end of the year Principal amount of bills to be paid.	-NIL-	-NIL-
2.	Interest accrued and due to suppliers under MSMED Act on the above amount as at the end of the year.	-NIL-	-NIL-
3.	Payment made to suppliers (other than interest) beyond the appointed day, during the year	-NIL-	-NIL-
4.	Interest paid to suppliers under MSMED Act (other than Section 16)	-NIL-	-NIL-
5.	Interest paid to suppliers under MSMED Act (Section 16)	-NIL-	-NIL-
6.	Interest due and payable to suppliers under MSMED Act, for payments already made.	-NIL-	-NIL-
7.	Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) + (iv)	-NIL-	-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 31.03.2020

28. The company operates in one primary segment. i.e., Textiles Hence reporting under Ind AS-108 was not applicable.

29. The previous year's figures have been regrouped / reclassified wherever necessary to conform to the current period presentation.

As per our report of even date  
For **Chevuturi Associates**  
Chartered Accountants  
Firm Regn.No.000632S

Sd/-  
**(CA Rajitha Vemuri)**  
Partner  
ICAI M.No.209237

Date: 29<sup>th</sup> June 2020  
Place: Tanuku

For and on behalf of Board  
**Kakatiya Textiles Limited**

Sd/-  
**Vanka Raja Kumari**  
Director  
DIN .00480392  
Sd/-  
**N. Hanumantha Rao**  
Chief Financial Officer

Sd/-  
**Vanka Ravindranath**  
Director  
DIN .00480295  
Sd/-  
**Peeyush Sethia**  
Company Secretary



If undelivered please return to :  
**KAKATIYA TEXTILES LIMITED**  
Plot No. 9 & 10, Industrial Estate,  
Tetali, Tanuku, West Godavari - 534218,  
Andhra Pradesh