

Board of Directors	Mr. Sabu M Jacob Mr. M. C. Jacob Mr. Benni Joseph Mr. C. Mohan Mr. M. P. Kuriakose	<i>Chairman & Managing Director</i>
Auditors	M/s. Kolath & Co. Chartered Accountants 41/3951 A, O.R.S. Road Kacheripady, Kochi - 682018	
Legal Advisors	M/s. Dandapani Associates Advocates Thirupathi, T.D.Road North End,, Kochi -682035	
Registered Office	Building No.9/536A Kitex House Kizhakambalam Kochi -683562	
Corporate Office	Kitex House 3 rd Floor, Shenoy Chambers Shanmugham Road Kochi – 682 031	
Bankers	State Bank of India Punjab National Bank The Federal Bank Ltd	
Share Transfer Agents	M/s. Cameo Corporate Services Ltd Subramanian Building No.1 Club House Road, Chennai -600 002 Tel No. : 044 - 28460390 Fax No.044 - 28460129 E-mail Id: cameo@cameoindia.com	

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NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Kitex Garments Limited will be held at the Factory Premises of the Company at Building No. 9/536A, Kizhakkambalam, Alwaye – 683 562 on Monday, the 30th May, 2011 at 10 a. m. to transact the following business:-

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Directors' Report for the year ended 31st March 2011, audited Profit and Loss account of the company for the year, Balance Sheet as at that date, and the Report of the Auditors thereon.
- 2) To consider declaration of dividend for the year.
- 3) To appoint a Director in the place of Mr. M. P. Kuriakose, who retires by rotation and, being eligible offers himself for reappointment.
- 4) To appoint Auditors, M/s. Kolath & Co, Chartered Accountants, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

- 5) To consider, and if thought fit, to pass, with or without modifications, the following as an Ordinary Resolution:

“ RESOLVED that consent of the company be and is hereby accorded to the Board of Directors under section 293 (1) (d) and other applicable provisions, if any, of the Companies Act 1956 to borrow any sum or sums of money, from time to time, notwithstanding that the money or moneys to be borrowed, together with the moneys already borrowed by the company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), will or may, exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amounts so borrowed shall not exceed Rs.200 crores (Rs. Two hundred crores only)”

By Order of the Board of Directors
For KITEX GARMENTS LIMITED

sd/-
SABU M JACOB
Chairman & Managing Director

Ernakulam
25th April, 2011

NOTES :

- 1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member.
- 2) The instrument appointing a proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- 3) Members are requested to notify any changes in their addresses to the company at the Registered Office by quoting their Folio Numbers.
- 4) Any clarification needed on the accounts should be lodged in writing at the Registered Office of the Company on or before 5 P.M. on 25th May, 2011.
- 5) Members /proxies should bring the attendance slips duly filled in and **PHOTO ID** Proof for attending the meeting.

- 6) The Share Transfer Books and the Register of Members shall remain closed from 26th May, 2011 to 30th May, 2011 both days inclusive.
- 7) Applications for demat of shares, applications for transfer of shares and any related correspondence may be sent to the company's share transfer agents M/s Cameo Corporate Services Limited, Subramanian Building, No. 1, Club House Road, Chennai - 600002.
- 8) The Board of Directors have recommended a dividend at 40%(40Ps per Share of Re1/-) of the paid up capital for the year. If declared at the Annual General Meeting, the same will be paid to the share holders, whose names are on the Register of Members as on 30th May, 2011.
- 9) **Shareholders who have not encashed the Dividend warrants of the earlier years are requested to obtain fresh warrants by returning the old/timebarred warrants.**
- 10) Explanatory statement u/s 173 (2) of the Companies Act is annexed hereto in respect of the special business mentioned above.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT 1956

There is a proposal for expansion of the present production facilities with borrowings from banks / financial institutions Under Section 293 (1) (d) of the Companies Act the Board of Directors can borrow money on behalf of the company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), in excess of the paid-up capital of the Company and its free reserves, only with the consent of the Company in General Meeting. Accordingly an Ordinary Resolution is placed before the shareholders for their approval.

None of the Directors is concerned or interested in the above resolution

Details of Director seeking Re-appointment at the Annual General Meeting (In pursuance of Clause 49 of the listing agreement)

- | | | |
|--|---|--|
| a) Brief resume of the director | : | Mr.M.P.Kuriakose has been functioning as an independent Director of the Company since June, 2003 |
| b) Nature of his expertise in specific functional areas | : | Industrial Management. |
| c) Names of companies in which he holds directorship and membership of committees of the Board | : | Sevana Engineering Research Centre (P) Ltd |
| d) Shares held by him (both own or held/ for other persons on a beneficial basis) | : | 1000 |
| e) Relationship with other directors | : | Nil |

By Order of the Board of Directors
For KITEX GARMENTS LIMITED

sd/-

SABU M JACOB
Chairman & Managing Director

Ernakulam
25th April, 2011

DIRECTORS' REPORT TO THE MEMBERS OF KITEX GARMENTS LIMITED

The Directors have pleasure to present their Nineteenth Annual Report and the audited Annual Accounts for the year ended 31st March 2011.

FINANCIAL RESULTS

	Year ended 31 st March, 2011 (Rs in lakhs)	Year ended 31 st March, 2010 (Rs in lakhs)
Income from operations	26133.96	27342.37
Operating Profit	6766.35	6207.18
Profit before Depreciation & Finance charges	5346.48	4956.58
Profit before tax	3124.30	2779.03
Profit after tax	2063.27	1850.48

PERFORMANCE REVIEW

The total turnover for the year is Rs 24228.47 lakhs against the previous year turnover of Rs.24741.92 lakhs. The spurt in the price of yarn in the market and its consequent effect in the price of our product had affected the export in the first half of the financial year. However the revival of export sales in the second half year and the increase in sales in domestic market helped the company in maintaining the turnover at this level. The profit after tax is Rs.2063.27 lakhs against previous year profit after tax of Rs.1850.48 lakhs which shows an increase of 11.5%. This could be achieved by optimizing all operations.

FUTURE PROSPECTS

Despite escalating prices of yarn and stiff competition from other countries, international buyers show preference to your company's product for its quality and timely delivery and hence your Directors are confident of achieving better working results in the coming years.

DIVIDEND

Your directors recommend a dividend of 40% (40 Ps per Share of Re1/-) for the year ended 31st March, 2011, an increase of 10% over the previous year ended 31st March, 2010, subject to the approval of the shareholders at the ensuing Annual General Meeting.

CAPITAL EXPENDITURE

As at 31st March 2011 the gross fixed assets stood at Rs. 15403.53 lakhs and net fixed assets Rs 12231.21 lakhs. Additions during the year amounted to Rs 1055.38 lakhs, which include addition to land and building for Rs 106 lakhs, Plant & machinery and other assets amounting to Rs949.38 lacs.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors report that

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) The Directors have 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 profit and loss account of the company for that period.

- iii) The Directors have 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.
- iv) The Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, the report on Management Discussion and Analysis, Corporate Governance as well as the Auditor's Certificate regarding compliance of conditions of Corporate Governance, form part of the Annual Report. Secretarial compliance certificate from a practicing company secretary is also enclosed.

DISCLOSURE OF PARTICULARS

Information under Section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules, 1975 and Information as per Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure forming part of this report.

DIRECTORS

Mr.M.P.Kuriakose is retiring by rotation and, being eligible, offers himself for re-appointment.

AUDITORS

M/s. Kolath & Co., Chartered Accountants, Auditors of the Company will retire at the forthcoming Annual General Meeting and are eligible for reappointment.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for the whole hearted and sincere co-operation the Company has received from its bankers, State Bank of India, Punjab National Bank, The Federal Bank Ltd and various Government agencies. Your Directors also wish to thank all the employees for their co-operation.

For and on behalf of the Board of Directors

Sd/-

SABU M JACOB

Chairman & Managing Director

Ernakulam
25th April, 2011

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975

Name	Age (Yrs)	Designation	Qualification	Experience (Yrs)	Remuneration received (Rs in lakhs)	Date of Commencement of employment	Last employment/ Designation
A. Employed for the full year							
Sabu M Jacob	49	Managing Director	B A Economics	28	164.48	29.5.92	Kitex Ltd Executive Director

Information as per companies [Disclosure of particulars in the report of Board of directors] Rules, 1988

A. CONSERVATION OF ENERGY

The Company continues its efforts to improve methods for energy conservation and utilization by

- (1) More usage of electricity purchased from KSEB.
- (2) Improved efficiency of own generation by usage of diesel generator only for emergencies and as stand by.
- (3) Intensified vigil on wastage/leakage control.

Disclosure of particulars with respect to conservation of energy

POWER & FUEL CONSUMPTION

	Year Ended 31.03.2011	Year Ended 31.03.2010
Electricity		
a) Purchased		
Units (KWH)	86,09,898	48,12,136
Total Amount(Rs.)	3,60,87,450	1,97,70,517
Rate/Unit (Rs. KWH)	4.19	4.11
b) Own generation		
Through Diesel Generator		
Units (KWH)	1,11,773	39,85,937
Total Cost(Rs.)	13,52,651	4,20,97,783
Cost/Unit (Rs./KWH)	12.10	10.56

B. CONSUMPTION PER UNIT OF PRODUCTION

The company manufactures different types of garments like Hosiers, Shirts, Pants, Jackets, Innerwear, Outerwear etc. and power consumption cannot be appropriated separately.

C. TECHNOLOGY ABSORPTION

Disclosure of particulars with respect to technology absorption:-

RESEARCH & DEVELOPMENT

1. SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY.

- a) Quality Up gradation
- b) Developing wide range of products
- c) Productivity enhancement
- d) Quality Control Management

2. BENEFITS DERIVED AS A RESULT OF THE ABOVE R&D

- a) Increase in production and capacity utilization
- b) Repeat order from customers due to consistency in quality

3. FUTURE PLAN OF ACTION

- a) Cost-efficiency in manufacturing operations through better methods and techniques of production.
- b) Increasing range of production.
- c) Development of new markets.

4. EXPENDITURE IN R&D

Specific expenditure of recurring or capital nature is not involved.

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

EFFORTS

Development of products of International Quality and Standards particularly for exports of merchandise and implementation of total Quality Assurance System for this purpose.

BENEFITS

- a) Export of Merchandise increased.
- b) Quality of products improved.
- c) Scoring high points in evaluation by reputed foreign buyers.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

	2010-2011 (Rs in lakhs)	2009 - 2010 (Rs in lakhs)
Earnings on account of Exports	17142.67	23659.49
Outgo on account of Import & Expenditure	3038.43	3328.03

For and on behalf of the Board of Directors

Sd/-

SABU M JACOB
Chairman & Managing Director

Ernakulam
25-4-2011

MANAGEMENT DISCUSSION AND ANALYSIS

This report discusses and analyses the performance for the year ended 31st March 2011.

➤ Overall review of operations

The company is in the business of manufacturing and exporting garments. The Company had achieved a turnover of Rs. 26133 lakhs though there is a reduction in export of garments. The operational profits has improved on account of optimizing all the operations of the company.

➤ Industry

The Indian textile industry plays a vital role in the economy of the country by contributing to GDP, generating employment and earning foreign exchange.

➤ Opportunities and Threats

The big business houses in America and Europe manufacturing and dealing in textiles and garments will be forced to depend upon India, China and the neighbouring countries to get the required output at the lowest possible cost either by outsourcing or contracting, due to availability of the raw materials and skilled labour in these countries.

However we perceive threats by way of competition from the neighbouring countries like China, Pakistan and Srilanka. Although the competition is hectic we have an edge over others with our quality and timely execution of orders. The more transit time due to geographical position and appreciation of the rupee are major concerns for the growth of the industry.

➤ Outlook

The company is taking all efforts to improve the quality and productivity to get more orders at competitive rates. Due to the addition of the new processing plant the company is able to quote better rates and maintain high quality & productivity in the finished goods manufactured. Barring unforeseen circumstances the company is confident of achieving better results in the current year.

➤ Internal Control Systems and their Adequacy

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorised, recorded and reported correctly.

The internal control is exercised through documented policies, guidelines and procedures. It is supplemented by an extensive program of internal audits conducted by in house trained personnel. The audit observations and corrective action taken thereon are periodically reviewed by the audit committee to ensure effectiveness of the internal control system. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of persons.

➤ Financial and operational performance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles in India. Please refer Board Report on performance review.

➤ Human Resources/Industrial Relations

The Company's HR philosophy is to establish and build a high performing organization, where each individual is motivated to perform to the fullest capacity: to contribute to developing and achieving individual excellence and departmental objectives and continuously improve performance to realize the full potential of our personnel. The Company is giving direct employment to 2609 employees. Industrial relations are cordial and satisfactory.

➤ Cautionary Statement

Statements made herein describing the Company's expectations or predictions are "forward-looking statements". The actual results may differ from those expected or predicted. Prime factors that may make a difference to the Company's performance include market conditions, input costs, govt. regulations, economic developments within/ outside country etc.

CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The company aims at not only its own growth but also maximization of benefits to the shareholders, employees, customers, government and also the general public at large. For this purpose the company continuously strives to improve its level of overall efficiency through good corporate governance, which envisages transparency, professionalism and accountability in all its operations.

2. BOARD OF DIRECTORS

Composition of the Board and category of Directors

SINo	Category	Name of the Director
1	Promoter – Chairman & Managing Director	Sabu M Jacob
2	Promoter Non-executive	M.C.Jacob
3	Independent and Non-executive	Benni Joseph
4	Independent and Non-executive	C.Mohan
5	Independent and Non-executive	M P Kuriakose

Except Mr M C Jacob and Mr Sabu M Jacob who are related as father and son, no director is related to any other director.

Attendance of each Director at the Board Meeting and Last Annual General Meeting

Name of the Director	No. of Board Meetings attended	Attendance at the AGM	No. of other Directorships held	No. of Member ship in Committee of Board
Sabu M Jacob	7	Present	1	NIL
M.C.Jacob	3	Absent	2	NIL
Benni Joseph	3	Absent	1	NIL
C.Mohan	4	Present	NIL	NIL
M P Kuriakose	4	Present	NIL	NIL

Seven Board Meetings were held during the year on 15.05.2010, 31.07.2010, 20.08.2010, 15.11.2010, 27.11.2010, 07.02.2011 and 28.03.2011.. Last Annual General Meeting was held on 30.12..2010

3. CODE OF CONDUCT

The Board at its meeting held on 29th January, 2006 has adopted a code of conduct for all Board members and senior management of the company. The term senior management means personnel of the company who are members of its core management team excluding Board of Directors. Normally this would comprise all members of management one level below the executive directors, including all functional heads.

The code has been circulated to all members of the Board and senior management and the compliance of the same has been affirmed by them.

A declaration signed by the Chairman and Managing Director is given below.

I hereby confirm that:

"The company has obtained from all the members of the Board and senior management, affirmation that they have complied with the code of conduct for directors and senior management in respect of the financial year 2010/11.

sd/-
Sabu M Jacob
Chairman and Managing Director

4. AUDIT COMMITTEE:

Brief description of terms of reference:

To oversee the company's financial reporting process, internal control systems, reviewing the accounting policies and practices; ensuring that financial statements are correct, sufficient and credible; reviewing with management the annual financial statements for submission to the Board; reviewing the internal audit observations and action taken thereon; ensuring compliance with Stock Exchange and other legal requirements and also recommending of the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services. The composition, role, functions and powers of the Audit Committee are in consonance with the requirements of applicable laws, rules and regulations

Composition, names of members and chairperson:

Name of the Director	Category	No. of meetings held	No. of meetings attended
C. Mohan	Chairman	5	5
Benni Joseph	Member	5	5
M C Jacob	Member	5	4

The Committee has met five times on 10.05.2010, 25.07.2010, 10.11.2010, 27.11.2010 and 03.02.2011 during the year.

5. Remuneration Committee

The Committee has Mr. M P Kuriakose as Chairman and Mr. C Mohan and Mr. Benni Joseph as Members. The committee has met once on 20.11.2010.

DIRECTORS REMUNERATION

The Managing Director was paid remuneration of Rs. 1,64,47,923 consisting of Rs 24,00,000/- as salary, Rs 6,00,000/- as allowances, Rs.288000 as Provident Fund Contribution and Rs 1,31,59,923 as commission for the year. Other non-executive directors were paid sitting fees as follows:

1. Mr. M C Jacob	Rs 35000 /-
2. Mr. Benni Joseph	Rs 44000 /-
3. Mr. C Mohan	Rs 47000/-
4. Mr. M P Kuriakose	Rs 22000/-

6. Shareholder's/Investors Grievances Committee:

Composition, names of members

The Committee has Mr. Benni Joseph as Chairman and Mr. Sabu M Jacob as Member.

Company received oral & written enquiries from the shareholders, which were responded/replied immediately. The Committee met once on 20.11.2010 for reviewing the status of the investor complaints.

7. General Body Meetings

(i) The Annual General Meetings for the last three years were held as follows:

Year	Venue	Date	Day	Time
2009-10	Building No. 9/536A, Kizhakkambalam, Aluva – 683 562	30.12.2010	Thursday	10.00 a.m
2008-09	Building No. 9/536A, Kizhakkambalam, Aluva – 683 562	30.09.2009	Wednesday	10.00 a.m
2007-08	Building No. 9/536A, Kizhakkambalam, Aluva – 683 562	29.09.2008	Monday	10.00 a.m.

* Whether special resolutions were passed through postal ballots: No

* Are votes proposed to be conducted through postal ballots this year: No

8. Disclosures:

- 1. Disclosures on materially significant related party transactions i.e., transactions of the company of material nature, with its promoter, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large:**

All transactions with related parties were in the ordinary course of business and at arm's length. The company has not entered into any transaction of a material nature with any of the related parties which are in conflict with the interest of the company.

The details of related party transactions are disclosed in Sch 16 – Notes attached to and forming part of accounts.

- 2. Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange, SEBI or any statutory authority, on any matter related to capital markets, during the last three years.**

None

- 3. Compliance with Accounting Standards**

In the preparation of financial statements there is no deviation from the prescribed Accounting Standards.

- 4. Compliance Certificate from the auditors**

Certificate from the auditors of the company confirming compliance with the mandatory requirements under clause 49 of the listing agreement is annexed to this report. This certificate has also been forwarded to the Stock Exchanges where the shares of company are listed.

- 5. Adoption of non mandatory requirements under clause 49**

The company complies with the following non-mandatory requirements under clause 49

- (a) Remuneration Committee**

The Board has constituted a remuneration committee consisting of three directors all of whom are non executive directors, the chairman of the committee being an independent director. The remuneration committee recommends/reviews remuneration of the Managing Director.

- (b) Whistle blower policy**

The company has put in place a mechanism of reporting illegal or unethical behaviour. Employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor/notified persons. The reports received from any employee will be reviewed by the audit committee. It is affirmed that no person has been denied access to the audit committee in this respect. The Directors and senior management are to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discriminatory practice.

- 9. Means of Communication**

Whether Half yearly reports sent to each household of shareholders:

Although, half yearly report is not sent to each household of shareholders, the company publishes the same in Malayala Manorama and The Economic times.

Quarterly results:

The quarterly results of the company are published in Malayala Manorama and The Economic times.

A detailed report on Managerial Discussion and Analysis is enclosed herewith as part of Annual Report.

- 10. General Shareholder Information:**

- | | | |
|---|---|---|
| 1. Annual General Meeting | : | 30 th May , 2011 at 10 A.M. |
| Venue | : | Building , 9/536A, Kitex House,
Kizhakkambalam. |
| 2. Financial Year | : | 2010-11 April to March |
| 3. Book closure date | : | 26 th to 30 th May , 2011 both days inclusive |
| 4. Dividend recommended for the year | : | 40% (40Ps per Share of Re1/-) |
| 5. Listing on stock exchange | : | Cochin and Mumbai |
| 6. Stock Code | : | COCHIN: KGR MUMBAI: 521248 |
| 7. Market price Data (Face value of Re 1) (BSE) | : | High: Rs.47.00 Low: Rs.19.50 |

Kitex Garments Limited

Month	High	Low
April 2010	30.00	24.25
May 2010	29.40	19.50
June 2010	29.90	22.10
July 2010	28.40	25.00
August 2010	28.00	22.55
September 2010	29.00	25.60
October 2010	47.00	26.10
November 2010	45.85	38.50
December 2010	41.50	35.25
January 2011	40.70	35.05
February 2011	40.50	33.30
March 2011	39.50	33.05

8. Performance in comparison to broad-based indices: NA
9. Share transfer system: During the year the share transfers which were received in physical form and for which documents were valid and complete in all respects, were processed and the share certificates were returned within a period of 30 days from the date of receipt.
10. Distribution of shareholding:

(a) The shareholding pattern as on 31st March 2011 is as follows.

Sl. No.	Category	No. of shares	%
1.	Promoters	26055555	54.85
2.	Private Body corporate, Indian Public, and others	21444445	45.15
	Total	47500000	100.00

(b) Distribution of shareholding as on 31-03-11

Distribution of shares	No. of shareholders	% to total no. of shareholders	No. of shares held	% to total share capital
Upto 5000	6463	96.3332	5150336	10.84
5001 - 10000	123	1.8333	926198	1.95
10001 – 20000	47	0.7005	683768	1.44
20001 - 30000	17	0.2533	414020	0.87
30001 - 40000	11	0.1639	380341	0.80
40001 - 50000	5	0.0745	237731	0.50
50001 - 100000	15	0.2235	1054868	2.22
Above 100000	28	0.4173	38652738	81.38
TOTAL	6709	100.00	47500000	100.00

11. Dematerialisation of shares and liquidity: The company has arranged agreements with National Securities Depositories Limited (NSDL) and Central Depository Services Limited (CDSL) for Dematerialisation of shares through Cameo Corporate Services Limited.

12. Outstanding GDR/ADR/Warrants or any convertible instruments, conversion instruments, conversion date and impact on equity: NIL
13. Plant location: Kizhakkambalam.
14. Address for correspondence: P.B.No.5, KIZHAKKALMBALAM, ALUVA – 683562, KERALA.

Ernakulam
25th April, 2011

Sd/-
SABU M JACOB
Chairman & Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of **KITEX GARMENTS LIMITED**

1. We have examined the compliance of conditions of Corporate Governance by Kitex Garments Limited for the year ended 31ST March, 2011 as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof adopted by the company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreements.
4. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **KOLATH & CO**
Chartered Accountants

sd/-
CA. Liju V. Rajan Kolath
Partner
Membership No. 209309
Firm Regn. No. 008926S

Ernakulam
25-4-2011

SECRETARIAL COMPLIANCE CERTIFICATE

CIN: L18101KL1992PLC006528

Nominal Capital : Rs. 5,00,00,000 (Rupees Five Crores)

To THE MEMBERS

M/s. KITEX GARMENTS LTD.

P B No. 5, KIZHAKKAMBALAM

ALWAYE, ERNAKULAM

KERALA – 683562

We have examined the registers, records, books and papers of **M/s. KITEX GARMENTS LIMITED** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2011** (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure A** to this certificate, as per the provisions of the Companies Act and the Rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure B** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company being a Public Limited Company has minimum prescribed paid up capital.
4. The Board of Directors duly met 7 (Seven) times respectively on 15.05.2010, 31.07.2010, 20.08.2010, 15.11.2010, 27.11.2010, 07.02.2011 and 28.03.2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members during the financial year from 27th December 2010 to 30th December 2010 and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March 2010 was held on 30th December, 2010 after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose. The Company has obtained approval of registrar of companies for extension of Annual General Meeting up to 31.12.2010.
7. No Extra ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or Companies referred to under Section 295 of the Act.
9. During the financial year under scrutiny, the Company has entered into transactions with M/s. Anna Aluminium (P) Ltd. And M/s. Sara Spices for a total amount of Rs. 902234/- which fall under the purview of Section 297. However the management represents that these transactions are executed on cash basis at prevailing market prices, in compliance of Section 297.
10. The Company has made necessary entries in the Register of Contracts maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government, as the case may be.
12. The Board of directors or duly constituted committee of directors has approved the issue of duplicate share certificate.
13. The Company has:
 - (i) delivered all the certificates on lodgment thereof for transfer or for any other purpose in accordance with the provisions of the Act. There was no allotment or transmission of securities during the financial year.

- (ii) deposited the amount of dividend declared in a separate bank account on 03rd January, 2011 which is within 5 days from the date of declaration of such dividend.
 - (iii) posted warrants for dividends to all members within a period of 30 days from the date of declaration and has transferred unclaimed/unpaid dividend to unclaimed/unpaid dividend account.
 - (iv) was not required to transfer any unclaimed or unpaid dividends which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
 - (v) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
 15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
 16. The Company has not appointed any sole selling agents during the financial year.
 17. The Company has obtained approval of the Registrar of Companies for extension Annual General Meeting up to 31.12.2010, during the financial year.
 18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the Rules made there under.
 19. The Company has not issued any shares, debentures or other securities during the financial year.
 20. The Company has not bought back any shares during the financial year.
 21. There was no redemption of preference shares or debentures during the financial year.
 22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
 23. The Company has not accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
 24. The Company's borrowings during the financial year ended 31.03.2011 are within its borrowing limits.
 25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
 26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
 27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the year under scrutiny.
 28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the year under scrutiny.
 29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the year under scrutiny.
 30. The Company has not altered its Articles of Association during the financial year.
 31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment were imposed on the Company during the financial year. However during the year 2010-11, ESI, has raised a demand of Rs.57,72,341 for the years from 2003 to 2009. The Company has disputed the claim and obtained stay from Hon. ESI Court, Alappuzha, against the deposit of Rs.15 Lakhs.
 32. The Company has not received any money as security from its employees during the financial year.
 33. The Company has not constituted a separate Provident Fund Trust for its employees or class of employees as contemplated under Section 418 of the Act.

For SVJS & Associates
Company Secretaries

sd/-
Jayan K.
Partner
CP No. 7363

Ernakulam
25.4.2011

KITEX GARMENTS LIMITED

CIN: L18101KL1992PLC006528

SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31.03.2011

Annexure A

Registers as maintained by the Company - Statutory Registers

1. Register of Charges u/s 143
2. Register of Members u/s 150
3. Registers and Returns u/s 163
4. Books of Account u/s 209
5. Register of particulars of contracts in which the directors are interested u/s 301
6. Register of Directors, Managing Director, Manager and Secretary u/s 303
7. Register of Disclosure of Interest by Directors
8. Register of Directors' Shareholdings u/s 307
9. Minutes Book of Meetings
10. Register of investments or loan made, guarantee given or security provided u/s 372A

Annexure B

Forms and returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government and other authorities during the financial year ended on 31st March 2011.

Sl. No	Form No /Return	Filed under section	For	Date of filing	Whether filed in the prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1	Form 66	383A	Secretarial Compliance Certificate for the year ended 31.03.2010	25.01.2011	Yes	NA
2	Form 23 AC	220	Balance Sheet as on 31.03.2010	29.01.2011	Yes	NA
3	Form 23 ACA	220	Profit and loss account for the year ended 2009 - 2010	29.01.2011	Yes	NA
4	Form 20B	159	Annual Return up to 30.12.2010	11.03.2011	No	Yes
5	Form 32	303(2)	Cessation of Secretary	09.02.2011	No	Yes
6	Form 8	127	Modification of Charge	27.08.2010	No	Yes
7	Form 8	127	Creation of Charge	12.02.2011	No	Yes
8	Form 21	621A	Notice of CLB order	26.06.2010	Yes	NA
9	Form 23	192	Registration of resolutions	28.01.2011	Yes	NA
10	Form 61	166	Extension of AGM	20.08.2010	-	-

For SVJS & Associates
Company Secretaries

Ernakulam
25.4.2011

sd/-
Jayan K.
Partner
CP No. 7363

AUDITORS' REPORT

To the Members of KITEX GARMENTS LIMITED.

1. We have audited the attached Balance Sheet of KITEX GARMENTS LIMITED, as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto, in which are incorporated the returns from Taipei Branch audited by a member of Taipei Certified Public Accountants as Branch auditor, appointed by the Company.. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from Taipei Branch. The Branch Auditor's Report on the accounts of Taipei Branch has been forwarded to us and have been suitably dealt with by us in preparing this report;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the Branch;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the Directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **KOLATH & CO**
Chartered Accountants

sd/-

CA. Liju V. Rajan Kolath
Partner
Membership No. 209309
Firm Regn. No. 008926S

Ernakulam
25-4-2011

Annexure referred to in paragraph 3 of the Auditor's Report of even date to the members of the KITEX GARMENTS LIMITED on the Accounts for the year ended on 31st March, 2011.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us by the management, we report that: -

(i) Fixed Assets:

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) During the year, the Company has not disposed off a substantial part of its fixed assets, which affect the going concern status of the Company.

(ii) Inventories:

- (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.

(iii) Loans taken/granted:

The Company has neither granted nor taken any loans, secured or unsecured, to/from Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

(iv) Internal Control

In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and also with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

(v) Section 301

- (a) In our opinion and according to the information and explanations given to us, we are of the opinion that the transactions made in pursuance of contracts or arrangements, that need to be entered in the Register maintained under Section 301 of the Companies Act, 1956, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956, and exceeding the value of Rs. 5 Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) Deposit from Public

In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. Therefore, the provisions of clause 4 (vi) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.

(vii) Internal Audit

In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

(viii) Cost Records

According to the information and explanations given to us, the Central Government has prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.

(ix) Payment of Statutory dues

- (a) The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales

tax, wealth tax, service tax, customs duty, excise duty, cess and any other material statutory dues applicable to the Company.

According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears, as at 31.03.2011 for a period of more than six months from the date they became payable except the following:-

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act	Tax Deducted at Source	34,98,629	2009-2010	31.05.2010	20.04.2011

(b) According to the information and explanations given to us, the following dues demanded by the relevant authority have not been deposited on account of pending disputes:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which it Relates	Forum where Dispute is Pending
Customs Act	Customs Duty	3,25,20,531/- (out of which Rs.1,21,29,942/- has been paid)	1997-98	Honourable High Court of Kerala
Customs Act	Customs Duty	27,52,846/- (out of which Rs.5,00,000/ has been deposited)	2004-05	Honourable High Court of Kerala
Income Tax Act	Income Tax	6,29,406/-	AY 2003-04 & 2004-05	Honourable High court of Kerala
Income Tax Act	Income Tax	38,32,909/- (Out of which Rs.31,50,000/ has been deposited)	AY 2006-07	Commissioner of Income Tax (Appeals)
Income Tax Act	Income Tax	23,93,497/-	AY 2007-08	Deputy Commissioner of Income Tax
Income Tax Act	Income Tax	3,16,22,680/- (Out of which Rs.1,00,00,000 has been deposited)	AY 2008-09	Commissioner of Income Tax (Appeals)
Provident Fund Act	Provident Fund	1,31,86,588/- (Out of which Rs.52,74,636/- has been deposited)	1999-00 to 2005-06	Provident Fund Appellate Tribunal
Employees State Insurance Act	Employee State Insurance	3.68 Lakhs (Out of which Rs.75,000/- has been deposited)	Upto 1998-99	Honourable ESI Court
Employees State Insurance Act	Employee State Insurance	6.11 Lakhs (Out of which Rs.50,000/- has been deposited)	1999 -00 to 2001-02.	Honourable ESI Court
Employees State Insurance Act	Employee State Insurance	57,72,341/- (Out of which Rs.15,00,000/- has been deposited)	2003 to 2009	Honourable ESI Court

(x) **Accumulated Losses/ Cash losses**

In our opinion, the Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.

(xi) **Default in repayment of Dues**

Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders. There were no debenture holders at any time during the year.

(xii) **Grant of Secured Loans & Advances**

Based on our examination of documents and records and according to the information and explanations given by the Management, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) **Special Statute Chit Fund companies, Nidhis/Mutual benefit fund/societies**

In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.

(xiv) **Company dealing or Trading in shares, securities etc.**

In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. The investment made in equity shares is held in its own name.

(xv) **Provision of Guarantee**

According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) **Term Loans**

In our opinion, the term loans have been applied for the purposes for which they were raised.

(xvii) **Usage of Funds**

According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short term basis have been used for long term investment.

(xviii) **Preferential Allotments**

According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

(xix) **Creation of security for Debenture Issue**

The Company has not issued any debenture during the year. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.

(xx) **Disclosure of End-use of Funds**

The Company has not raised money by public issues during the year and hence the question of disclosure and verification of the end use of such money does not arise.

(xxi) **Frauds**

To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company during the year was noticed or reported.

For **KOLATH & CO**
Chartered Accountants

sd/-

CA. Liju V. Rajan Kolath

Partner

Membership No. 209309

Firm Regn. No. 008926S

Ernakulam

25-4-2011

BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	Sch No	AS AT 31st MARCH 2011 (Rupees)	AS AT 31st MARCH 2010 (Rupees)
I SOURCES OF FUNDS			
1 SHARE HOLDERS FUNDS			
a) Share Capital	1	4,75,00,000	4,75,00,000
b) Reserves & Surplus	2	68,87,43,560	73,62,34,560
		<u>50,45,63,539</u>	<u>55,20,63,537</u>
2. LOAN FUNDS			
a) Secured Loans	3	1,08,71,07,765	69,69,09,319
b) Unsecured Loans		-	-
		<u>1,08,71,07,765</u>	<u>69,69,09,319</u>
3. DEFERRED TAX LIABILITY (NET)		15,69,33,695	14,35,40,464
TOTAL		<u><u>1,98,02,76,020</u></u>	<u><u>1,39,25,13,320</u></u>
II APPLICATION OF FUNDS			
1. FIXED ASSETS			
a) Gross Block	4	1,54,03,53,450	1,43,51,94,412
b) Less: Depreciation		<u>31,72,32,827</u>	<u>24,85,71,569</u>
c) Net Block		1,22,31,20,623	1,18,66,22,843
d) Capital Work in Progress		94,30,374	80,87,268
2. INVESTMENTS	5	43,400	43,400
3. CURRENT ASSETS, LOANS AND ADVANCES			
a) Inventories		56,58,63,704	22,26,26,096
b) Sundry Debtors		39,29,38,030	5,18,67,762
c) Cash & Bank Balances		6,39,45,042	8,10,80,788
d) Loans & Advances		<u>24,35,69,725</u>	<u>27,91,80,287</u>
		<u>1,26,63,16,501</u>	<u>63,47,54,933</u>
4. LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	7	38,99,59,198	29,47,74,767
Provisions		<u>12,86,75,680</u>	<u>14,22,20,357</u>
		<u>51,86,34,878</u>	<u>43,69,95,124</u>
Net Current Assets		<u>74,76,81,623</u>	<u>19,77,59,809</u>
TOTAL		<u><u>1,98,02,76,020</u></u>	<u><u>1,39,25,13,320</u></u>
Notes attached to and forming part of the Financial Statements	16		

As per our report of even date.

For KOLATH & CO

Chartered Accountants

sd/-

CA. Liju V. Rajan Kolath

Partner

Membership No. 209309

Firm Regn. No. 008926S

Ernakulam, 25-4- 2011

For and on behalf of the

BOARD OF DIRECTORS

sd/-

SABU M JACOB

Managing Director

sd/-

C MOHAN

Director

sd/-

BENNI JOSEPH

Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011			
	Sch No	Current Year (Rupees)	Previous Year (Rupees)
INCOME			
Sales	8	2,42,28,46,912	2,47,41,91,949
Other Income	9	19,05,49,433	26,00,45,096
Stock Differential	10	(36,55,711)	50,20,034
TOTAL :		2,60,97,40,634	2,73,92,57,079
EXPENDITURE			
Raw Materials Consumed	11	1,30,49,60,072	1,35,33,55,757
Employees remuneration and benefits	12	36,83,08,735	43,76,92,548
Other Manufacturing Expenses	13	25,98,36,691	32,74,92,175
Administrative, Selling & General Expenses	14	14,19,87,391	12,50,58,547
Financing Charges	15	14,88,51,238	15,22,11,660
Depreciation		6,88,59,839	6,55,43,880
TOTAL		2,29,28,03,966	2,46,13,54,567
Profit Before Prior Period Expenses		31,69,36,668	27,79,02,512
Prior Period Expenses		45,06,751	--
Profit Before Tax		31,24,29,917	27,79,02,512
Provision towards : - Current Taxation		9,27,10,000	7,60,00,000
- Deferred Taxation (Net)		1,33,93,231	1,68,54,817
Profit After Tax		20,63,26,686	18,50,47,695
Profit as per last Balance Sheet		46,08,53,537	31,24,77,630
Profits available for appropriation		66,71,80,223	49,75,25,325
Less: Proposed Dividend		1,90,00,000	1,42,50,000
Tax on Dividend		31,55,663	24,21,788
Transferred to General Reserve		2,50,00,000	2,00,00,000
Profit carried forward to Balance Sheet		62,00,24,560	46,08,53,537
Earnings per share		4.34	3.90
Notes attached to and forming part of the Financial Statements	16		

As per our report of even date.

For KOLATH & CO
Chartered Accountants

sd/-
CA. Liju V. Rajan Kolath
Partner

Membership No. 209309
Firm Regn. No. 008926S

Ernakulam
25-4-2011

For and on behalf of the
BOARD OF DIRECTORS

sd/-
SABU M JACOB
Managing Director

sd/-
C MOHAN
Director

sd/-
BENNI JOSEPH
Director

Schedules forming part of the Financial Statements for the year ended 31st March 2011

	Current Year (Rupees)		Previous Year (Rupees)	
SCHEDULE-1				
SHARE CAPITAL				
AUTHORISED				
5,00,00,000 Equity shares of Re. 1/- each		5,00,00,000		5,00,00,000
ISSUED, SUBSCRIBED & PAID UP:				
4,75,00,000 Equity Shares of Re. 1/- each fully paid up [of the above 9,37,500 shares of Re. 1/- each are issued for consideration other than cash]		4,75,00,000		4,75,00,000
TOTAL		4,75,00,000		4,75,00,000
SCHEDULE-2				
RESERVES & SURPLUS				
Capital Reserve				
Investment Subsidy		22,10,000		22,10,000
General Reserve				
Opening Balance	4,15,00,000		2,15,00,000	
Add : Transferred from Profit & Loss account	2,50,00,000	6,65,00,000	2,00,00,000	4,15,00,000
Profit & Loss Account				
Balance carried forward		62,00,24,560		46,08,53,537
TOTAL		68,87,34,560		50,45,63,537
SCHEDULE - 3				
SECURED LOAN				
From Banks :				
Term Loans		42,84,31,515		61,03,18,778
Working Capital		65,45,90,202		8,04,50,832
From Others				
Hire Purchase Credits (Net)		40,86,048		61,39,709
TOTAL		1,08,71,07,765		69,69,09,319

**SCHEDULE 4
FIXED ASSETS**

Amount in Rs.

NATURE OF ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions during the year	Sale/ Deletions/ Capital Subsidy during the year	As at 31.03.2011	As at 01.04.2010	Accu- mulated Deprecia- tion Re- versed / Adjusted	During the Year	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land	20,052,756	6,989,411	-	27,042,167	-	-	-	-	27,042,167	20,052,756
Building	543,517,025	3,610,803	-	547,127,828	63,595,704	-	16,838,709	80,434,413	466,693,415	479,921,321
Plant & Machinery	734,005,321	55,275,158	-	789,280,479	131,208,391	-	35,751,957	166,960,348	622,320,131	602,796,930
Furniture & Fixtures	29,588,405	748,514	-	30,336,919	13,310,717	-	2,342,116	15,652,833	14,684,086	16,277,688
Vehicles	21,519,076	14,416,771	379,208	35,556,639	9,288,083	198,581	2,264,029	11,353,531	24,203,108	12,230,993
Other Assets	86,511,829	24,497,589	-	111,009,418	31,168,674	-	11,663,028	42,831,702	68,177,716	55,343,155
Total	1,435,194,412	105,538,246	379,208	1,540,353,450	248,571,569	198,581	68,859,839	317,232,827	1,223,120,623	1,186,622,843
Previous Year	1,413,350,208	93,501,318	71,657,114	1,435,194,412	183,027,689	-	65,543,880	248,571,569	1,186,622,843	1,230,322,516

	Current year (Rupees)	Previous year (Rupees)
SCHEDULE - 5		
INVESTMENTS		
Long Term - fully paid up - Quoted - Non-Trade 1400 Equity shares of Punjab National Bank at cost (Market value of the shares as on 31st March, 2011 is Rs.17.08 lakhs(previous year Rs 14.14 lakhs)	43,400	43,400
SCHEDULE - 6		
CURRENT ASSETS, LOANS & ADVANCES		
A. CURRENT ASSETS		
(I) INVENTORIES (As taken, Valued & Certified by the Management)		
Raw Materials	535,774,500	188,881,181
Finished Goods	30,089,204	33,744,915
TOTAL	565,863,704	222,626,096
(II) SUNDRY DEBTORS (Unsecured and Considered Good)		
i) Debts outstanding for a period exceeding six months	—	—
ii) Other Debts	392,938,030	51,867,762
TOTAL	392,938,030	51,867,762
(III) CASH AND BANK BALANCES		
i) Cash in hand	594,772	1,125,275
ii) Balance with Sheduled banks		
in Current Account	29,497,421	47,553,430
in Divident Account	1,955,882	1,584,141
in Deposit Account	31,272,300	29,487,899
iii) Balance with The International Commercial Bank of China (Maximum balance during the year Rs 15.27 lakhs [Previous year Rs 14.59 lakhs)	624,667	1,330,043
TOTAL	63,945,042	81,080,788
B. LOANS & ADVANCES (unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received	224,151,086	261,484,147
Deposits	19,418,639	17,696,140
TOTAL	243,569,725	279,180,287
SCHEDULE - 7		
Current Liabilities		
Sundry Creditors	329,020,407	235,866,759
Unpaid Dividend	1,955,882	1,584,141
Other Liabilities	58,982,909	57,323,867
TOTAL	389,959,198	294,774,767
Provisions		
For Taxation	95,865,663	116,222,823
For Dividend	19,000,000	14,250,000
For Gratuity	13,810,017	11,747,534
TOTAL	128,675,680	142,220,357
SCHEDULE - 8		
SALES		
Export Sales	1,713,796,113	2,365,948,522
Domestic Sales	709,050,799	108,243,427
TOTAL	2,422,846,912	2,474,191,949

	Current year (Rupees)	Previous year (Rupees)
SCHEDULE - 9		
OTHER INCOME		
Duty Drawback	137,745,198	201,408,830
Exchange Rate Fluctuation (Net)	23,535,086	7,828,882
Interest Subsidy	19,311,000	46,655,886
Interest on Bank Deposits	1,515,482	1,999,012
Interest Received - Others	57,954	-
Dividend Received	16,800	42,000
Rent Received	278,821	-
Excess Provision Written Back	7,594,809	-
Miscellaneous Income	494,283	2,110,486
TOTAL	190,549,433	260,045,096
SCHEDULE - 10		
STOCK DIFFERENTIAL		
FINISHED GOODS		
Closing Stock	30,089,204	33,744,915
Opening Stock	33,744,915	28,724,881
TOTAL	(3,655,711)	5,020,034
SCHEDULE - 11		
RAW MATERIALS CONSUMED		
Opening Stock	188,881,181	212,653,626
Add: Raw Materials Purchased	1,651,853,391	1,329,583,312
Less: Closing Stock	535,774,500	188,881,181
TOTAL	1,304,960,072	1,353,355,757
SCHEDULE - 12		
EMPLOYEE REMUNERATION AND BENEFITS		
Salary, Wages & Bonus	277,370,746	317,411,033
Contribution to Provident Fund	12,446,282	12,731,061
Welfare Expenses	78,491,707	107,550,454
TOTAL	368,308,735	437,692,548
SCHEDULE - 13		
OTHER MANUFACTURING EXPENSES		
Carriage Inward	10,367,763	9,158,239
Processing Charges	141,668,650	236,105,091
Power & Fuel	107,800,278	82,228,845
TOTAL	259,836,691	327,492,175
SCHEDULE - 14		
ADMINISTRATIVE, SELLING & GENERAL EXPENSES		
Sitting fees to Directors	148,000	74,000
Travelling Expenses	7,306,540	4,572,198
Postage, Telegram & Telephone	4,919,455	1,885,431
Rent	6,778,208	3,935,007
Audit Fees	397,080	200,000
Repairs & Maintenance		
a. Stores & Spares	24,022,322	27,338,109
b. Charges i) Building	10,375,982	2,812,802
ii) Machinery	8,060,416	4,895,859
iii) Others	9,295,526	8,299,811

Insurance	11,665,725	11,264,727
Licence, Taxes & Fees	2,350,263	6,054,951
Legal & Professional Charges	8,725,181	8,846,414
Carriage Outwards	24,762,294	24,772,054
Printing & Stationery	3,098,325	3,178,513
Selling Expenses	18,157,915	16,077,938
General Expenses	1,843,532	850,733
Loss on Sale of Fixed Asset	80,627	-
TOTAL	141,987,391	125,058,547
SCHEDULE 15 :		
FINANCE CHARGES		
Interest on Term Loan	62,064,431	83,013,296
Interest on Others	67,990,584	30,408,488
Bank Charges	18,796,223	38,789,876
TOTAL	148,851,238	152,211,660

SCHEDULE-16

SCHEDULES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2011

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India and the provisions of the Companies Act, 1956.

2. Inventories

Inventories are valued at cost or net realisable value, whichever is lower. Cost of Inventory comprises of Cost of Purchase, Cost of Conversion and other Costs incurred to bring them to their respective present location and condition. Costs of Raw Materials and Packing Materials are determined on FIFO basis.

3. Revenue Recognition

Sale is recognised at the point of despatch of goods to the customer.

4. Own Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. The cost includes purchase consideration, financing costs till commencement of commercial production and other directly attributable costs incurred to bring an Asset to its working condition for its intended use.

The costs of Assets not ready for use as at the Balance Sheet date are disclosed under Capital Work-In-Progress.

5. Leased Assets

Operating Leases: Rentals are recognised as an expense with reference to lease terms and other considerations.

Finance Leases: The lower of the fair value of the leased assets at the inception of the lease and present value of the minimum lease rentals is capitalised as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to Profit and Loss Account.

6. Depreciation

Depreciation on Fixed Assets is provided on Straight Line Method (SLM) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Capitalised Software costs is written off over a period of three years.

7. Foreign Currency Transactions

Transactions denominated in foreign currency are recorded at the rate of exchange prevailing on the date of transaction.

Monetary items denominated in foreign currencies at the year end are re-stated at year end rates.

Any income or expense on account of exchange rate difference, either on the settlement or on translation is recognised in the Profit and Loss Account.

In respect of financial statement of foreign branch:

- i) Revenue items other than depreciation are translated using average exchange rate prevailed during the accounting period.
- ii) Fixed Assets are translated using exchange rate prevailing on the date of acquisition of asset.
- iii) Current Assets and Current Liabilities on the balance sheet date are translated using exchange rate prevailing at the year end.

8. Government Grants

Government Grants are recognised where there is reasonable assurance that the Company has complied with the conditions attached to them and that the Grant will be received. Grant relating to depreciable fixed assets is reduced from the gross value of Fixed Assets. Revenue Grants are recognised in the Profit and Loss Account and are shown under Other Income.

9. Investments

Long-term Investments made by the Company are stated at cost and provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

10. Employee Benefits

Short term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.

Post employment and other long term employee benefits are recognised as an expense in the profit and loss account for the year in which the employee has rendered services. The expenses are recognised at the present value of the amount payable determined using actuarial valuation techniques.

11. Borrowing Costs

Borrowing Costs directly attributable to the acquisition, construction and production of qualifying assets are capitalised as part of the Cost of such assets. All other borrowing costs are charged to the Profit and Loss Account.

12. Taxation

Provision for taxation is made for both current and deferred taxes.

Current tax is provided on the basis of estimated taxable income in accordance with the Income Tax Act, 1961 using the applicable tax rates and tax laws.

Deferred tax assets and liabilities arising on account of timing difference and which are capable of reversal in subsequent periods, are recognized using the tax rates and tax laws that have been enacted or substantively enacted as on the Balance Sheet date.

Deferred Tax Assets are recognized and carried forward only if there is a virtual certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

13. Provisions, Contingent Liabilities and Contingent Assets.

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

B. NOTES ON ACCOUNTS

1. Licensed Capacity, Installed Capacity and Actual Production

Class of Goods	Units	Licensed capacity 2010-11	Licensed capacity 2009-10	Installed capacity 2010-11	Installed capacity 2009-10	Actual Production 2010-11	Actual Production 2009-10
Garments	Nos	N.A.	N.A.	6,50,00,000	6,50,00,000	5,03,35,188	8,77,79,618

2. Production, Sale and Stock Particulars of Finished Goods

Class of Goods	Opening Stock	Opening Stock	Production / Return	Sales	Sales	Closing Stock	Closing Stock
	Qty (Nos)	Value (Rs.)	Qty (Nos.)	Qty (Nos.)	Value (Rs.)	Qty (Nos.)	Value (Rs.)
Garments							
Current Year	17,26,107	3,37,44,915	5,03,35,188	5,12,09,151	1,71,37,96,113	8,52,144	3,00,89,204
Previous Year	14,63,529	2,87,24,881	8,77,79,618	8,75,17,040	2,47,41,91,949	17,26,107	3,37,44,915

3. Particulars of consumption of Raw Materials and Stores and Spares

Particulars	Consumption Current Year (Qty.)	Value (Rs.)	Consumption Previous Year (Qty)	Value (Rs.)
RAW MATERIAL				
Fabric – Imported	-	-	-	-
Fabric – Indigenous	36,88,393 Kgs. 22,64,993 Mts.	68,80,38,372	38,87,072 Kgs. 28,44,097 Mts.	77,29,39,029
Total		68,80,38,372		77,29,39,029
OTHER RAW MATERIALS				
Imported		26,64,28,455		37,12,41,930
Indigenous		35,04,93,244		20,91,74,796
Total		61,69,21,699		58,04,16,726
STORES & SPARES				
Imported		1,10,66,885		64,88,449
Indigenous		1,29,55,437		2,08,49,660
Total		2,40,22,322		2,73,38,109
Grand Total		1,32,89,82,393		1,38,06,93,864

4. Consumption of Raw Material and Stores and Spares

Particulars	Value (Rs.) Current Year	Percentage	Value (Rs.) Previous Year	Percentage
Imported	27,74,95,340	21	37,77,30,379	27
Indigenous	1,05,14,87,053	79	1,00,29,63,485	73
Total	1,32,89,82,393		1,38,06,93,864	

5. Value of Imports on CIF Basis

In respect of	Current Year	Previous Year
Raw material	Rs.223,656,859	Rs.26,21,67,887
Components & Spare parts	Rs.15,261,073	Rs.64,88,449
Capital Goods	Rs.46,987,163	Rs.5,38,85,506

6. Expenditure in Foreign Currency

On account of	Current Year	Previous Year
Taiwan Branch Expenses	Rs.73,04,014	Rs.81,98,382
Salary	Rs.44,32,076	Rs.11,76,165
Professional Fees	Rs.51,05,688	Rs.8,86,777
Others	Rs.10,95,952	

7. Earnings in Foreign Exchange

	Current Year	Previous Year
FOB Value of exports	Rs.1,71,37,96,113	Rs.2,36,59,48,522
Other Income	Rs.4,70,950	Nil

8. Payment to Auditors

	Current Year	Previous Year
For Statutory Audit	Rs. 3,30,900	Rs.1,20,000
Other Services		
i) Tax Audit	Rs.55,150	Rs.50,000
ii) Company Law Matters	-	Rs.20,000
iii) Reimbursement of Expenses	-	Rs.10,000
iv) Other Matters	Rs.1,26,472	
Total	Rs.5,12,522	Rs.2,00,000

9. Contingent Liabilities

- i. Counter Guarantees issued by the Company for the guarantees issued by Banks amount to Rs.2,23,45,295/- (Previous year Rs. 2,23,45,295/-).
- ii. Commissioner of Customs issued show cause notice directing the company to remit Rs.3,25,20,531/- (inclusive of interest @ 24% as applicable) for the financial year 1997-98 towards non-fulfillment of export obligation. Company approached settlement commission and remitted admitted liability of Rs.1,21,29,942/- during the financial year 2001-2002. Settlement commission, issued final order on 03.07.2003 fixing total duty liability of Rs.2,20,61,171 and directed the company to remit balance amount of Rs.99,31,229 with simple interest at the rate 10% per annum. Aggrieved by the order of settlement commission, the company filed writ petition before Hon'ble High Court of Kerala, who stayed the proceedings. The matter is still pending before the Hon. High Court for disposal. Company has furnished Bank Guarantee for Rs.101.74 lakhs to Office of the Commissioner of Customs.
- iii. Asst. Commissioner of Customs has demanded customs duty of Rs.27,52,846 on the import of snap fasteners, which is claimed as exempt by the Company. Commissioner of Customs (Appeals) has stayed the proceedings with a direction to make a pre-deposit of Rs.5 lakhs. Company got favorable order from CESTAT, Bangalore. The Customs has appealed against the order of CESTAT, Bangalore and the Hon'ble High Court has stayed the refund of Rs.5,00,000/-, but has not stayed the CESTAT Order.
- iv. The Deputy Commissioner of Income Tax, Aluva has raised a demand for Rs.6,29,406/- while completing the assessment for the years 2003-04 and 2004-05. The demand was completely reduced in the appeal filed by the Company. However, the department has preferred an appeal before Hon. High Court of Kerala.
- v. The Deputy Commissioner of Income Tax, Aluva demanded Rs.38,32,909/- while completing the assessment for the year 2006-07. The company has preferred an appeal before the Commissioner of Income Tax (Appeals). The Company has remitted an amount of Rs.31,50,000/-.
- vi. The Deputy Commissioner of Income Tax, Aluva has demanded Rs.23,93,497/- while issuing intimation u/s 143(1) of the Income Tax Act, 1961, for the assessment year 2007-08, which has been disputed by the company.
- vii. The Asst. Commissioner of Income Tax, Circle I (2), Kochi, has demanded Rs.3,16,22,680/- vide order dated 21.12.2010 under section 143(3) of the Income Tax, 1961, for the Assessment Year 2008-09. The Company has preferred an Appeal before the Commissioner of Income Tax (Appeals). The Company has remitted Rs.1,00,00,000/-.
- viii. Asst. Provident Fund Commissioner (Enforcement) has determined a sum of Rs.1,31,86,588/- towards contributions payable for the period 1999-00 to 2005-06 as per the schemes framed under Provident Fund Act. Company preferred appeal before Provident Fund Appellate Tribunal against the order of Asst.

Provident Fund Commissioner. Provident Fund Appellate Tribunal has stayed the proceedings and directed the company to remit Rs.52,74,636. Company deposited the amount and the appeal is yet to be disposed off.

- ix. During the year 1999-2000, ESI Corporation has raised demand for Rs.3.68 Lakhs against the Company for the years upto 1998-99. The Company has disputed the claim and has made a deposit of Rs.75,000/-.
- x. During the year 2005-06, ESI Corporation has demanded an amount of Rs.6.11 lakhs for the years 1999-00 to 2001-02. The company has disputed the claim and obtained stay from the Hon. ESI Court against deposit of Rs.50,000.
- xi. During the year 2010-11, ESI Corporation, has raised a demand of Rs.57,72,341 for the years from 2003 to 2009. The Company has disputed the claim and obtained stay from Hon. ESI Court against deposit of Rs.15 Lakhs.
- xii. Liability in respect of bills discounted with Bank

Particulars	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
Bills Discounted with Bank	20,19,25,127	43,83,13,041

10. Secured Loans

- (i) Term Loans from Banks are Secured by

Primary Security:

- a) Pari Passu first charge on entire Fixed Assets of the Company excluding vehicles.
- b) Equitable Mortgage on 539.02 cents of land in Survey No.87/2/2, 76/4/2, 87/2/3, 76/4/1, 87/2/4, 86/3/3, 86/3/1 at Kizhakkambalam belonging to Kitex Childrenswear Limited.

Collateral Security:

Pari Passu Second charge on the entire Current Assets of the Company, both present and future. Personal Guarantee of Mr. Sabu M Jacob, Managing Director and Mr. M.C. Jacob, Director.

- (ii) Working Capital Limits are Secured by

Primary Security:

Pari Passu first charge over the entire Current Assets of the Company, both present and future.

Collateral Security:

- a) Pari Passu Second charge on entire Fixed Assets of the Company excluding vehicles.
- b) Pari Passu, Second charge by way of Equitable Mortgage on 539.02 cents of land in Survey No.87/2/2, 76/4/2, 87/2/3, 76/4/1, 87/2/4, 86/3/3, 86/3/1 at Kizhakkambalam belonging to Kitex Childrenswear Limited. Personal Guarantee on Mr. Sabu M Jacob, Managing Director and Mr. M. C. Jacob, Director.

- (iii) Vehicle loans are secured by hypothecation of Vehicles purchased against the loan.

11. Computation of Managing Director's Remuneration Under Section 198, 309 & 349 of the Companies Act, 1956.

Profit before tax as per Profit & Loss Account	31,24,29,917
Add:	
Managing Director's Remuneration	1,64,47,923
Loss on Sale of Asset	80,627
Net Profit under section 349 of the Companies Act, 1956	32,89,58,467
Remuneration payable to Managing Director @5% of the Net Profit	1,64,47,923

12. Employees Remuneration and Benefits includes Managing Director's remuneration of Rs.1,64,47,923/-, comprising

	Amount (Rs.)
Salaries & Allowances	30,00,000
Contribution to Provident Fund	2,88,000
Commission	1,31,59,923
Total	1,64,47,923

13. Balance with Scheduled Banks includes Rs.3,12,72,300/- (Previous Year Rs. 2,94,87,899/-) kept as margin for Letter of Guarantee/ Letter of Credit.

14. Segment Reporting

Company operates only in one business segment. Details of Export Sales & Domestic Sales are given below:

	Current Year	Previous Year
Export Sales	Rs.1,71,37,96,113	Rs.2,36,59,48,522
Domestic Sales	Rs.70,90,50,799	Rs.10,82,43,427

15. Disclosure of transactions with Related Parties as per Accounting Standard – 18.

Name of Related Party and Description of Relationship	Nature of Transaction	Transaction Value (Rs.)	Outstanding amounts carried in the Balance Sheet (Rs.)
a. Enterprises where Directors have Controlling Interest or where Directors are able to exercise significant influence			
i. Kitex Childrenswear Limited	- Fabric Sale - Rent Received - Job Work Charges - Rent Paid - LC Charges	69,33,97,215 2,76,785 8,36,35,085 13,000 4,33,647	19,68,32,975 (Dr)
ii. Kitex Limited	- Fabric Sale - Fabric Purchase	1,47,70,011 8,23,12,274	1,12,97,074 (Cr)
iii. Anna Aluminium Company (P) Ltd.	Utensil Purchase	39,042	Nil
iv. Sara Spices	Spices Purchase	8,63,192	Nil
b. Directors and Relatives			
i. Sabu M Jacob Managing Director	Remuneration	1,64,47,923	1,32,87,732 (Cr)
ii. Director's Relatives	Salaries & Allowances	6,00,187	36,786 (Cr)

16. Hire Purchase Assets

Due	Total minimum lease payments outstanding Rs.	Future interest on out standings Rs.	Present value of minimum lease payments Rs.
1. Within One Year	27,12,852	3,60,708	23,52,144
2. Later than one year but not Later than five years	18,08,568	74,664	17,33,904
TOTAL	45,21,420	4,35,372	40,86,048

17. Earning Per Share

	For the year ended 31.03.2011	For the year ended 31.03.2010
Net Profit after tax as per Profit and Loss Account	Rs.20,63,26,686	Rs.18,50,47,694
Net Profit attributable to Equity Shareholders	Rs.20,63,26,686	Rs.18,50,47,694
Number of Equity Shares at the year end	4,75,00,000	4,75,00,000
Weighted Average number of Equity Shares used as denominator for calculating EPS	4,75,00,000	4,75,00,000
Basic & Diluted Earnings per Share	Rs. 4.34	Rs.3.90
Face Value per Equity Share	1.00	1.00

18. Deferred Tax

	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
1. Deferred Tax Liability Deferred Tax Liability on the timing difference on account of depreciation	16,15,21,037	15,00,96,218
2. Deferred Tax Asset Deferred Tax Asset on the timing difference on account of provision for gratuity.	45,87,342	65,55,754
3. Net Deferred Tax Liability	15,69,33,695	14,35,40,464

19. Impairment of Assets

No material impairment of Assets has been identified by the Company and as such no provision is required as per Accounting Standard (AS-28) issued by the Institute of Chartered Accountants of India.

20. There are no Micro and Small Enterprises to whom the company owes dues, which are outstanding for more than 45 days as at March 31, 2011. This information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.
21. Previous year figures have been reworked, regrouped, rearranged and reclassified, wherever necessary.

As per our Report of even date

For KOLATH & CO
Chartered Accountants
sd/-

CA.Liju V. Rajan Kolath
Partner
Membership No. 209309
Firm Regn. No. 008926S

Ernakulam
25-04-2011

For and on behalf of the **BOARD OF DIRECTORS**

sd/-	sd/-	sd/-
Sabu M Jacob Managing Director	C Mohan Director	Benni Joseph Director

CASH FLOW STATEMENT FOR THE YEAR 2010-11

	For the year ended 31st March, 2011 Rupees	For the year ended 31st March, 2010 Rupees
A Cash flow from Operating activities		
Net Profit/(Loss) Before Tax and Extra Ordinary Items	312,429,917	277,902,511
Adjusted for :		
Loss on sale of Fixed Assets	80,627	-
Depreciation	68,859,839	65,543,880
Interest	130,055,015	113,421,784
Tax paid	(85,473,155)	(99,297,424)
Dividend Received	(16,800)	(42,000)
Excess Provision Written Back - Dividend Tax	(55,041)	-
Operating Profit before Working Capital changes	425,880,402	357,528,751
Adjusted for :		
Trade & Other Receivables	(333,787,587)	395,707,974
Margin Money Deposits	(1,784,401)	(8,899,245)
Inventories	(343,237,608)	18,752,410
Trade Payables	96,875,173	110,149,588
Working Capital Changes	(581,934,423)	515,710,727
Net Cash from Operating Activities	(156,054,021)	873,239,478
B Cash flow from Investing Activities		
Dividend Received	16,800	42,000
Sale of Fixed Assets	100,000	-
Purchase of Fixed Assets	(106,881,353)	(23,084,429)
Net Cash used in Investing Activities	(106,764,553)	(23,042,429)
C Cash flow from Financing Activities		
Interest Paid	(130,055,015)	(113,421,784)
Dividend Paid (Including Dividend Distribution Tax)	(16,245,005)	(11,216,762)
Proceeds from Long Term Borrowings	(183,940,924)	(188,173,150)
Proceeds from Working Capital Borrowings	574,139,370	(493,764,126)
Net Cash from Financing Activities	243,898,426	(806,575,822)
Net increase/(decrease) in Cash & Cash Equivalents (A+B+C)	(18,920,148)	43,621,227
Opening balance of Cash & Cash Equivalents	51,592,889	7,971,662
Closing balance of Cash & Cash Equivalents	32,672,741	51,592,889

As per our Report of even date

For **KOLATH & CO**
Chartered Accountants
sd/-
CA. Liju V. Rajan Kolath
Partner
Membership No. 209309
Firm Regn. No. 008926S
Ernakulam
25-4-2011

sd/-
SABU M JACOB
Managing Director

For and on behalf of the
BOARD OF DIRECTORS

sd/-
C MOHAN
Director

sd/-
BENNI JOSEPH
Director

Balance Sheet Abstract and Company's General Business Profile (Part IV of Schedule VI to Companies Act, 1956.)

I. Registration Details	
Registration No.	6528
State Code No.	09
Balance Sheet Date	31.03.2011
II. Capital Raised During the Year	(Rs. In 000's)
Public Issue (Issue through the prospectus)	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private placement	Nil
III. Position of Mobilisation and Deployment of funds	
Total Liabilities	19,80,276
Total Assets *	19,80,276
Sources of Funds	
Paid-up Capital	47,500
Reserves and Surplus	6,88,735
Secured Loans	10,87,107
Deferred tax Liability	1,56,933
Application of Funds	
Net Fixed Assets	12,23,121
Capital Work In progress	9,430
Investments	43
Net Current Assets	7,47,682
*Net of Current Liabilities and provisions	
IV. Performance of Company	
Gross Revenue	26,09,741
Total Expenditure	22,97,311
Profit Before Tax	3,12,430
Profit After Tax	2,06,327
Earning Per Share in Rs.	4.34
Proposed Final Dividend Rate %	40
V. Generic Name of Principal	
Product of Company (As per Monetary Terms)	
Item Code No and Product Description	Garments

For and on behalf of the **BOARD OF DIRECTORS**

Sd/
SABU M JACOB
Managing Director

Sd/
C MOHAN
Director

Sd/
BENNI JOSEPH
Director

Ernakulam
25-4-2011