

20



Kitex Garments Limited



Annual Report 2011-12





Mr. M.C. Jacob (22.4.1933 - 5.6.2011)
Illustrious Founder - Chairman of Kitex Group of Companies

Board of Directors Mr. Sabu M Jacob, Chairman & Managing Director
Mr. M. C. Jacob (up to 5.6.2011)
Mr. E.M. Paulose (from 4.7.2011)
Mr. Benni Joseph
Mr. M. P. Kuriakose
Mr. C. Mohan, Director - Finance/Company Secretary

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

Bankers State Bank of India
Punjab National Bank
The Federal Bank Ltd

Registered Office Building No.9/536A
Kitex House Kizhakambalam
Kochi -683562

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 20th 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, Kochi – 683 562 on Wednesday, the 30th May, 2012 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 2012, 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 the Director retiring by rotation. Prof. E M Paulose, who was appointed in the vacancy caused by the death of Mr. M C Jacob, retires by rotation and, being eligible, offers himself for re-appointment.
- 4) To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration. The retiring Auditors, M/s. Kolath & Co, Chartered Accountants are eligible for re-appointment and have given a written certificate to the effect that the re-appointment, if made, will be in accordance with the limits specified in Section 224(1B) of the Companies Act, 1956.

SPECIAL BUSINESS

- 5) Re-appointment of Mr. Sabu M Jacob as Managing Director

To consider, and if thought fit, to pass, with or without modification, the following as an ORDINARY RESOLUTION:

“RESOLVED THAT, pursuant to the provisions of Section 198,269,309, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the Company hereby approves the re-appointment of Mr. Sabu M Jacob as Managing Director of the Company for a period of three years with effect from 16th August, 2012 on the following remuneration.

1. Salary and allowances Rs 6,00,000/- p.m
2. Perquisites
 - a) Contribution to provident fund, Superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service, and
 - c) Encashment of leave at the end of the tenure.
3. Commission, subject to the condition that the total remuneration consisting of salary, allowances, perquisites and commission shall not exceed 5% of the net profit of the company for any financial year computed in accordance with the provisions of the Companies Act.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter or vary the terms and conditions of the said re-appointment including remuneration, so long as it does not exceed the limit specified under Schedule XIII of the Companies Act, 1956 or any modification or re-enactment thereof for the time being in force and also to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution”.

6) Appointment of Mr. C Mohan as Director – Finance:

To consider, and if thought fit, to pass, with or without modification, the following as an

ORDINARY RESOLUTION:

“RESOLVED THAT the Company hereby approves the appointment of Mr. C Mohan as Director - Finance effective from 4th July, 2011 for a period of two years or till he retires by rotation, whichever is earlier, on the following remuneration:

(1) Salary, Allowances and Perquisites:

Rs. 1,50,000 Per month for the first 12 months and

Rs. 1,60,000 Per month for the remaining period of his tenure

(2) Bonus: Not exceeding Rs. 6,00,000 Per year, as decided by the Managing Director

The above remuneration shall be payable to him as minimum remuneration in the event of absence or inadequacy of net profit in any financial year.

Provided that the above appointment and remuneration shall be subject to the provisions of Section 198,269,309, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force)

By Order of the Board of Directors
For KITEX GARMENTS LIMITED

Sd/-
SABU M JACOB
Chairman & Managing Director

Kizhakkambalam
20th April, 2012

Notes:-

- 1) Explanatory statement u/s 173 (2) of the Companies Act is annexed hereto in respect of the Special Business mentioned above.
- 2) 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.
- 3) 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.
- 4) Members /proxies should bring the attendance slips duly filled in and PHOTO ID Proof for attending the meeting.
- 5) Request for 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, 2012.
- 6) The Share Transfer Books and the Register of Members shall remain closed from 24th May, 2012 to 30th May, 2012 both days inclusive.
- 7) The Board of Directors have recommended a dividend at 60% (60Ps 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, 2012.

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

RE-APPOINTMENT OF MR. SABU M JACOB AS MANAGING DIRECTOR

The tenure of Mr. Sabu M Jacob as Managing Director expires on 15th August, 2012. Taking into consideration the valuable services rendered by him during the past twenty years for the growth of the company, the Board of Directors at their meeting held on 20th April, 2012 re-appointed him as Managing Director for a further period of three years effective from 16th August, 2012 on a remuneration set out in the resolution.

The above remuneration has been recommended by the remuneration committee.

Names of companies in which he holds directorship and membership of committees of the Board:	He is also the Managing Director of Kitex Childrenswear Limited. He draws no remuneration from that company
Shares held by him (both own or held/ for other persons on a beneficial basis):	73,11,581 shares (15.39% of the total number of shares)
Relationship with other directors:	Nil

As required under Sch XIII of the Companies Act, 1956 his appointment and remuneration shall be approved by the share holders in general meeting.

No Director other than Mr. Sabu M Jacob is concerned or interested in this resolution.

APPOINTMENT OF MR. C MOHAN AS DIRECTOR - FINANCE:

Mr. C Mohan is a Graduate in commerce and Fellow Member of the Institute of Company Secretaries of India as well as the Institute of Cost Accountants of India. He has industrial experience in reputed companies for 25 years and professional experience as a practicing Cost Accountant for 15 years. He was an Independent Director of the Company and also Chairman of the Audit Committee since August, 2002.

Considering his long and wide experience in the fields of finance management, costing, taxation and corporate laws, the Board of Directors, as recommended by the Audit Committee and Remuneration Committee, appointed Mr C Mohan as Director - Finance effective from 4th July, 2011 for a period of two years or till he retires by rotation, whichever is earlier, on the remuneration set out in the resolution.

Names of companies in which he holds directorship and membership of committees of the Board	: 1. Karl Kubel Foundation for Child and Family 2. RNS Techno Solutions Pvt. Ltd.
Shares held by him (both own or held/for other persons on a beneficial basis)	: Nil
Relationship with other directors	: Nil

As required under Schedule XIII of the Companies Act, 1956 his appointment and remuneration shall be approved by the share holders in general meeting.

No Director other than Mr. C Mohan is concerned or interested in this 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 : Prof. E M Paulose is a Post Graduate. He was Principal, M A College, Kothamangalam and Director of U C College, Aluva. He was appointed as Director in the vacancy caused by the death of Mr. M C Jacob with effect from 4th July, 2011. He is an independent Director and member of the Audit committee.

- b) Nature of his expertise in specific functional areas : Management
c) Names of companies in which he holds directorship and membership of committees of the Board : Nil
d) Shares held by him (both own or held/ for other persons on a beneficial basis) : 100
e) Relationship with other directors : Nil

By Order of the Board of Directors
For KITEX GARMENTS LIMITED

Kizhakkambalam
20th April, 2012

Sd/-
SABU M JACOB
Chairman & Managing Director

FOR THE ATTENTION OF THE MEMBERS:

1. Members are requested to send intimations of any changes in their addresses, applications for demat of shares, applications for transfer of shares and any related correspondence to the Company's share transfer agents M/s Cameo Corporate Services Limited, Subramanian Building, No. 1, Club House Road, Chennai - 600002. Ph: 044-28460390 (5 Lines) Email: investor@cameoindia.com

2. Sending notices and documents to shareholders through email:

As a part of "Green Initiative" in Corporate Governance, the Ministry of Corporate Affairs has allowed sending communication to the shareholders through electronic mode. Accordingly, we propose to send documents like notices convening general meetings, Annual Reports, etc to the email addresses of the shareholders. For this purpose, shareholders holding shares in physical form are requested to register their email addresses and any changes therein from time to time with the Share Transfer Agents of the Company M/s. Cameo Corporate Services Limited at their postal / email address given above. Please give the details in the attached format for registering your email ID. Those holding shares in demat form are requested to register their email IDs with their Depository Participants.

3. Making payment of dividend through NECS / NEFT:

In order to enable payment of dividend by direct credit to the bank accounts of the shareholders through National Electronic Clearing Service (NECS) / National Electronic Fund Transfer (NEFT), those holding shares in physical form are requested to furnish their mandates for the same in the attached format along with the specified details / documents to M/s Cameo Corporate Services Limited. Those holding shares in demat form are requested to update their records with DPs in this respect.

4. Payment of unpaid dividends of previous years.

The company has so far declared dividends and issued warrants to the shareholders as below:

Year	% of share paidup value	Year	% of share paidup value
2005-06	10	2008-09	25
2006-07	15	2009-10	30
2007-08	20	2010-11	40

Those shareholders who have not encashed their warrants so far are requested to send their claims for payment, by giving the details in the attached format to the Company:

Please note that any dividend amount for 2005-06 remaining unclaimed / unpaid as on 26/11/2012 shall be transferred to the Investor Education and Protection Fund account of the Central Government.

(1) FORMAT FOR REGISTERING EMAIL ID

DP/Client ID / Folio No :

Name of the sole / first holder :

Postal Address :

Email Address :

Signature

(2) FORMAT OF MANDATE FOR PAYMENT OF DIVIDEND BY NECS / NEFT

Folio No :

Name of the sole / first holder :

Postal Address :

Email Address :

I hereby authorize M/s Kitex Garments Limited to make payment of dividend by direct credit to my bank account the details of which are furnished below:

Bank Name :

Branch Name :

Branch Address :

MICR code :

IFSC code :

Account Type :

Account No :

I enclose herewith the following documents in proof of the above details:

Photocopy of Bank Pass Book / Bank Statement

Photocopy of a Blank cheque leaf of the account

Signature

(3) FORMAT FOR CLAIMING UNPAID DIVIDENDS OF PREVIOUS YEARS

DP / Client ID / Folio No :

Name of the sole / first holder :

Postal Address :

Years for which dividend not received :

Signature

DIRECTORS' REPORT

TO THE MEMBERS OF KITEX GARMENTS LIMITED

The Directors have pleasure to present their 20th Annual Report and the audited Annual Accounts for the year ended 31st March 2012.

Financial Results

	Year ended 31st March, 2012 (Rs in lakhs)	Year ended 31st March, 2011 (Rs in lakhs)
Total Income	31834.69	26133.96
Profit before Depreciation	4697.46	3812.90
Profit before tax	4010.81	3124.30
Profit after tax	2711.55	2063.27
Transfer to General Reserve	300.00	250.00

Performance Review

The total income for the year increased by 22% over the previous year whereas the net profit after tax went up by 31%. This indicates the overall operational efficiency of the company during the year.

Dividend

Your directors recommend a dividend of 60% (60 Ps per Share of Re1/-) for the year, (an increase of 20 % over the previous year ended 31st March, 2011), subject to the approval of the shareholders at the ensuing Annual General Meeting.

Capital Expenditure

As at 31st March 2012 the gross fixed assets stood at Rs.16133.88 lakhs and net fixed assets Rs 12279.41 lakhs. Additions during the year amounted to Rs 740.09 lakhs, which include addition to land and building for Rs 614.55 lakhs, Plant & machinery and other assets amounting to Rs 125.54 lakhs.

Future Prospects

Despite 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.

Expansion Project:

The Company has embarked upon an ambitious expansion plan for increasing the capacity of the existing Fabric Processing Unit, which is expected to be completed by March, 2013. This project envisages a total investment of Rs. 108 crores in buildings and machinery, which will be financed by availing term loan of Rs. 82 crores from bank and the balance from internal accruals.

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 the Companies 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

The Board of Directors place on record, with profound grief, the sad demise of the illustrious Father of the Kitex - Anna Family of companies, Mr. M C Jacob on 5th June, 2011 and his consequent cessation from the directorship of the Company effective from that date.

The Directors recall the services rendered by him to the industry as well as to the society during his lifetime and express their gratitude to Mr. Jacob for his valuable guidance and support for the promotion and growth of the Company from its inception.

Prof. E M Paulose was appointed in the vacancy caused by the death of Mr. M C Jacob. He 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

Kizhakkambalam
20th April, 2012

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.lakhs)	Date of Commencement of employment	Last employment/ Designation
A. Employed throughout the financial year							
Sabu M Jacob	50	Managing Director	Graduate	29	211.17	1992	Executive Director Kitex Limited
Dan De Yoe	62	Vice President & Director of Operations (USA)		40	72.10	2011	Vice President Toys "R" Us USA

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 31.03.2012	Year Ended 31.03.2011
Electricity		
a) Purchased Units (KWH) Total Amount(Rs.) Cost/Unit (Rs. KWH)	9911696 39649003 4.00	86,09,898 3,60,87,450 4.19
b) Own generation Through Diesel Generator Units (KWH) Total Cost(Rs.) Cost/Unit (Rs./KWH)	97114 1131376 11.65	1,11,773 13,52,651 12.10
Fuel		
(a) Furnace Oil Quantity (KL) Total Amount (Rs.) Cost / Unit (Rs./KL)	1644 67079906 40803	1480 52479593 35459

(b) Firewood		
Quantity (MT)	11371	9628
Amount (Rs)	31993110	17880584
Cost / Unit (Rs. MT)	2813	1857
© Diesel		
Quantity (KL)	25	
Amount (Rs)	1116988	
Cost / Unit (Rs / KL)	44680	

B. CONSUMPTION PER UNIT OF PRODUCTION

The company manufactures different types of garments like Hosiers, Shirts, Pants, Jackets, Innerwear, Outerwear etc. and power and fuel 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.

	2011 - 2012 (Rs in lakhs)	2010-2011 (Rs in lakhs)
Earnings on account of Exports	21658.25	17142.67
Outgo on account of Import & Expenditure	2506.51	3038.43

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

For and on behalf of the Board of Directors

Sd/-

SABU M JACOB

Chairman & Managing Director

Kizhakkambalam
20th April, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

This report discusses and analyses the performance for the year ended 31st March 2012.

❖ Overall review of operations

The company is in the business of manufacturing and exporting garments. The Company had achieved a turnover of Rs. 31835 lakhs. 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 Sri Lanka. 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 2453 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 REPORT

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

Sl No	Category	Name of the Director	Remarks
1	Promoter - Chairman & Managing Director	Sabu M Jacob	
2	Promoter Non-executive	M.C.Jacob	Deceased on 5/06/2011
3	Independent and Non-executive	Benni Joseph	
4	Independent and Non-executive	C.Mohan	Upto 4/07/2011
5	Independent and Non-executive	M P Kuriakose	
6	Independent and Non-executive	E M Paulose	from 4/07/2011
7	Non-Promoter - Executive	C Mohan	from 4/07/2011

At present, 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 last AGM	No. of other Directorships held	No. of Member ship in Committee of Board
Sabu M Jacob	6	Present	1	NIL
M.C.Jacob (upto 5/06/2011)	0	Absent	2	NIL
Benni Joseph	4	Absent	1	NIL
C.Mohan	7	Present	NIL	NIL
M P Kuriakose	5	Present	NIL	NIL
E M Paulose (from 4/07/2011)	6	--	NIL	NIL

Seven Board Meetings were held during the year on 25/04/2011, 4/07/2011, 30/07/2011, 20/10/2011, 28/10/2011, 25/01/2012 and 29/03/2012.. Last Annual General Meeting was held on 30/05/.2011

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 2011-12"

Sd/-

Sabu M Jacob

Chairman & 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 and names of members and chairperson:

Name of the Director	Category	No. of meetings held	No. of meetings attended
C. Mohan	Chairman	1	1
Benni Joseph	Member	1	1
M C Jacob	Member	1	0

The above Committee met once on 25/04/2011.

The committee was reconstituted on 4/07/2011 with the following composition:

Name of the Director	Category	No. of meetings held	No. of meetings attended
Benni Joseph	Chairman	4	4
E M Paulose	Member	4	4
C Mohan	Member	4	3

The reconstituted committee met four times during the year on 4/07/2011, 30/07/2011, 28/10/2011 and 25/01/2012

5. Remuneration Committee

The Committee with Mr. M P Kuriakose as Chairman and Mr. C Mohan and Mr. Benni Joseph as Members met on 25/04/.2011. It was reconstituted on 4/07/2011 with Prof. E M Paulose as Chairman and Mr. Benni Joseph and Mr. M P Kuriakose as Members. The reconstituted committee met on 4/07/2011.

DIRECTORS' REMUNERATION

The Managing Director was paid remuneration of Rs.2,11,17,157 consisting of Rs 24,00,000/- as salary, Rs 6,00,000/- as allowances, Rs.288000 as Provident Fund Contribution and Rs 1,78,29,157 as commission for the year. The Director-Finance was paid Rs. 17,82,693 consisting of Rs. 13,32,693 as salary and allowances and Rs. 4,50,000 as bonus. Other non-executive directors were paid sitting fees as follows:

1.	Mr. E M Paulose (from 4/07/2011)	Rs 52000 /-
2.	Mr. Benni Joseph	Rs 51000 /-
3.	Mr. M P Kuriakose	Rs 29000/-
4.	Mr. C Mohan (upto 4/07/2011)	Rs 12000/-

6. Shareholder's / Investors' Grievances Committee:

Composition, and names of members

The Committee with Mr. Benni Joseph as Chairman and Mr. Sabu M Jacob as Member met on 25/04/2011 and reviewed the status of the investor complaints. Company received oral / written enquiries from the shareholders, which were responded immediately. The committee was reconstituted on 4/07/2011 with Mr. M P Kuriakose as Chairman and Mr. Sabu M Jacob as Member.

7. General Body Meetings

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

Year	Venue	Date	Day	Time
2010-11	Building No. 9/536A, Kizhakkambalam, Aluva - 683 562	30.05.2011	Monday	10.00 a.m
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

☛ 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 Note No. 29 attached to and forming part of the 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.

Nil

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 Directors

(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 / Financial Express / Business Line.

Quarterly results:

The quarterly results of the company are published in Malayala Manorama and The Economic times / Financial Express / Business Line.

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

10. General Shareholder Information:

1. Annual General Meeting : 30th May, 2012 at 10 A.M.
Venue : Building No. 9/536A, Kitex House, Kizhakkambalam.
2. Financial Year : April 2011 to March 2012
3. Book closure date : 24th to 30th May, 2012 both days inclusive.
4. Dividend recommended for the year : 60% (60Ps 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.63.80 Low: Rs 33.05

Month	High	Low
April 2011	43.00	33.05
May 2011	45.90	38.00
June 2011	44.90	38.00
July 2011	50.60	39.10
August 2011	63.80	40.00
September 2011	45.45	38.00
October 2011	50.00	41.30
November 2011	52.00	43.15
December 2011	49.85	42.10
January 2012	48.75	42.50
February 2012	48.95	43.15
March 2012	49.95	44.10

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 2012 is as follows.

Sl. No.	Category	No. of shares	%
1.	Promoters	25744110	54.20
2.	Private Body Corporate, Indian Public, and others	21755890	45.80
.	TOTAL	47500000	100.00

(b) Distribution of shareholding as on 31-03-12

Distribution of shares	No. of shareholders	% to total no. of shareholders	No. of shares held	% to total share capital
1 - 5000	6227	96.3782	4733240	9.9647
5001 - 10000	104	1.6096	804957	1.6946
10001 - 20000	55	0.8512	794276	1.6721
20001 - 30000	18	0.2785	441075	0.9285
30001 - 40000	6	0.0928	206707	0.4351
40001 - 50000	6	0.0928	280062	0.5896
50001 - 100000	14	0.2166	944713	1.9888
Above 100000	31	0.4798	39294970	82.7262
TOTAL	6461	100.0000	47500000	100.0000

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

Sd/-

Kizhakkambalam

20 th April, 2012

Sabu M Jacob

Chairman & Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of KITEX GARMENTS LIMITED

- We have examined the compliance of conditions of Corporate Governance by Kitex Garments Limited for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.
- The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with 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.
- 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.
- We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **KOLATH & CO**
Chartered Accountants
Firm Regn. No. 008926S

Sd/-

CA. Liju V. Rajan Kolath
Partner

Membership No. 209309

Ernakulam

20/04/2012

SECRETARIAL COMPLIANCE CERTIFICATE

CIN : L18101KL1992PLC006528
Nominal Capital : Rs. 50,000,000 (Rupees Five Crores)

To
The Members
M/S. Kitex Garments Limited
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 thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2012 (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 under the Act and the Rules made there under.
3. The Company being a Public Limited Company, comments under Section 3 (1) (iii) of the Act are not required
4. The Board of Directors duly met 7 (Seven) times respectively on 25.04.2011, 04.07.2011, 30.07.2011, 20.10.2011, 28.10.2011, 25.01.2012 and 29.03.2012 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members during the financial year from 26th May, 2011 to 30th May, 2011 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 2011 was held on 30th May, 2011 after giving due notice to the members of the Company and others concerned and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
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. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the Register of Contracts maintained under Section 301 of the Act.
11. Due to the increase in variable Dearness Allowance and method of computation, remuneration paid to relative of Mr. Sabu M. Jacob exceeded the limits specified in Section 314 by a very marginal amount. Barring this, there were no other instances falling within the purview of Section 314 of the Act and hence no approvals were required.
12. A duly constituted committee of the Board has approved the issue of duplicate share certificates.

13.
 - (i) There was no allotment and transmission of shares during the financial year under scrutiny. The Company has delivered all the certificates on lodgment thereof for transfer in accordance with the provisions of the Act.
 - (ii) The Company has deposited the amount of dividend declared in a separate bank account on 2nd June 2011 which is within 5 days from the date of declaration of such dividend.
 - (iii) The Company has posted warrants for dividends to all members within a period of 30 days from the date of declaration and that all unclaimed / unpaid dividend has been transferred to Unpaid Dividend Account of the Company with ICICI Bank, Mumbai on 30.06.2011.
 - (iv) No amount was due to be transferred to the Investor Education and Protection Fund pursuant to Section 205 C of the Act.
 - (v) The Company has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and appointment of directors, directors to fill casual vacancies has been duly made.
15. The appointment of whole time Director has been made in compliance with section 269 of the Companies Act 1956 read with Schedule XIII thereof.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act 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 31.03.2012 are within the borrowing limits of the company and necessary resolutions as per Section 293 (1) (d) of the Companies Act, 1956 have been passed in duly convened Annual General Meeting.
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. The Company has applied for condonation of delay in filing of particulars of charges with Company Law Board (CLB). The order of CLB has been received as detailed hereunder:

Sl. No.	Date of creation / Modification of charge	Due date of filing of form 8	Actual date of filing of form 8	SRN	CLB order Number
1	21.12.2009	20.01.2010	20.02.2010	A78947652	781/141/CB/2011
2	21.12.2009	20.01.2010	20.02.2010	A78948312	782/141/CB/2011
3	21.12.2009	20.01.2010	12.02.2010	B05438452	780/141/CB/2011
4	21.12.2009	20.01.2010	20.02.2010	A78948015	779/141/CB/2011
5	21.12.2009	20.01.2010	20.02.2010	A78946886	783/141/CB/2011
6	12.03.2011	11.04.2011	12.05.2011	B12055042	1677/141/CB/2011

Apart from above, there was no prosecution initiated against or show cause notice received by the Company and no fines or penalties or any other punishment imposed on the Company during the financial year, for offences under the Act.

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 are not applicable.

For SVJS & Associates
Company Secretaries

Sd/-

CS. sivakumar p.
Managing Partner
CP No. 2210

Kochi
20.04.2012

M/S. KITEX GARMENTS LIMITED

CIN: L18101KL1992PLC006528

SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31.03.2012

Annexure A

Registers as maintained by the Company

Statutory Registers:

1. Register of Charges u/s 143
2. Register and index of Members u/s 150 & 151
3. Registers and Returns u/s 163
4. Minutes Book of Meetings of Board of Directors u/s 193
5. Minutes Books of Proceedings of General Meetings u/s 193
6. Books of Account u/s 209
7. Register of particulars of contracts in which the directors are interested u/s 301
8. Register of Directors, Managing Director, Manager and Secretary u/s 303
9. Register of Directors' Shareholdings u/s 307
10. Register of Renewed and Duplicate Share Certificate.

M/S. KITEX GARMENTS LIMITED

CIN: L18101KL1992PLC006528

SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31.03.2012

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, 2012.

- With Registrar of Companies:

Sl No.	Form No/ Return	Filed under section	For	Date of Filing	Whether filed within the pre-scribed 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 31.03.2011	24.06.2011	Yes	No
2	Form 23 AC XBRL	220	Balance Sheet as on 31.03.2011	12.12.2011	Yes	No
3	Form 23 ACA XBRL	220	Profit and loss account for the year ended 2010 - 2011	12.12.2011	Yes	No
4	Form 20B	159	Annual Return up to 30.5.2011	27.07.2011	Yes	No
5	Form 8	125	Creation of charge	02.02.2012	Yes	No
6	Form 8	135	Modification of charge	20.12.2011	No	Yes
7	Form 8	135	Modification of charge	12.05.2011	No	Yes
8	Form 8	135	Modification of charge	21.05.2011	No	Yes
9	Form 8	135	Modification of charge	27.05.2011	No	Yes

10	Form 8	135	Modification of charge	27.05.2011	No	Yes
11	Form 8	135	Modification of charge	27.05.2011	No	Yes
12	Form 21	621A	Notice of CLB order	13.06.2011	Yes	No
13	Form 21	621A	Notice of CLB order	13.06.2011	Yes	No
14	Form 21	621A	Notice of CLB order	13.06.2011	Yes	No
15	Form 21	621A	Notice of CLB order	13.06.2011	Yes	No
16	Form 21	621A	Notice of CLB order	13.06.2011	Yes	No
17	Form 21	621A	Notice of CLB order	10.11.2011	Yes	No
18	Form 23	192	Registration of resolutions and agreements	24.06.2011	Yes	No
19	Form 25 C	269 (2)	Return of appointment of Whole Time Director	01.10.2011	Yes	No
20	Form 32	269	Change in designation of Director	03.10.2011	No	Yes
21	Form 32	262	Director appointed in casual vacancy	27.07.2011	Yes	No
22	Form 32	303	Cessation of director	25.07.2011	No	Yes
23	Form 32	383A	Appointment of Company Secretary	11.10.2011	No	Yes

- **With Regional Director: Nil**
- **With Central Government: Nil**

For SVJS & Associates
Company Secretaries

Sd/-
CS. sivakumar p.
Managing Partner
CP No. 2210

Kochi
20.04.2012

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, 2012, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. 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;
 - (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;
 - (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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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, 2012;
 - (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
Firm Regn. No. 008926S

Sd/-

CA. Liju V.Rajan Kolath
Partner
Membership No. 209309

Ernakulam
20.04.2012

Annexure to Auditors' Report

Referred to in Paragraph 3 of our Report of even date

- (i)
 - (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. According to the information and explanations given to us, 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)
 - (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, no material discrepancies were noticed on physical verification of inventories as compared to the book records.
- (iii) 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) 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)
 - (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) 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) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) 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)

- (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 31.03.2012 for a period of more than six months from the date they became payable.

- (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 Statute	Nature of 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
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 (Ap- peals)
Income Tax Act	Income Tax	23,93,497/-	AY 2007-08	Deputy Commis- sioner of Income Tax
Income Tax Act	Income Tax	3,16,22,680/- (Out of which Rs.1,56,06,500 has been deposited)	AY 2008-09	Commissioner of Income Tax (Ap- peals)
Provident Fund Act	Provident Fund	1,31,86,588/- (Out of which Rs.52,74,636/- has been deposited)	2001-02 to 2005-06	Honourable High Court of Kerala
Employees State In- surance Act	Employee State Insurance	3.66 Lakhs (Out of which Rs.75,000/- has been deposited)	1996 - 1997 and 1997-98	ESI Inspector
Employees State In- surance Act	Employee State Insurance	5.62 Lakhs (Out of which Rs.50,000/- has been deposited)	1998 -99 to 2001-02.	Honourable High Court of Kerala
Employees State In- surance Act	Employee State Insurance	57,72,341/- (Out of which Rs.15,00,000/- has been deposited)	2003 to 2009	Honourable ESI Court

- (x) 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) 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) 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) 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) 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) 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) In our opinion, the term loans have been applied for the purposes for which they were raised.
- (xvii) 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) 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) 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) 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) 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, nor have we been informed of such case by the management.

For **KOLATH & CO**

Chartered Accountants

Firm Regn. No. 008926S

Sd/-

CA. Liju V.Rajan Kolath

Partner

Membership No. 209309

Ernakulam

20.04.2012

Kitex Garments Limited

BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Notes	31ST MARCH 2012 (Rupees)	31ST MARCH 2011 (Rupees)
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
a) Share Capital	3	47,500,000.00	47,500,000.00
b) Reserves and Surplus	4	926,766,725.74	688,734,559.54
Sub-Total		974,266,725.74	736,234,559.54
(2) Non-Current Liabilities			
a) Long-term borrowings	5	68,553,765.56	224,991,973.15
b) Deferred tax liabilities (Net)	6	163,359,695.00	156,933,695.00
c) Other Long term liabilities		-	-
d) Long-term provisions	7	16,152,576.00	12,801,387.00
Sub-Total		248,066,036.56	394,727,055.15
(3) Current Liabilities			
a) Short-term borrowings	8	815,136,628.53	654,590,202.09
b) Trade Payables	9	268,207,440.99	319,722,812.35
c) Other current liabilities	10	210,984,374.72	277,997,595.76
d) Short-term provisions	7	158,012,845.00	115,874,293.00
Sub-Total		1,452,341,289.24	1,368,184,903.20
TOTAL		2,674,674,051.54	2,499,146,517.89
II. ASSETS			
(1) Non-current assets			
a) Fixed assets	11		
i) Tangible assets		1,220,336,505.67	1,212,301,061.21
ii) Intangible assets		7,604,695.00	10,819,562.00
iii) Capital Work-in-Progress		3,530,414.71	9,430,373.62
b) Non-current investments	12	43,400.00	43,400.00
c) Long term loans and advances	13	31,318,853.44	30,616,339.51
d) Other non-current assets	14	6,949,636.00	7,399,636.00
Sub-Total		1,269,783,504.82	1,270,610,372.34
(2) Current assets			
a) Current investments		-	-
b) Inventories	15	519,621,478.51	565,863,704.00
c) Trade receivables	14	318,251,082.20	392,938,030.28
d) Cash and Bank Balances	16	365,235,556.46	63,945,041.40
e) Short-term loans and advances	13	183,485,999.31	133,696,149.44
f) Other current assets	14	18,296,430.24	72,093,220.43
Sub-Total		1,404,890,546.72	1,228,536,145.55
TOTAL		2,674,674,051.54	2,499,146,517.89
Summary of Significant Accounting Policies	2.2		

The accompanying Notes are an integral part of the financial statements.
As per our Report of even date

For KOLATH & CO
Chartered Accountants
Firm Regn. No. 008926S

For and on behalf of the Board of Directors of
Kitex Garments Limited

Sd/-
CA Liju V Rajan Kolath
Partner
Membership No. 209309

Sd/-
Sabu M Jacob
Managing Director

Sd/-
C Mohan
Director - Finance/
Company Secretary

Sd/-
Benni Joseph
Director

Kizhakkambalam
20th April, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Notes	31ST MARCH 2012 (Rupees)	31ST MARCH 2011 (Rupees)
Revenue			
I. Revenue from operations	17	3,119,987,719.31	2,561,063,059.69
II. Other income	18	63,481,600.79	52,333,285.13
III Total Revenue (I+II)		3,183,469,320.10	2,613,396,344.82
IV Expenses			
Cost of Raw Materials Consumed	19	1,749,124,125.03	1,304,960,071.60
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	(26,583,435.16)	3,655,711.00
Employees Benefits Expense	21	378,073,673.54	368,331,301.34
Finance Costs	24	176,069,111.42	124,725,204.92
Depreciation and amortization expense	23	68,663,786.06	68,859,838.98
Other Expenses	22	437,040,480.01	430,434,299.91
Total Expenses		2,782,387,740.90	2,300,966,427.75
V. Profit before exceptional and extraordinary items and tax		401,081,579.20	312,429,917.07
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V-VI)		401,081,579.20	312,429,917.07
VIII. Extraordinary items		-	-
IX. Profit before tax (VII-VIII)		401,081,579.20	312,429,917.07
X. Tax Expense			
(1) Current Tax		123,500,000.00	92,710,000.00
(2) Deferred Tax		6,426,000.00	13,393,231.00
XI. Profit/ (Loss) for the year from continuing operations		271,155,579.20	206,326,686.07
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit/(Loss) for the year (XI + XIV)		271,155,579.20	206,326,686.07
XVI. Earnings per equity share	25		
(1) Basic		5.71	4.34
(2) Diluted		5.71	4.34
Summary of Significant Accounting Policies	2.2		

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

As per our Report of even date
For KOLATH & CO
Chartered Accountants
Firm Regn. No. 0089265

For and on behalf of the Board of Directors of
Kitex Garments Limited

Sd/-

CA Liju V Rajan Kolath
Partner
Membership No. 209309

Kizhakkambalam
20th April, 2012

Sd/-

Sabu M Jacob
Managing Director

Sd/-

C Mohan
Director - Finance/
Company Secretary

Sd/-

Benni Joseph
Director

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1. Corporate Information

Kitex Garments Limited is a public company incorporated in India under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange and Cochin Stock Exchange. The Company is engaged in the manufacture of fabric and readymade garments. The readymade garments manufactured are exported.

2. Basis of Preparation

The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Presentation and disclosure of Financial Statements

For the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its Financial Statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2.2 Summary of Significant accounting policies

2.2.1 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.

2.2.2 Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. The estimates and assumptions used in the financial statements are based upon the Management's evaluation of the relevant facts and circumstances as on the date of financial statements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

2.2.3 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.

2.2.4 Revenue Recognition

Revenue is recognized when the significant risks and rewards of ownership of goods have been passed to the buyer. Sales are recognized on inwarding of goods at customer's end, where applicable as per terms of sale (for domestic) and on the date of bill of lading (for exports). Income arising on disposal of scrap/waste is recognized on receipt basis.

2.2.5 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. Subsidy received towards specific assets is reduced from the cost of fixed assets. Fixed assets taken on Finance Lease are capitalized.

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

2.2.6 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 Statement of Profit and Loss.

2.2.7 Depreciation and Amortisation

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 amortised over a period of three years.

2.2.8 Foreign Currency Transactions

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

Monetary assets and liabilities denominated in foreign currencies outstanding at the year end are re-stated at the rate of exchange prevailing at the year-end and the gain or loss, is recognized in the Statement of Profit and Loss.

Exchange differences arising on actual payments/ realizations and year-end restatements are recognized in the Statement of Profit and Loss.

2.2.9 Government Grants

Government Grants are recognized 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 recognized in the Statement of Profit and Loss and are shown under Other Income.

2.2.10 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.

2.2.11 Employee Benefits

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

The contributions remitted to government administered Provident and Pension Fund on behalf of its employees in accordance with the relevant statute are charged to the Statement of Profit and Loss as and when due. The Company has no further obligations for future Provident/ Pension fund benefits other than its monthly contributions.

Post employment and other long term employee benefits are recognised as an expense in the Statement of Profit and Loss 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.

2.2.12 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 Statement of Profit and Loss.

2.2.13 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.

2.2.14 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.

3. SHARE CAPITAL

Sl No.	Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
a	Authorised Shares 50,000,000 Equity shares of Re. 1 each (31 March 2011: 50,000,000)	50,000,000.00	50,000,000.00
b	Issued, Subscribed and fully paid up shares 47,500,000 Equity shares of Re. 1 each (31 March 2011: 47,500,000)	47,500,000.00	47,500,000.00
c	Reconciliation of shares outstanding at the beginning and at the end of the reporting period.		
		31 March 2012	31 March 2011
		No. of shares	Amount (Rs.)
	At the beginning of the period	47,500,000	47,500,000.00
	Add: Shares Issued during the year	NIL	NIL
	Less: Shares bought back during the year	NIL	NIL
	Add: Other movements during the year	NIL	NIL
	Outstanding at the end of the period	47,500,000	47,500,000.00
d	<p>Terms/rights attached to equity shares.</p> <p>The company has only one class of equity shares having par value of Re. 1 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian rupees.</p> <p>The dividend proposed is as recommended by the Board of Directors and subject to the approval of the shareholders in the ensuing Annual General Meeting.</p> <p>For the year ended 31 March 2012, the amount of dividend per share recognised as distributions to equity share holders is Re.0.60 (31 March 2011: Re.0.40)</p> <p>In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the realised value of the assets of the Company, remaining after payment of all preferential dues. The distribution will be in proportion to the number of equity shares held by the shareholders.</p>		
		31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
e	Shares held by holding/ ultimate holding company/ or their subsidiaries/ associates	NIL	NIL
f	Details of shareholders holding more than 5% shares in the Company		
		31 March 2012	31 March 2011
		No. of shares	% of holding in the class
	Equity Shares of Re. 1 each fully paid		
	Kitex Childrenswear Limited	7,330,329	15.4322%
	Sabu M Jacob	3,464,631	7.2939%
	Bobby M Jacob	3,000	0.0063%
	Sabu M Jacob and Bobby M Jacob	3,846,950	8.0988%
	Bobby M Jacob and Sabu M Jacob	6,910,750	14.5489%
	Renjitha Joseph	3,091,500	6.5084%
	Gopinathan C K	2,813,708	5.9235%
	C K G Super Market Limited	2,676,513	5.6347%
	As per records of the Company, including its Register of Members and other declarations received from them regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.		
		31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
g	Aggregate number of shares issued for consideration other than cash, bonus shares issued and shares bought back during the period of 5 years immediately preceding the reporting date.	NIL	NIL

4. RESERVES AND SURPLUS

Sl No.	Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
a	Capital Reserve		
	Investment Subsidy:	2,210,000.00	2,210,000.00
b	General Reserve		
	Balance as per last Financial Statements	66,500,000.00	41,500,000.00
	Add: Amount transferred from surplus balance in the Statement of Profit and Loss	30,000,000.00	25,000,000.00
	Closing balance	96,500,000.00	66,500,000.00
c	Surplus/(Deficit) in the Statement of Profit and Loss.		
	Balance as per last Financial Statements	620,024,559.54	460,853,536.47
	Profit for the year	271,155,579.20	206,326,686.07
	Less: Appropriations	891,180,138.74	667,180,222.54
	Proposed final equity dividend (Amount per share Re. 0.60 (31 March 2011: Re.0.40))	28,500,000.00	19,000,000.00
	Tax on proposed equity dividend	4,623,413.00	3,155,663.00
	Transfer to General Reserve	30,000,000.00	25,000,000.00
	Total Appropriations	63,123,413.00	47,155,663.00
	Net Surplus in the Statement of Profit and Loss	828,056,725.74	620,024,559.54
	Total Reserves and Surplus	926,766,725.74	688,734,559.54

5. LONG TERM BORROWINGS

Sl. No.	Particulars	Non-Current Portion		Current Maturities	
		31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
a	Term Loans				
	Indian Rupee Loan From Banks (Secured)	68,553,765.56	223,253,271.28	129,699,040.00	202,078,853.00
b	Other Loans and advances				
	Finance Lease obligations - Secured	-	1,738,701.87	1,738,701.87	2,347,346.13
		68,553,765.56	224,991,973.15	131,437,741.87	204,426,199.13
	The above amount includes				
	Secured borrowings	68,553,765.56	224,991,973.15	131,437,741.87	204,426,199.13
	Unsecured borrowings	-	-	-	-
	Amount disclosed under the head				
	Other Current Liabilities	NIL	NIL	(131,437,741.87)	(204,426,199.13)
	See Note No. 10	68,553,765.56	224,991,973.15	-	-

I	Terms of Repayments of Indian Rupee Term Loans			
	Name of the Bank	<i>Federal Bank Ltd</i>	<i>Federal Bank Ltd</i>	<i>Federal Bank Ltd</i>
	Type of Loan	Term Loan	Term Loan	Term Loan
	Loan Account No.	10357100003450	10357100003740	10357100004284
	Amount sanctioned/availed (Rs.)	389,300,000.00	110,700,000.00	150,000,000.00
	Sanction Date	10.06.2005	07.10.2006	21.01.2009
	Current Interest rate	14%	14%	15.50%
	Total No. of Instalments	60	60	60
	No. of instalments paid	49	49	28
	No. of balance instalments to be paid	11	11	32
	Amount of instalment	6,488,333.00	1,845,000.00	2,500,000.00
	Repayment type	Monthly	Monthly	Monthly
	Interest payment type	Monthly	Monthly	Monthly
	Name of the Bank	<i>State Bank of India</i>	<i>State Bank of India</i>	<i>State Bank of India</i>
	Type of Loan	Term Loan	Term Loan	Term Loan
	Loan Account No.	30057911038 (Term Loan - 1)	30347815097 (Term Loan - 2)	30699665853 (Corporate Loan)
	Amount sanctioned/availed (Rs.)	100,000,000.00	41,000,000.00	100,000,000.00
	Sanction Date	25.11.2009	03.04.2007	27.04.2006
	Current Interest rate	14.25%	14.50%	15.25%
	Total No. of Instalments	20	60	10
	No. of instalments paid	20	28	10
	No. of balance instalments to be paid	-	32	-
	Amount of instalment	5,000,000.00	555,000.00	10,000,000.00
	Repayment type	Quarterly	Monthly	Quarterly
	Interest payment type	Monthly	Monthly	Monthly
	Name of the Bank	<i>Axis Bank</i>	<i>Punjab National Bank</i>	<i>Punjab National Bank</i>
	Type of Loan	Vehicle Loan	Vehicle Loan	Vehicle Loan
	Loan Account No.	AUR008100291865	PNB-INNOVA-1-170100NG00265285	PNB-TATA VEH-170100NG00265328 (TATA Spacio)
	Amount sanctioned/availed (Rs.)	8,000,000.00	755,000.00	1,176,000.00
	Sanction Date	03.02.2011	08.05.2007	20.09.2009
	Current Interest rate	8.26%	13.25%	13.25%
	Total No. of Instalments	36	60	60
	No. of instalments paid	13	60	30
	No. of balance instalments to be paid	23	-	30
	Amount of EMI	249,931.00	16,330.00	16,636.00
	Repayment type	Monthly	Monthly	Monthly

Name of the Bank	Punjab National Bank	Punjab National Bank	Punjab National Bank	Federal Bank Ltd
Type of Loan	Vehicle Loan	Vehicle Loan	Vehicle Loan	Vehicle Loan
Loan Account No.	PNB-TATA VEH-170100NG00265300 (TATA Spacio)	PNB BUS-170100NG00265443	PNB BENZ-170100NG00265276	FEDERAL BANK- (VL) 10357100004292
Amount sanctioned/availed (Rs.)	728,000.00	1,316,100.00	3,725,000.00	4,609,539.00
Sanction Date	31.05.2007	01.07.2009	12.03.2007	18.01.2010
Current Interest rate	13.25%	18.25%	13.25%	5.25% below BPLR
Total No. of Instalments	60	60	60	51
No. of instalments paid	58	32	57	24
No. of balance instalments to be paid	2	28	3	27
Amount of EMI	15,930.00	32,050.00	79,610.00	91,379.31 (Non EMI)
Repayment type	Monthly	Monthly	Monthly	Monthly

- II Indian Rupee Term loans from Banks (Other than Vehicle loans) are Secured by:
- i Primary Security:
- a Federal Bank Term Loan Account No. 10357100003450, Term Loan Account No. 10357100003740 and Working Capital Term Loan Account No.10357100004284 - First exclusive charge by way of Equitable mortgage of 19.18 acres of land together with the buildings and First exclusive charge by way of hypothecation of entire plant and machinery and fixed assets of the backward integration project.
- b StateBankofIndia Term Loan-1- Account No.30057911038-First charge on the assets created out of bank finance, including EM over 3.75 Acres of land & building in Re. Sy. No. 81/1 at Pattimattom Village, Kunnathunadu Taluk (Kizhakkambalam), Puthen cruz Sub-district, Ernakulam belonging to the Company.
- c StateBankofIndia Term Loan-2- Account No.30347815097-First charge on the assets created out of bank finance, including EM over 539.02 Cents of land in Sy. No. 87/2/2, 76/4/2, 87/2/3, 86/3/3, 76/4/1,87/2/4,86/3/1 at Kizhakkambalam, Puthen cruz Sub-district, Ernakulam belonging to M/s. Kitex Childrenswear Limited.
- d State Bank of India Corporate Loan - Account No. 30699665853 - Paripassu First Charge over entire Current Assets of the Company, both present and future.
- ii Collateral Security:
- a Second Charge on entire Current Assets of the Company both present and future.
- b Paripassu Second Charge on entire Fixed Assets of the company, both present and future other than the fixed assets charged as primary security
- c Pari-passu Second charge, in favour of SBI, PNB and Federal Bank on the entire Fixed Assets of the Company (excluding vehicles purchased under the Hire Purchase), of which includes:
1. EM on 3.75 Acres of land & building in Re. Sy No. 81/1 at Pattimattom Village, Kunnathunadu Taluk (Kizhakkambalam), Puthen cruz Sub-district, Ernakulam belonging to the Company (First Charge for SBI for the Term Loan limit of Rs. 10.00 crores).
 2. EM on 19.24 acres of land, building and plant & machinery of the fabric processing plant at Kizhakkambalam (First charge for Federal Bank for their Term Loan limit of Rs. 65 Crores).
- d Pari-passu Second charge, in favour of SBI, PNB and Federal Bank over EM on 539.02 cents of land in survey No. 87/2/2, 76/4/2, 87/2/3, 86/3/3, 76/4/1, 87/2/4, 86/3/1 at Kizhakkambalam, belonging to M/s. Kitex Childrenswear Limited (First charge to SBI for the Term Loan of Rs. 4.10 crores).
- iii Personal Guarantee of Mr. Sabu M Jacob, Managing Director.
- iv Corporate guarantee of Kitex Childrenswear Limited up to the value of the security provided.
- 2 Vehicle loans are secured by hypothecation of the concerned vehicles.
- 3 Finance lease obligation is secured by hypothecation of assets taken on lease.

6. DEFERRED TAX LIABILITY (Net)

Sl No.	Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
a	Deferred Tax Liability Fixed Assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	169,047,037.00	161,521,037.00
	Gross Deferred Tax Liability	169,047,037.00	161,521,037.00
b	Deferred Tax Asset Impact of Expenditure charged (Gratuity) to Statement of Profit and Loss in the current year but allowed for tax purpose on payment basis	5,687,342.00	4,587,342.00
	Gross Deferred Tax Asset	5,687,342.00	4,587,342.00
	Net Deferred Tax Liability	163,359,695.00	156,933,695.00

7. PROVISIONS

Sl No.	Particulars	Long Term		Short Term	
		31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
a	Provision for Employee Benefits Provision for Gratuity	16,152,576.00	12,801,387.00	1,389,432.00	1,008,630.00
		16,152,576.00	12,801,387.00	1,389,432.00	1,008,630.00
b	Other Provisions				
	Provision for Taxation	NIL	NIL	123,500,000.00	92,710,000.00
	Proposed Equity Dividend	NIL	NIL	28,500,000.00	19,000,000.00
	Provision for Tax on proposed equity dividend	NIL	NIL	4,623,413.00	3,155,663.00
		NIL	NIL	156,623,413.00	114,865,663.00
		16,152,576.00	12,801,387.00	158,012,845.00	115,874,293.00

8. SHORT TERM BORROWINGS

Sl No.	Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
a	Loans Repayable on demand Packing Credit Loan From banks (Secured)	815,136,628.53	654,590,202.09
		815,136,628.53	654,590,202.09
1	Terms of repayment of Packing Credits: PC from Banks is repayable on demand and carries interest @ 11.50%. (Current rate)		
2	Working capital Limits from Banks are secured by		
(i)	Primary Security: Pari Passu first charge over the entire Current Assets of the Company, both present and future.		

(ii)	Collateral Security:
a	Pari-passu Second charge, in favour of SBI, PNB and Federal Bank on the entire Fixed Assets of the Company (excluding vehicles purchased under the Hire Purchase), of which includes: 1. EM on 3.75 Acres of land & building in Re. Sy No. 81/1 at Pattimattom Village, Kunnathunadu Taluk (Kizhakkambalam), Puthen cruz Sub-district, Ernakulam belonging to the Company (First Charge for SBI for the Term Loan limit of Rs. 10.00 crores). 2. EM on 19.24 acres of land, building and plant & machinery of the fabric processing plant at Kizhakkambalam (First charge for Federal Bank for their Term Loan limit of Rs. 65 Crores)
b	Pari-passu Second charge, in favour of SBI, PNB and Federal Bank over EM on 539.02 cents of land in survey No. 87/2/2, 76/4/2, 87/2/3, 86/3/3, 76/4/1, 87/2/4, 86/3/1 at Kizhakkambalam, belonging to M/s. Kitex Childrenswear Limited (First charge to SBI for the Term Loan of Rs. 4.10 crores).
(iii)	Personal Guarantee of Mr. Sabu M Jacob, Managing Director
(iv)	Corporate guarantee of Kitex Childrenswear Limited up to the value of the security provided.

9. TRADE PAYABLES

Sl No.	Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
a	Trade Payables (Refer Note 31 for details of dues to micro and small enterprises)	268,207,440.99	319,722,812.35
b	Others	NIL	NIL
		268,207,440.99	319,722,812.35

10. OTHER CURRENT LIABILITIES

Sl No.	Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
a	Current maturities of long term borrowings (Includes current maturity of finance lease obligations Rs.17,38,701.87 (31 March 2011: Rs 23,47,346.13)	131,437,741.87	204,426,199.13
b	Interest accrued and due on borrowings	2,682,476.00	3,099,391.00
c	Income Received in advance	3,305,990.43	NIL
d	Unpaid dividends	2,575,754.35	1,955,882.25
e	Other payables		
	ESIC Payable	974,706.00	944,441.69
	PF Payable	3,565,294.00	3,367,014.00
	TDS payable	7,452,353.21	9,765,902.40
	Fringe Benefit Tax Payable	907,553.00	238,590.00
	Work Contract Tax Payable	739,792.84	19,046.63
	Service Tax payable	-	58,127.61
	Wealth Tax Payable	177,897.00	-
	Expenses Payable	54,557,487.77	44,825,406.25
	Payable to Vendors - Non Trade	2,607,328.25	9,297,594.80
		210,984,374.72	277,997,595.76

(Amount in Rs.)

SI No		NATURE OF ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
			As at 01.04.2011	Additions during the year	Sale/ Deletions during the year	As at 31.03.2012	As at 01.04.2011	Accumulated Depreciation Reversed/ Adjusted	During the Year	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
A		TANGIBLE ASSETS										
1		Freehold Land	27,042,167.00	8,553,752.92	-	35,595,919.92	-	-	-	-	35,595,919.92	27,042,167.00
2		Building	547,127,827.64	52,901,453.44	-	600,029,281.08	80,434,412.36	-	17,063,926.00	97,498,338.36	502,530,942.72	466,693,415.28
3		Plant & Equipments	789,280,479.00	5,261,195.85	-	794,541,674.85	166,960,348.04	-	37,582,292.70	204,542,640.74	589,999,034.11	622,320,130.96
4		Furniture & Fixtures	30,336,918.75	1,088,313.39	-	31,425,232.14	15,652,833.13	-	2,439,145.58	18,091,978.71	13,333,253.43	14,684,085.62
5		Vehicles	35,556,639.00	-	974,048.00	34,582,591.00	11,353,530.76	449,638.00	3,621,794.45	14,525,687.21	20,056,903.79	24,203,108.24
6		Office Equipments	20,804,963.35	2,295,982.15	-	23,100,945.50	5,971,996.08	-	1,037,234.00	7,009,230.08	16,091,715.42	14,832,967.27
7		Other assets	62,988,966.71	3,260,062.77	-	66,249,029.48	20,463,779.87	-	3,056,513.33	23,520,293.20	42,728,736.28	42,525,186.84
		Total (A)	1,513,137,961.45	73,360,760.52	974,048.00	1,585,524,673.97	300,836,900.24	449,638.00	64,800,906.06	365,188,168.30	1,220,336,505.67	1,212,301,061.21
B		INTANGIBLE ASSETS										
SI No		NATURE OF ASSET	GROSS BLOCK				AMORTIZATION				NET BLOCK	
			As at 01.04.2011	Additions during the year	Sale/ Deletions during the year	As at 31.03.2012	As at 01.04.2011	Amortisation Reversed/ Adjusted	During the Year	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
1		Computer software	27,215,488.40	648,013.00	-	27,863,501.40	16,395,926.40	-	3,862,880.00	20,258,806.40	7,604,695.00	10,819,562.00
		Total	27,215,488.40	648,013.00	-	27,863,501.40	16,395,926.40	-	3,862,880.00	20,258,806.40	7,604,695.00	10,819,562.00
		GRAND TOTAL (A)+(B)	1,540,353,449.85	74,008,773.52	974,048.00	1,613,388,175.37	317,232,826.64	449,638.00	68,663,786.06	385,446,974.70	1,227,941,200.67	1,223,120,623.21
		Previous Year	1,435,194,412.00	105,538,246.00	379,208.00	1,540,353,450.00	248,571,569.00	198,581.00	68,859,839.00	317,232,827.00	1,223,120,623.00	1,186,622,843.00

Note:

Intangible Assets includes Software taken on finance lease:
 Gross Block Rs. 8,251,718.40 (31 March 2011: 8,251,718.40)
 Amortization charged for the year Rs. 2,065,431.40 (31 March 2011: 2,750,298.00)
 Accumulated Amortization Rs. 8,251,718.40 (31 March 2011: 6,186,287.00)
 Net Value Rs. NIL (31 March 2011: 2,065,431.40)

12. NON CURRENT INVESTMENTS

Sl No.	Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
	Non Trade Investments (Valued at cost)		
	Investment in Equity Instruments (Quoted)	43,400.00	43,400.00
	1400 (31 March 2011: 1400) Equity Shares of Punjab National Bank (Market value of Shares as on 31 March 2012 is Rs. 12,95,000 (As on 31 March 2011: Rs.17,08,210))	43,400.00	43,400.00

13. LOANS AND ADVANCES

Sl No.	Particulars	Non-Current		Current	
		31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
a	Capital advances				
	Unsecured, considered good	19,521,972.44	18,597,336.51	NIL	NIL
	(a)	19,521,972.44	18,597,336.51	NIL	NIL
b	Security Deposit				
	Unsecured, considered good	11,796,881.00	12,019,003.00	NIL	NIL
	(b)	11,796,881.00	12,019,003.00	NIL	NIL
c	Advance Recoverable in cash or in kind Unsecured, considered good				
	Advance to Vendors - Trade	NIL	NIL	24,338,319.36	34,554,698.36
	(c)	NIL	NIL	24,338,319.36	34,554,698.36
d	Other Loans and advances				
	Unsecured, considered good				
	(i) Advance to Employees	NIL	NIL	1,070,032.17	994,864.76
	(ii) Advance Income tax	NIL	NIL	118,525,353.00	77,331,651.00
	(iii) Prepaid Expenses	NIL	NIL	1,816,102.67	1,501,275.00
	(iv) KVAT Refund Receivable	NIL	NIL	37,736,192.11	19,313,660.32
	(d)	NIL	NIL	159,147,679.95	99,141,451.08
	TOTAL (a)+(b)+(c)+(d)	31,318,853.44	30,616,339.51	183,485,999.31	133,696,149.44

14. TRADE RECEIVABLES AND OTHER ASSETS

Sl No.	Particulars	Non-Current		Current	
		31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
1	Trade Receivables				
a	Outstanding for a period Exceeding six months from the date they are due for payment (A)	NIL	NIL	NIL	NIL
b	Other Receivables Unsecured, considered good (B)	NIL	NIL	318,251,082.20	392,938,030.28
	Total (A)+(B)	NIL	NIL	318,251,082.20	392,938,030.28

Sl No.	Particulars	Non-Current		Current	
		31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
	Dues from Company in which the Company's Managing Director is a Managing Director				
	Dues from Kitex Childrenswear Ltd. Unsecured, considered good	NIL	NIL	50,820,856.21	196,832,975.09
2	Other Assets				
	Unsecured, considered good				
	(i) Duty Drawback	NIL	NIL	10,103,949.24	59,046,629.43
	(ii) Interest accrued on fixed deposits	NIL	NIL	770,830.00	428,591.00
	(iii) Subsidy - TUFs	NIL	NIL	5,424,835.00	12,618,000.00
	(iv) Service Tax Refund on export of goods	NIL	NIL	147,344.00	NIL
	(v) Insurance claim receivable	NIL	NIL	1,349,472.00	NIL
	(vi) Other Deposits	6,949,636.00	7,399,636.00	500,000.00	NIL
		6,949,636.00	7,399,636.00	18,296,430.24	72,093,220.43

15. INVENTORIES (Valued at lower of cost or net realizable value)

Sl No.	Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
a	Raw- Materials	462,948,839.35	535,774,500.00
b	Finished goods	56,672,639.16	30,089,204.00
		519,621,478.51	565,863,704.00

16. CASH AND BANK BALANCES

Sl No.	Particulars (Rs.)	Non Current		Current	
		31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
1	Cash and Cash equivalents				
a	Cash on Hand	NIL	NIL	987,600.05	594,771.77
b	Balance with banks:				
	On current accounts	NIL	NIL	320,293,880.06	30,122,087.38
	(A)	NIL	NIL	321,281,480.11	30,716,859.15
2	Other Bank balances				
a	Ear marked balance with Banks				
	On unpaid dividend accounts	NIL	NIL	2,575,754.35	1,955,882.25
b	Margin money Deposit	NIL	NIL	41,378,322.00	31,272,300.00
	(B)	NIL	NIL	43,954,076.35	33,228,182.25
	(A)+(B)	NIL	NIL	365,235,556.46	63,945,041.40

Margin money deposits with carrying amount of Rs.41,378,322.00 (31 March 2011: Rs. 31,272,300.00) are held to secure the Company's Non Fund based limits availed from Banks.

Balance with Banks on Current Account includes balance with International Commercial Bank of China amounting to Rs. 714,277.00 (31 March 2011: Rs. 624,666.71) - Maximum balance during the year - Rs. 714,277.00 (Previous year - Rs. 15.27 Lakhs)

17. REVENUE FROM OPERATIONS

Sl No.	Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
a	Sale of Products Sales - Export Sales - Domestic	2,156,639,229.58 806,255,257.11	1,713,796,112.73 706,202,012.71
	(A)	2,962,894,486.69	2,419,998,125.44
b	Other Operating Revenues		
(i)	Duty drawback Income	151,062,031.62	137,745,197.88
(ii)	Service Tax Refund on export of goods	672,110.00	-
(iii)	Sale of manufacturing scrap	3,827,186.00	2,848,786.06
(iv)	Others	1,531,905.00	470,950.31
	(B)	157,093,232.62	141,064,934.25
	Total (A)+(B)	3,119,987,719.31	2,561,063,059.69

18. OTHER INCOME

Sl No.	Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
a	Interest Income		
(i)	Bank Deposits	2,459,444.00	1,515,481.65
(ii)	Other Deposit	186,150.00	57,954.00
b	Dividend Income on Long Term investments	30,800.00	16,800.00
c	Subsidy Income - TUFs	31,774,050.00	19,311,000.00
d	Exchange rate fluctuation (Net)	17,588,879.38	23,535,086.48
e	Rent received	1,115,284.00	278,821.00
f	Prior period income	1,342,229.22	-
g	Other non-operating income	8,984,764.19	7,618,142.00
		63,481,600.79	52,333,285.13

19. COST OF RAW MATERIALS CONSUMED

Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
Inventory at the beginning of the year	535,774,500.00	188,881,180.95
Add: Purchases during the year	1,676,298,464.38	1,651,853,390.65
Less: Inventory at the end of the year	462,948,839.35	535,774,500.00
Cost of raw material consumed.	1,749,124,125.03	1,304,960,071.60

20. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
Inventories at the end of the year		
Finished goods	56,672,639.16	30,089,204.00
Inventories at the beginning of the year		
Finished goods	30,089,204.00	33,744,915.00
Change in inventories of finished goods	(26,583,435.16)	3,655,711.00

21. EMPLOYEES BENEFITS EXPENSE

Sl No.	Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
a	Salaries, Wages and Bonus	315,512,554.92	277,370,746.47
b	Contribution to Provident Fund	21,296,932.00	12,446,282.00
c	Staff Welfare Expenses	41,264,186.62	78,514,272.87
		378,073,673.54	368,331,301.34

22. OTHER EXPENSES

Sl No.	Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
1	Carriage Inward	8,004,234.52	10,367,762.58
2	Power and Fuel	140,970,383.12	107,800,277.97
3	Repairs to Building	2,369,180.98	10,375,982.11
4	Repairs to Machinery	3,760,643.21	8,060,415.91
5	Repairs Others	4,806,079.28	9,295,525.63
6	Stores and Spares	33,724,113.60	24,022,322.54
7	Insurance	9,054,605.75	11,665,725.02
8	Processing charges	114,183,025.09	141,668,650.07
9	Testing Charges	8,782,520.82	6,437,691.71
10	Sitting fee to Directors	144,000.00	148,000.00
11	Travelling Expenses	7,990,623.29	7,306,540.23
12	Postage, Courier and Telephone	5,672,247.65	4,919,455.11
13	Rent	6,623,419.34	6,778,208.28
14	Audit fees	617,980.00	397,080.00
15	Legal and professional Charges	8,495,613.45	8,725,180.57
16	Rates & Taxes	5,393,740.07	2,350,262.59
17	Printing and Stationery	2,184,834.18	3,098,325.15
18	General Expenses	1,694,315.08	1,820,966.01
19	Carriage Outwards	15,033,662.66	24,762,293.85
20	Advertisement and Sales promotion	11,177,816.50	11,720,223.40
21	Interest (Other than on borrowings)	6,147,660.37	5,968,007.00
22	Bank charges	5,357,019.91	18,158,026.49
23	Loss on Sale of Fixed assets	144,410.00	80,627.00
24	Duty drawback written off	28,572,725.43	-
25	Prior period expenses	6,135,625.71	4,506,750.69
		437,040,480.01	430,434,299.91

23. DEPRECIATION AND AMORTIZATION EXPENSES

Sl No.	Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
a	Depreciation of Tangible Assets	64,800,906.06	62,086,351.58
b	Amortization of Intangible Assets	3,862,880.00	6,773,487.40
		68,663,786.06	68,859,838.98

24. FINANCE COSTS

Sl No.	Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
a	Interest Expenses	175,349,712.42	124,087,007.92
b	Other Borrowing costs	719,399.00	638,197.00
		176,069,111.42	124,725,204.92

25. EARNING PER SHARE

Sl No.	Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
a	Net profit as per Statement of Profit and Loss	271,155,579.20	206,326,686.07
b	Net profit available to Equity Share holders	271,155,579.20	206,326,686.07
c	No. of equity shares at year end	47,500,000	47,500,000
d	Weighted average number of Equity shares used as denominator for calculating EPS	47,500,000	47,500,000
e	Basic and Diluted Earning per Share	5.71	4.34
f	Face value per Equity Share	1.00	1.00

26. GRATUITY

The following table summarises the components of expenses recognized in the Statement of Profit and Loss and the amounts recognized in the Balance Sheet

Sl No.	Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
1	Expense Recognised in Statement of Profit and Loss		
a	Current Service Cost	3,978,993.00	3,221,137.00
b	Interest on Defined Benefit Obligation	1,400,060.00	1,196,237.00
c	Net Actuarial Losses/(Gains) recognised in the year	389,546.00	(1,120,926.00)
d	Past Service Cost	-	460,885.00
	Total amount included in "Employee Benefit Expense" (Note 21)	5,768,599.00	3,757,333.00
2	Amount Recognized in Balance Sheet		
a	Present Value of Unfunded Obligations	17,542,008.00	13,810,017.00
	Net Liability	17,542,008.00	13,810,017.00
b	Net Liability is bifurcated as follows:		
	Current	1,389,432.00	1,008,630.00
	Non Current	16,152,576.00	12,801,387.00
	Net Liability	17,542,008.00	13,810,017.00
3	Change in Defined Benefit Obligation		
a	Opening Defined Benefit Obligation	13,810,017.00	11,747,534.00
b	Current Service Cost	3,978,993.00	3,221,137.00
c	Interest Cost	1,400,060.00	1,196,237.00
d	Actuarial Losses/ (Gain)	389,546.00	(1,120,926.00)

Sl No.	Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
e	Past Service Cost	-	460,885.00
f	Benefits Paid	(2,036,608.00)	(1,694,850.00)
g	Closing Defined Benefit Obligation	17,542,008.00	13,810,017.00
h	Contributions by Employer	2,036,608.00	1,694,850.00
i	Benefits Paid	(2,036,608.00)	(1,694,850.00)
j	Expected Employer's Contribution Next Year	1,389,432.00	1,008,630.00
4	Financial Assumptions at the Valuation Date:		
a	Discount Rate (p.a.)	8.40%	8.10%
b	Expected Rate of Return on Assets (p.a.)	0.00%	0.00%
c	Salary Escalation Rate (p.a.)	7.00%	7.00%

27 LEASES

A Finance Lease: Company as Lessee		31. MARCH 2012		
	Total minimum lease payments outstanding	Amount representing future finance charges	Present value of minimum lease payments	
Due	Rs.	Rs.	Rs.	
1. Within One Year	1,808,568.00	69,866.13	1,738,701.87	
2. After one year but not more than five years	NIL	NIL	NIL	
TOTAL	1,808,568.00	69,866.13	1,738,701.87	

Finance Lease: Company as Lessee		31. MARCH 2011		
	Total minimum lease payments outstanding	Amount representing future finance charges	Present value of minimum lease payments	
Due	Rs.	Rs.	Rs.	
1. Within One Year	2,712,852.00	360,708.00	2,352,144.00	
2. After one year but not more than five years	1,808,568.00	74,664.00	1,733,904.00	
TOTAL	4,521,420.00	435,372.00	4,086,048.00	

B Operating Lease: Company as Lessor

Future minimum rentals receivable under operating lease is as follows:

	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
Within one year	650,580.00	743,520.00
	650,580.00	743,520.00

C Operating Lease: Company as Lessee

The Company has taken various residential and office premises under operating lease agreements. These agreements are generally for a period of 11 months. The Company has also taken equipments on rent for shorter duration during the year. Minimum lease payments charged during the year to the Statement of Profit and Loss aggregated to Rs. 66,23,419.34 (Previous year - Rs. 67,78,208.28)

28. SEGMENT INFORMATION

Sl No.	Particulars	31. MARCH 2012 (Rs.)	
I	Business Segments		
1	Segment Revenue		
	a. Garments		2,325,087,115.20
	b. Fabric		794,900,604.11
	Total		3,119,987,719.31
2	Segment Results		
	a. Garments		558,060,647.48
	b. Fabric		71,967,929.07
	Total		630,028,576.55
	Less: Interest		176,069,111.42
	Unallocable Expenses/ Income		52,877,885.93
	Profit before tax		401,081,579.20
3	Capital Employed		
	a Garments		747,110,116.98
	b Fabric		682,236,146.18
	c Unallocable		(457,079,538.05)
	Total		972,266,725.11
Sl No.	Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
II	Geographical Segments:		
	Sales - Export	2,156,639,229.58	1,713,796,112.73
	Sales - Domestic	806,255,257.11	706,202,012.71
	Total	2,962,894,486.69	2,419,998,125.44

29. RELATED PARTY DISCLOSURE

Related parties with whom transactions have taken place during the year:

- a Key Management Personnel:
 - i Sabu M Jacob, Managing Director
 - ii C Mohan, Whole Time Director (Finance) / Company Secretary
- b Relatives of Key Management Personnel:
 - Renjitha Joseph, Wife of Sabu M Jacob
- c Enterprise owned or significantly influenced by key management personnel or their relatives:
 - i Kitex Childrenswear Limited
 - ii Kitex Limited
 - iii Anna Aluminium Company Private Limited

Kitex Garments Limited

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year

Name of Related Party	Nature of Transaction	Transaction Value for the year (Rs.)	
a. Enterprises owned or significantly influenced by key management personnel or their relatives:			
i. Kitex Childrenswear Limited		31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
	Fabric Sale	794,868,404.11	693,397,215.00
	Rent Received	1,115,284.00	278,821.00
	Job Work Charges paid	-	83,635,085.00
	Rent Paid	78,000.00	13,000.00
ii. Kitex Limited	Sale	11,386,853.00	14,770,011.00
	Fabric Purchase	101,026,424.00	82,312,274.00
	Job Work Charges paid	9,523,858.08	-
iii. Anna Aluminium Company (P) Ltd.	Spices Purchase	1,110,213.00	863,192.00
	Utensils Purchase	65,230.00	39,042.00
b. Key Management Personnel:			
i. Sabu M Jacob Managing Director	Remuneration	21,117,157.00	16,447,923.00
ii. C Mohan Whole Time Director (Finance)	Remuneration	1,782,693.00	NIL
c. Relatives of Key Management Personnel Renjitha Joseph	Salaries & Allowances	606,400.00	600,187.00

Name of Related Party	Outstanding amounts carried in the Balance Sheet (Rs.)	
a. Enterprises owned or significantly influenced by key management personnel or their relatives:		
	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
i. Kitex Childrenswear Limited	50,820,856.21 (Dr)	196,832,975.00 (Dr)
ii. Kitex Limited	5,681,684.00 (Cr)	11,297,074.00 (Cr)
iii. Anna Aluminium Company (P) Ltd.	58,092.00 (Cr)	NIL
b. Key Management Personnel:		
i. Sabu M Jacob Managing Director	12,560,347.00 (Cr)	13,287,732.00 (Cr)
ii. C Mohan Whole Time Director (Finance)/Company Secretary	171,796.00 (Cr)	NIL
c. Relative of Key Management Personnel Renjitha Joseph	47,494.00 (Cr)	36,786.00 (Cr)

30. CONTINGENT LIABILITIES

- i Counter Guarantees issued by the Company for the guarantees issued by Banks amounts to Rs.2,59,35,272 (Previous year- Rs. 2,23,45,295/-).
- ii Letters of Credit Outstanding amounts to Rs. 22,86,55,736.69 (Previous year - Rs.140,130,980.73)
- iii Bills discounted - Rs. 76,63,192. (Previous year - Rs. 201,925,127.84)
- iv Customs, Income tax, Provident Fund and Employee State Insurance Claims
 - a 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 the Office of the Commissioner of Customs.
 - b 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 had appealed against the order of CESTAT, Bangalore and the Hon'ble High Court has upheld the order of CESTAT and has dismissed the Customs Department's appeal in our favour. A Special Leave Petition (SLP) was filed by the Customs Department in this regard with Supreme court of India and the Hon'ble Supreme Court has dismissed the Special Leave Petition (SLP).
 - c 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 dismissed by the Tribunal in the appeal filed by the Company. However, the department has preferred an appeal before Hon. High Court of Kerala.
 - d 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/-.
 - e 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. The Company has remitted Rs. 23,93,500/- towards the same.
 - f 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 preferred an Appeal before the Commissioner of Income Tax (Appeals). The Company has remitted Rs.1,56,06,500/-
 - g Asst. Provident Fund Commissioner (Enforcement) has determined a sum of Rs.1,31,86,588/- towards contributions payable for the period 2001 to 2006 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 directed the company to remit Rs.52,74,636. Company deposited the amount and since the Tribunal order was not in favour of the Company, the Company has filed an appeal with the High Court of Kerala and the Hon. High court has stayed the proceedings.
 - h During the year 1999-2000, ESI Corporation has raised demand for Rs.3.66 Lakhs against the Company for the years 1996-97 and 1997-98. The Company has disputed the claim and has made a deposit of Rs.75,000/-.

- i During the year 2005-06, ESI Corporation has demanded an amount of Rs.5.62 lakhs for the years 1998 to 2002. The company has disputed the claim and obtained stay from the Hon. ESI Court against deposit of Rs.50,000.
- j 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.

31. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

Based on and to the extent of information received from the Suppliers regarding their status under the Micro, Small and Medium Enterprise Development Act, 2006 as identified by Management and relied upon by the Auditors, the relevant particulars as at 31 March 2012 are furnished below:

Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
Dues outstanding as at the end of the year for more than 45 days	NIL	NIL

32. VALUE OF IMPORTS ON CIF BASIS

Sl No.	Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
a	Raw-materials	215,716,221.89	223,656,859.00
b	Components and Spare parts	8,803,713.95	15,261,073.00
c	Capital Goods	6,484,636.37	46,987,163.00
		231,004,572.21	285,905,095.00

33. EXPENDITURE IN FOREIGN CURRENCY

Sl No.	Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
a	Salary	9,598,991.25	4,432,076.00
b	Fees for Technical/ Professional Services	5,796,318.55	5,105,688.00
c	Others	4,251,141.26	1,095,952.00
d	Taiwan Branch Expenses	-	7,304,014.00
		19,646,451.06	17,937,730.00

34. IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED

Sl No	Particulars	% of total Consumption as on 31.03.2012	Value on 31.03.2012 (Rs.)	% of total Consumption as on 31.03.2011	Value on 31.03.2011 (Rs.)
a	Raw-materials				
	Fabric - Imported	0.12%	2,165,240.00	-	-
	Fabric - Indigenous	69.70%	1,242,630,833.00	51.77%	688,038,372.00
	Total (A)	69.82%	1,244,796,073.00	51.77%	688,038,372.00

Sl No	Particulars	% of total Consumption as on 31.03.2012	Value on 31.03.2012 (Rs.)	% of total Consumption as on 31.03.2011	Value on 31.03.2011 (Rs.)
b	Other Raw-materials				
	Imported	12.98%	231,562,283.00	20.04%	266,428,455.00
	Indigenous	15.30%	272,765,769.00	26.37%	350,493,244.00
	Total (B)	28.28%	504,328,052.00	46.41%	616,921,699.00
c	Stores and Spares				
	Imported	0.64%	11,416,249.00	0.84%	11,066,885.00
	Indigenous	1.26%	22,307,865.00	0.98%	12,955,437.00
	Total (C)	1.90%	33,724,114.00	1.82%	24,022,322.00
	Grand Total (A)+(B)+(C)	100.00%	1,782,848,239.00	100.00%	1,328,982,393.00

35. SALES AND STOCK PARTICULARS OF FINISHED GOODS

Garments	Sales Value (Rs.)	Closing Inventory (Rs.)	Opening Inventory (Rs.)
Current Year	2,156,639,229.58	56,672,639.16	30,089,204.00
Previous Year	1,713,796,112.73	30,089,204.00	33,744,915.00

36. EARNINGS IN FOREIGN CURRENCY

Sl No.	Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
a	Export of goods calculated on FOB Basis	2,156,639,229.58	1,713,796,112.73
b	Others	9,185,436.95	470,950.00
		2,165,824,666.53	1,714,267,062.73

37. COMPUTATION OF NET PROFIT AS PER SECTION 349 OF COMPANIES ACT, 1956

Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
Profit before tax as per Statement of Profit and Loss	401,081,579.00	312,429,917.00
Add: Managing Director's Remuneration	21,117,157.00	16,447,923.00
Loss on Sale of Assets	144,410.00	80,627.00
Net profit under section 349 of Companies Act, 1956	422,343,146.00	328,958,467.00
Remuneration payable to Managing Director @ 5% of Net profit	21,117,157.00	16,447,923.00

38 EMPLOYEES REMUNERATION AND BENEFITS INCLUDES DIRECTORS' REMUNERATION OF RS. 22,899,850.00 COMPRISING:

Sl No.	Particulars	Sabu M Jacob, Managing Director		C Mohan, Whole Time Director	
		31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
1	Salaries and Allowances	3,000,000.00	3,000,000.00	1,332,693.00	-
2	Contribution to Provident Fund	288,000.00	288,000.00	-	-
3	Commission	17,829,157.00	13,159,923.00	-	-
4	Bonus	-	-	450,000.00	-
		21,117,157.00	16,447,923.00	1,782,693.00	-

39. PAYMENT TO AUDITORS

Sl No.	Particulars	31. MARCH 2012 (Rs.)	31. MARCH 2011 (Rs.)
a	As Auditor:		
	Statutory Audit fees	533,710.00	330,900.00
	Tax Audit fees	67,416.00	55,150.00
	KVAT audit fees	16,854.00	11,030.00
b	In other capacity:	-	-
	Taxation matters	-	-
	Company Law matters	-	-
	Management services	-	-
	Other services	-	115,442.00
		617,980.00	512,522.00

40. IMPAIRMENT OF ASSETS

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

41. TAIWAN OFFICE OF THE COMPANY

The Company's Taiwan office was closed on 31st March, 2011 and assets are transferred to Head office at Kizhakkambalam except cash and bank balance with International Commercial Bank of China for which necessary steps are being taken.

42. DUTY DRAWBACK WRITTEN OFF

The Company had claimed in earlier years duty drawback in respect of export of Babies Caps. The claim was not approved and appeal made by the company in this regard was dismissed by the Government. Based on this order and the legal opinion obtained in this regard, the Board has decided to writeoff an amount of Rs. 2,85,72,725.43 during the current year.

43. PREVIOUS YEAR FIGURES

During the year ended 31 March 2012 the Revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification.

As per our Report of even date
For KOLATH & CO
Chartered Accountants
Firm Regn. No. 0089265
Sd/-
CA Liju V Rajan Kolath
Partner
Membership No. 209309

Kizhakkambalam
20th April, 2012

For and on behalf of the Board of Directors of
Kitex Garments Limited

Sd/-
Sabu M Jacob
Managing Director

Sd/-
C Mohan
Director - Finance/
Company Secretary

Sd/-
Benni Joseph
Director

CASH FLOW STATEMENT FOR THE YEAR 2011-12

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
A) Cash flow from Operating activities	Rupees	Rupees
Net Profit/(Loss) before tax and extra ordinary items	401,081,579.20	312,429,917.00
Adjustment for :		
Depreciation	68,663,786.06	68,859,839.00
Interest	176,069,111.42	130,055,015.00
Loss on sale of Fixed Assets	144,410.00	80,627.00
Tax paid	(133,903,702.00)	(85,473,155.00)
Excess Provision Written back-Dividend Distribution tax	(73,388.00)	(55,041.00)
Dividend Received	(30,800.00)	(16,800.00)
Operating Profit before working capital changes	511,950,996.68	425,880,402.00
Adjustment for :		
Trade receivables & Other Receivables	120,337,590.40	(332,065,088.00)
Long term loans and advances	(702,513.93)	(1,722,499.00)
Earmarked balances with banks & Margin money deposits	(10,725,894.10)	(2,156,142.00)
Inventories	46,242,225.49	(343,237,608.00)
Trade Payables & Other Liabilities	(41,391,229.14)	96,875,173.00
Cash generation from operation	113,760,178.72	(582,306,164.00)
Net cash from operating activities	625,711,175.40	(156,425,762.00)
B) Cash flow from investing activities		
Dividend Received	30,800.00	16,800.00
Sale of Fixed Assets	380,000.00	100,000.00
Payment for Fixed Assets	(68,108,814.61)	(106,881,353.00)
Net cash used in investing activities	(67,698,014.61)	(106,764,553.00)
C) Cash flow from financing activities		
Interest paid	(176,069,111.42)	(130,055,015.00)
Dividend Paid including Dividend Distribution tax	(22,082,275.00)	(16,245,005.00)
Proceeds from Long term borrowings	(229,843,579.85)	(183,940,924.00)
Proceeds from Working Capital borrowing	160,546,426.44	574,139,370.00
Net cash from financing activities	(267,448,539.83)	243,898,426.00
Net change in cash & cash equivalents (A+B+C)	290,564,620.96	(19,291,889.00)
Opening Cash and Cash equivalents	30,716,859.15	50,008,748.00
Closing Cash and Cash equivalents	321,281,480.11	30,716,859.00
1 Components of Cash and Cash equivalents:		
a Cash on hand	987,600.05	594,771.77
b Balance with banks:		
On current accounts	320,293,880.06	30,122,087.38
(A)	321,281,480.11	30,716,859.15

Kitex Garments Limited

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
2 Other Bank balances:		
a Ear marked balance with Banks On unpaid dividend accounts	2,575,754.35	1,955,882.25
b Margin money Deposit	41,378,322.00	31,272,300.00
	(B)	43,954,076.35
		33,228,182.25
Cash and Bank Balances as per Balance Sheet (Note 16) (A)+(B)	365,235,556.46	63,945,041.40

This is the Cash Flow Statement referred to in our Report of even date.

For KOLATH & CO
Chartered Accountants
Firm Regn. No. 008926S

For and on behalf of the Board of Directors of
Kitex Garments Limited

Sd/-
CA Liju V Rajan Kolath
Partner
Membership No. 209309

Sd/-
Sabu M Jacob
Managing Director

Sd/-
C Mohan
Director - Finance/
Company Secretary

Sd/-
Benni Joseph
Director

Kizhakkambalam
20th April, 2012

KITEX GARMENTS LIMITED

Building No.9/536, Kitex House, Kizhakkambalam -683562, Aluva, Kerala, India

ATTENDANCE SLIP 20th Annual General Meeting

Reg. Folio/DP & Client No.

No .of Shares Held

I certify that I am a registered Shareholder/Proxy for the registered shareholders of the Company. I hereby record my presence at the 20th Annual General Meeting of the Company at the Factory Premises of the Company at Building No.9/536 A, Kizhakkamabalam at 10 a m on Wednesday, the 30th May, 2012.

Member's Name : _____

Proxy's Name ; _____

Member's/ Proxy's Signature

- Note: 1. Please fill this attendance slip and hand it over at the entrance of the Hall.
2. Members/Proxy Holders/Authorised Representatives are requested to show their Photo ID Proof for attending the Meeting
3. Authorized Representatives of Corporate members shall produce proper authorization issued in their favour.

KITEX GARMENTS LIMITED

Building No.9/536, Kitex House, Kizhakkambalam -683562, Aluva, Kerala, India

FORM OF PROXY

I/We of in the district of being a member/members of the above named company hereby appointof.....in the district of or failing himofas my/our proxy to vote for me/us on my/our behalf at the 20th Annual General Meeting of the Company to be held on Wednesday, the 30th May, 2012.

Signed this.....day of2012

Affix 1
Rupee
Revenue
Stamp

Note: This form duly filled up, stamped and signed by the appointer or his attorney duly authorized in writing or if the appointer is a Body Corporate, under the seal or signed by an attorney duly authorized by it shall be deposited at the Registered Office of the Company along with the power of Attorney, if any under which the Proxy Form is signed , not less than 48 hours before the time for holding the meeting.

BOOK POST

If undelivered, please return to

Kitex Garments Ltd.
Building No : 9/536 A,
Kitex House,
Kizhakambalam,
Kochi - 683 562.