



**Kitex Garments Limited**

PB.NO.5, KIZHAKKAMBALAM - 683 562, KOCHI, KERALA, INDIA.

PHONE : 91 484 4142000, FAX : 91 484 2680604

E-mail: [kgd@kitexgarments.com](mailto:kgd@kitexgarments.com)

CIN: L18101KL1992PLC006528

[www.kitexgarments.com](http://www.kitexgarments.com)

### FORM A

Ref: Format of covering letter of the annual audit report to be filed within the Stock Exchange

Date: 1. Name of the Company **KITEX GARMENTS LIMITED**

2. Annual Financial statement for the year ended **31<sup>st</sup> March, 2015**

3. Type of audit observation **Un-qualified**

4. Frequency of observation **Not applicable**

5. To be signed by:

a. CEO/Managing Director

Mr.Sabu M Jacob  
Managing Director

b. CFO

Mr.Boby Michael  
GM-Finance & Chief Financial Officer

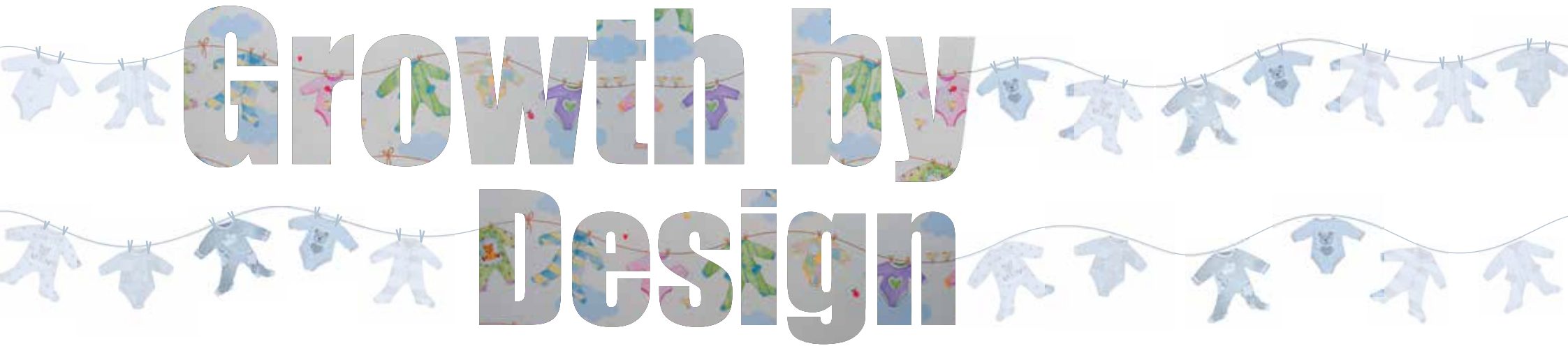
c. Auditor of the Company

Mr. Liju V Rajan Kolath  
Membership No. 209309  
Partner  
Kolath & Co.  
Chartered Accountants, Ernakulam  
Firm's Registration No. 008926S

d. Audit Committee Chairman

Mr. Benni Joseph  
Director

**Kitex Garments Limited**

A decorative graphic featuring two horizontal lines of baby clothes hanging from a string. The clothes include white onesies, blue onesies, and colorful patterned onesies. The text 'Growth by Design' is overlaid on this graphic. The word 'Growth' is in a large, bold, grey font with a white outline. The word 'by' is in a smaller, grey font. The word 'Design' is in a large, bold, grey font with a white outline. The background of the text is a light blue and white patterned fabric.

**Growth by Design**

**Annual Report 2014 - 2015**

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### Disclaimer

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.





# Overview

# 02 - 10



**Mr. M.C. Jacob**  
( 22.4.1933 – 5.6.2011)

Illustrious Founder – Chairman of Kitex Group of Companies

"...Caring is being conscious about what is good for the stakeholders and trying to deliver it as much as possible. At Kitex we would continue to believe that winning is by caring..."

**M.C Jacob**

## A caring legacy

At Kitex, enriching people through caring is inherent in our business model. Since the inception of the company our founder M.C Jacob made 'caring' the basic motto and today we believe that caring is the very winning formula of our company. Over the years we have realised that when our actions are filled with caring, business, employee & community relations are strengthened.



# Kitex Corporate Profile

**CIN : L18101KL1992PLC006528**

## Board of Directors

**Mr. Sabu M Jacob** Chairman & Managing Director

**Prof E.M Paulose** – Independent Director

**Mr. Benni Joseph** – Independent Director

**Mr. C.Mohan**

**Mr. K.L.V Narayanan**

**Mrs.Sindhu Chandrasekhar**-Woman Director  
(Whole-time Director) (since 16/3/2015)

## Audit Risk Management and Vigil Committee

**Mr.Benni Joseph** – Chairman & Independent Director

**Prof. E.M.Paulose** Independent Director

**Mr.C Mohan**

## Nomination & Remuneration Committee

**Prof. E.M. Paulose** –Chairman & Independent Director

**Mr. Benni Joseph** – Independent Director

**Mr. K.L.V Narayanan**

## Stakeholders Relationship Committee

**Mr.K.L.V Narayanan** - Chairman

**Mr. Sabu M Jacob**

## Corporate Social Responsibility Committee

**Mr.Sabu M Jacob** – Chairman

**Mr.C.Mohan**

**Mr.K.L.V Narayanan**

**Mr. Benni Joseph** – Independent Director  
(since 12.01.2015)

## Independent Auditors

**M/s.Kolath & Co**

Chartered Accountants

41/3951 A O R S Road

Kacheripady, Kochi 682 018

## Internal Auditors

**M/s.Ernst & Young LLP**

9<sup>th</sup> Floor, ABAD Nucleus, NH – 49,

Maradu PO Kochi Kerala 682 304

## Banker

State Bank Of India

## Key Managerial Personnel

**Mr.Sabu M Jacob** – Managing Director

**Mr.Boby Michael** – Chief Financial Officer

**Mr.A.Babu** - Company Secretary

## Share Transfer Agents

**M/s. Cameo Corporate Services Limited**

Subramanian Building No. 1, Club House Road

Chennai 600 002 Tel: 044- 28460390

Fax:044 – 28460129 E.Mail: Cameo@cameoindia.com

## Legal Advisors

**M/s.Dhandapani Associates**

Advocates,

Thirupathi, T D Road, North End  
Kochi 682 035

## Income Tax Consultants

**M/s.Varma & Varma,**

Chartered Accountants. Kochi

## Cost Auditors

**M/s. Rajendran, Mani & Varier,**

Cost Accountants,

Ravipuram,

Kochi 682 016

## Secretarial Auditors

**Ms. SVJS & Associates**

Company Secretaries

Ravipuram, Kochi - 682016

## Listed in Stock Exchanges:

Bombay Stock Exchange, Mumbai

National Stock Exchange, Mumbai

## Registered Office

Building No. 9/536 A,

Kizhakkambalam, Aluva, Kochi 683 562

Tel: 0484- 4142000 Fax : 0484 2680604

Mobile: 09496036096 (Compliance Officer)

E.mail : sect@kitexgarments.com

## Growth by design

At Kitex our focus is on organic growth through product improvisation, global market reach, improving efficiencies & shared values - all woven together for performance optimisation.

Over the years we have set our priorities on strategic growth and have been aligning our resources for optimal returns. Focus on product improvisation with respect to matching stringent global standards and building customer relations have resulted in increased brand equity for Kitex in the infant wear segment (0 to 2 years) from across the globe.

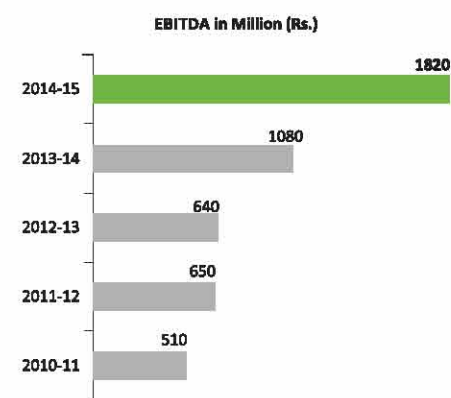
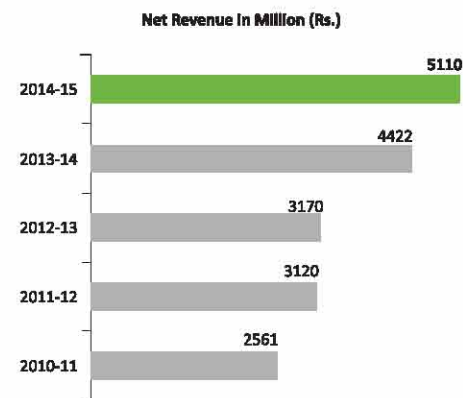
Today as the third largest global player in infant wear manufacturing our pursuit is to become No.1 player in this sector by meticulously designing our growth.



# Financial Highlights

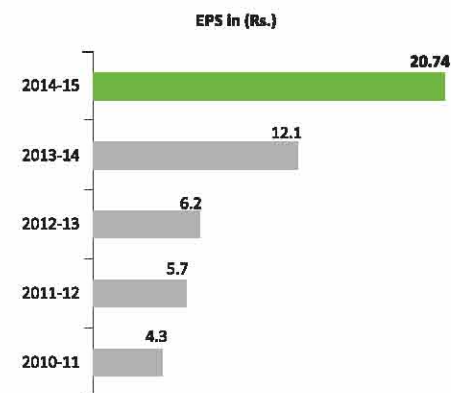
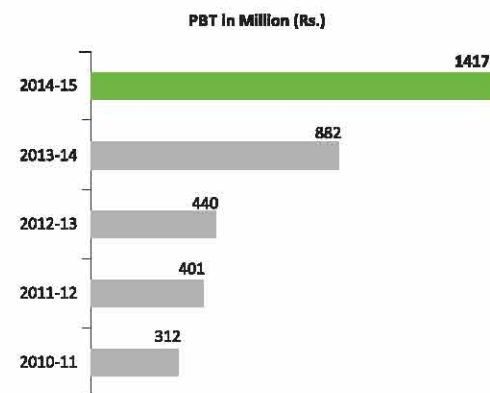
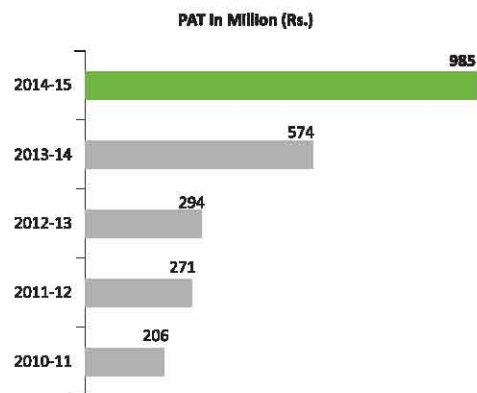
Revenue + **15%**      EBITDA + **69%**      PAT + **72%**

The company has registered a 72 per cent increase in its net profit at Rs. 99 crore in FY 2014-15 against Rs. 57 crore in the previous fiscal. The company has achieved an all time high performance both in turnover and its profits with the net revenue recorded Rs. 511 crore, a 15 per cent growth over last year and the profit before interest depreciation and taxes registering Rs. 182 crore, a growth of 68 per cent. The earnings per share of Rs. 1 during the year were Rs. 20.74 against Rs. 12.08. The directors have recommended a dividend of 125 per cent (Rs. 1.25 per equity share of Rs. 1) for this year.



EPS + **72%**

PBT + **61%**





# About Kitex Garments Ltd

Established in 1991 Kitex Garments Ltd is into 100% exports of cotton garments especially Infant wear. The company exports its products to US and European markets. In 1995 the company went public and the shares are currently listed on NSE & BSE. The vertically integrated manufacturing plant makes infant wear as well as fabrics.

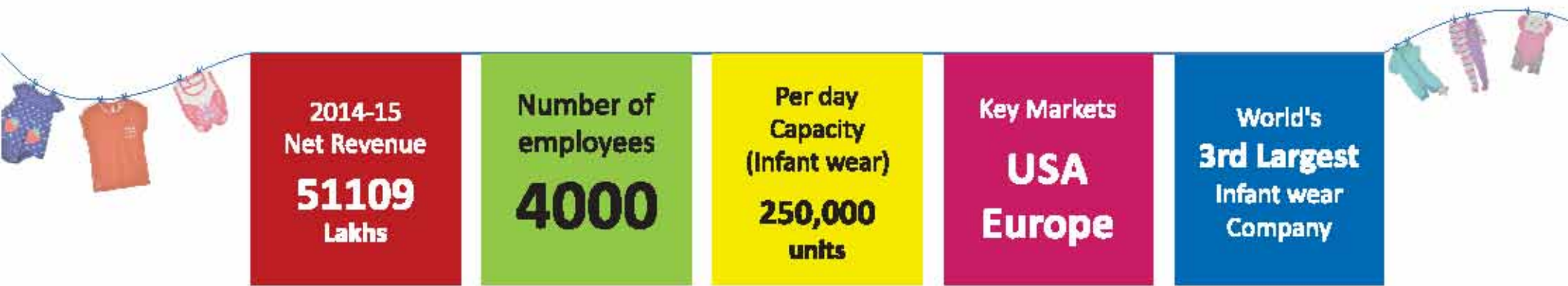
## Global Footprints



## Products

- ◆ Body suits
- ◆ Sleepwear
- ◆ Rompers
- ◆ Burps
- ◆ Bibs
- ◆ Training pants





**2014-15  
Net Revenue**  
**51109**  
Lakhs

**Number of  
employees**  
**4000**

**Per day  
Capacity  
(Infant wear)**  
**250,000**  
units

**Key Markets**  
**USA**  
**Europe**

**World's  
3rd Largest  
Infant wear  
Company**





## Chairman's Message



*".....While the turnover touched 524.51 crores which was up by 15% and the PAT went up to 98.51 crores which was 72% higher compared to previous year....."*

### Dear Shareholder,

I have the privilege to address you as the Chairman of one of the most successful Garment manufacturing Companies in the World which is into Infantswear and focuses on efficiency in operations, reliability for buyers and continuous thrust on sustainable development. 2014 - 15 was a significant year for Kitex Garments Ltd. We managed to achieve an all time high performance on account of both Revenue and Profits. While the turnover touched 524.51 crores which was up by 15% and the PAT went up to 98.51 crores which was 72% higher compared to previous year.

These achievements were possible by implementation of higher levels of modernization, selection of appropriate technology, right product mix combined with efforts put in by the whole team in the Management hand in hand with a team of 4000 dedicated employees. We have been receiving unrelenting support from our Bankers, other financial institutions, esteemed customers and suppliers.

The Board joins me in expressing our deep appreciation for the interest shown by various stakeholders and this is predominantly depicted by the growth in numbers of our Shareholders from 6000 to about 16100 shareholders as on the close of this financial year. The value of shares in the stock exchanges have grown from Rs. 29 in the beginning of the year to Rs. 534 by this year end with a market capitalization of Rs. 2500 crores. Some of the leading foreign investors including mutual funds have shown interest in your company.

As an effect of our prudent financial performance ICRA Limited, the credit rating agency, has upgraded the long term rating for Rs. 167 crores bank facilities from ICRA A minus to ICRA A Plus one with an observation that the outlook on the long term rating is stable.

Simultaneously, we made considerable advancement towards our corporate goal for Kitex:

to be a worldwide leader in infant apparels and a global supplier of choice. Today with an ability to manufacture 5.5 lakh pieces of infant wear per day, globally, we stand as the third largest player in our segment.

Kitex Garments has all the capabilities and strengths to navigate through the challenges presented by dynamic and evolving environment and take advantage of the opportunities it presents. The company will continue to be a responsible corporate citizen wherever it operates and is committed to delivering long-term value creation for all its stakeholders.

### Kitex strategy against trends in key global markets

It's a known fact that parents across the globe take utmost care and are expressively involved while selecting garments for their infants. Apart from the design and brand the key factors in selection of infant garments are the safety and quality. Kitex over the years have adopted the most advanced quality and safety standards in infant garments manufacturing.

The global childrenswear market is estimated to hit a value of US \$ 155 to 170 billion by 2017 unhampered by the global economic meltdown. USA remains as our key market. As per the recent report by Euromonitor, baby and toddler wear in USA showed its strongest growth in the post-recessionary era. Consumers who were finally gaining comfort in their financial position increased the variety of clothing they purchased for their babies, rather than sticking to a few key apparel items. The report projects that in USA the population of children aged 0-3 will increase by a CAGR of less than 1%, amounting to 2% overall growth by 2018. Baby and toddler wear is expected to grow at a slightly faster rate, increasing by 4% in terms of volume.

As an outcome of improved economic conditions most of our leading clients in USA and UK improved their performance significantly in 2014. Beyond USA leading brands like



"...The Company intends to further its performance by back-ward integration of its operations into spinning and weaving segments and also by take-over and merger of similar product companies..."

Mothercare and Carters also have increasing foothold in other developed markets as well as emerging markets like India. With the Indian market expected to open up in the next 2-3 years, KiteX is poised to take advantage of this emerging opportunity as a preferred supplier of these global brands and through savings on logistics and duties.

We continue to spend a significant amount of time articulating our strategy for enhancing KiteX Competitive Advantage. Our strategic planning and implementation is directed towards resource optimization, technology upgradation, enhancing product & delivery excellence as well as identifying business & better customer service opportunities. The company has invested Rs.30 crores during this financial year for augmenting production lines, modernization of process plant and mechanization of production line to the extent possible. These have contributed much to the profitability of the company.

The Company intends to further its performance by back-ward integration of its operations into spinning segment and also by take-over and merger of similar product companies. . The company is actively considering various options both in India and abroad and a concrete proposals are likely to be considered by the Board of Directors during the next 12 to 18 months.

Going forward we plan to further leverage our competitive advantage in USA. As part of our strategy to expand our market in USA, we have incorporated a company in the name of KiteX USA LLC at Delaware. KiteX USA LLC has opened its office during April this year with Design, Marketing and merchandising teams in place. Plans are also afoot to register our own brands in USA and exploit the power of e-tailing by direct marketing through our licensed brands. Your company proposes to put a new private label by Spring 2016 and our own label by this year end. By opening a new office, your company proposes to change over from F.O.B to L D P terms which will be more attractive to buyers and will aim for

"...Community welfare is our founding principle and akin to our business model. We continue to make social intervention to improve health, drinking water, education, livelihood, and housing in Kizhakkambalam Panchayath where our unit is located...."

additional profits to accrue to the company. This will help us gain more proximity to the consumer pulse. Major international buyers like The Childrens Place, Gerber, Toys R U s, Carters, Mothercare and Jockey have placed new orders upto end of 2016. KiteX is confident that by the end of 2016 we will further consolidate our position as a leading infant wear manufacturer in the world.

### Corporate Social Responsibility

Community welfare is our founding principle and akin to our business model. We continue to make social intervention to improve health, drinking water, education, livelihood, and housing in Kizhakkambalam Panchayath where our unit is located. This belief has led us to spend over 1.5% of our profit for CSR initiatives in FY14-15. Our CSR mission titled Twenty20 Kizhakkambalam has been launched to further accelerate our social initiatives to make Kizhakkambalam a model panchayath in the country and the best in the state by 2020.

I would like to conclude by thanking our employees, customers, bankers, investors, suppliers & shareholders for reposing their trust in the management. We assure you our commitment for continued growth.

Regards

**Sabu M. Jacob**  
Chairman & Managing Director

# Kitex Business Model



**Vision: To be a partner in the overall development of the garment industry, complying with international standards, thereby contributing to the economy and hence to the society.**



**Customers:** All our business processes are aligned to provide our customers a unique experience derived out of product excellence, on time delivery and customer services.



**Innovation:** We continuously improve capabilities in all functional areas through innovation.



**Infrastructure:** Kitex has established a world-class state-of-the-art and scalable manufacturing plant with the latest advanced technologies



**Technology:** Acquiring the best of technology available and using technology to its fullest potential for process and product improvement.



**Going Global:** For Kitex the globe is our market and we make all attempts to expand our footprints in developed as well as developing economies.



**People:** By protecting and caring our people with the best of human resource management and aligning them with Kitex vision, we have created a motivated team.



**Leadership:** Leading, caring and motivating from front. Delegating and focusing on governance, maintaining our legacy on social commitments, creating trust and transparency are elements of leadership values at Kitex





## Management Reviews

# 12 - 16



# Strategic Objectives : Growth

Kitex Garments Ltd's (KGL) key strategic objective is sustainable, profitable growth- growth by actively improving product excellence, expanding markets and delivering customer delight. Towards this objective we have directed a capital expenditure of 3216 Lakhs in FY14-15 for accruing state of the art textile and sewing technology which in turn will further improve our existing process efficiency and make our operations leaner.

## GROWTH IN US & Europe

US remain as our key market followed by Europe. As a preferred supplier we command high supplier equity among our clients. Over the years we have been receiving many an accolades from our customers like Toys R Us and Gerber in USA. To further strengthen our advantage in US and expand the product reach the company has opened a merchandising office in the name of Kitex USA LLC at Delawear. Plans are also going on to licence a brand and register our own brand in USA and leverage e-tailing to expand the market.



## Our Goals

**Our objective is to grow faster than the market and become No.1 Infant wear company in the world by 2020**

**We seek growth predominantly in USA & Europe by focusing on high margin value added infant wear**

**We are in the process of licensing/registering a brand in USA and have opened our merchandising office in USA.**

## Impact of growth strategies

**Kitex has become the 3<sup>rd</sup> largest infant wear manufacturer in the world**

**India's largest Exporter of Infant wear**

**Debt Free company in FY 14-15**

**Revenue CAGR (2011-15) @19%**



# Strategic Objectives : Operations

## Efficient supply chain

Cost-efficient operations build price competitiveness and customer satisfaction. Process efficiency is the unique differentiator for increasing KGL's profitability and stakeholder value. Responsible operating practices are central part of the daily activities in Kltx. The strategic objective in-terms of operations is to be conscious about Kltx's role in the global supply chain of our clients as well as persistently improve our value chain with the right adoption of technology, management and manufacturing practices.

In FY14-15 we have replaced sewing machines older than five years with newer ones. The new machines come with an increased speed of 9,000 stitches per hour compared to 7000 stitches of the old machines and would need one-third the power consumed by old machines. Similarly we have installed a bow making automated machine requiring just one person vs 50 people earlier. All these strategies implemented in the previous years make KGL one of the most operationally efficient players in the industry. For infant wear manufacturing KGL has 10 blocks at present. Each block has eight lines and every line has 25 machines and 40 employees. Each line can produce 5,500 pieces a day. We operate on just one eight-hour shift and current capacity stands at 550,000 pieces per day. We plan to add another eight blocks (64 lines) over the next two years and can add three more blocks in the same campus.

## People & Productivity

Ensuring the welfare of employees has become an increasingly vital factor. With the aim of improving the working capacity, motivation and health of employees and providing all social security measures are part of our HR strategy. Our HR initiatives are aimed at strengthening the employee motivation and productivity. Kltx is also WRAP (Worldwide Responsible Apparel Production) compliant.

In the production chain the company has provided every employee with productivity monitoring machines which records every job finished towards the target and in case of any employee falling short of the number the automated monitoring systems remind about it so that the team supervisor can support the employee to overcome the shortfall.



## Operational Excellence

**We have the most advanced apparel manufacturing processes to make it lean, save labour cost and value add the products.**

**We make our capacity flexible for easy scale up**

**Capex of Rs.10250 Lakhs to be spend between 2014 to 2018 – capacity to increase from 5.5 lakh pieces per day to 1.1 million pieces per day by 2018**

**Goal to increase capacity utilization from 65% in FY14-15 to 75% in FY15-16.**



# Corporate Social Responsibility

## Our vision for CSR:

Our vision is to transform Kizhakkambalam Panchayath – where our unit & HO is located, into the best among the 978 Panchayaths in the state in terms of “quality of life”

## Our Corporate Social Commitments towards Society

For the KiteX Group, reaching out to the under privileged is ingrained into our ethos and part of our heritage. These values transcend business interests and move into grappling with the “quality of Life” challenges that under-served communities face and work towards our Social Commitments to the Society.

The Board of Directors, Management and all the employees subscribe to the philosophy of ‘Compassionate Care’. We believe and act on the philosophy of generosity and compassion, characterized by a willingness to build a better society.

## KiteX CSR – Twenty20 Kizhakkambalam

Our vision for CSR is to transform Kizhakkambalam Panchayath into the best among the 1000 Panchayats in the State. The Company continuing its CSR activities during this year the following CSR initiatives at the grass root level undertaken that impacted many lives.







**Agriculture**

Participative and group farming were undertaken during this year on farmland with the full co-operation of farmers in Kizhakkambalam Panchayath. Multi-crops harvesting was carried out through out this year also. Farm development equipments like tillers, tractors and harvesters were procured and put into operation for better yield and financial improvements. Apart from paddy cultivation, your company has distributed saplings of vegetables and fruit yielding trees like nutmeg, coconut, rumbuttan, mangoes etc

**Drinking water**

Continuing our effort in safe drinking water was provided to some of the backward colonies located in and near the Factory premises at Kizhakkambalam. More bore wells were provided in Kizhakkambalam with water storage tanks increasing the total storage capacity by five lakh litres of drinking water.

**Education**

In continuation of our CSR policy, at the beginning of school calendar year 2014 also, the Kitex Group distributed Sports Kits to School children in the backward areas in Ernakulam District including schools located in Kizhakkambalam with an effort to provide better education to financially backward students. Your company provided computers for imparting quality education in Malayidumthuruthu L P School.

**Food Security Programme**

This year also during monsoon, the Kitex Group distributed 150 tons of food materials which included rice, pulses and cereals to the needy in the flood season. The company extended distribution of essential food materials including vegetables during both Onam and Christmas festival seasons to those poor and needy families at very much subsidized prices. This benefit is extended to about 6000 families in Kizhakkambalam Panchayat area on an ongoing basis.



## CSR Continued



### Health Care

Regular Health and Medical Check-up Camps were conducted in which about 5000 families participated. Free medicines were distributed and follow up medical facilities were extended on a regular basis to the needy members. The Company proposes to cover about 6000 poor and needy families under group medical insurance scheme the modalities of which are being worked out.

### Housing

This year also the company undertook renovation work for approximately hundred houses located within the backward colonies in Kizhakkambalam Panchayat which was partly destroyed due to heavy winds during monsoon. The Company also facilitated some of the owner of houses in these localities to obtain bank loans and very subsidized rates. Many toilets in Kizhakkambalam Panchayaths were constructed/renovated as per demands from the residents of the colonies during the year.

### For a Social Cause

With the Initiative of the Company and support from State Bank of India Emakulam Regional Office, a lift was installed in Providence Home, a social institution of oldage home for poor and destitute. The Federal Bank Limited Kerala provided a Mahindra Ballero to the Providence Home for attending to urgent medical needs of the physically and mentally challenged inmates of the old-age home with the support of the Company. Your company also undertook rework of about 10 major/artillery roads which were badly damaged during the heavy rains in the current year.

### Employment Generation

The company continue to extend employment opportunities both direct and indirect to many locals in and around the factory at Kizhakkambalam. However with the earnest efforts from ICICI Academy for Skills a CSR activity centre and the Company a training cum employment camp was conducted at Kizhakkambalam panchayath a lot number of residents got the opportunity to furtherance their skills in various semi skilled trades which eventually helped them to get employed in many MNCs in South India. As part of your company's initiative to create self employment your company distributed goats, hens and ducks to about 2000 households for rearing.

## Notice

Notice is hereby given that the 23<sup>rd</sup> Annual General Meeting of the Members of Kitex Garments Limited (CIN: L18101KL1992PLC006528) will be held at the Factory Premises of the Company at Building No. 9/536A, Kizhakkambalam, Kochi – 683 562 on Thursday, the 4th Day of June, 2015 at 10.30 A.M. to transact the following business:-

## ORDINARY BUSINESS

- 1) To receive, consider and adopt audited Statement of Profit and Loss for the year 2014-15, Balance Sheet as at that date, the Directors' Report for the year ended 31st March 2015, and the Report of the Independent Auditors thereon.
- 2) To consider declaration of dividend for the year.
- 3) To appoint a Director in place of Mr.K L V Narayanan (holding DIN no.01273573), who retires by rotation in terms of Section 152(6) of Companies Act, 2013 and being eligible offers himself for reappointment.
- 4) To appoint Auditors who shall hold office for the financial year 2015-16 from the conclusion of this Annual General Meeting till the conclusion of the 24th 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 as per Section 141 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules 2014.

## SPECIAL BUSINESS

- 5) To consider the following resolutions as a Special Resolution :  
 "RESOLVED that pursuant to the provisions of Section 14, all other applicable provisions of the Companies Act, 2013 (Statutory modification(s) or re-enactment thereof, for the time being in force) and Clause 35B of the Listing Agreements the new draft Articles as contained in the Articles of Association bearing article 1 to 218 replaced and/or modified in line with Section 5 read with table F of Schedule I be and are hereby approved and adopted in substitution, and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER that the Board of Directors of the Company (including a Committee thereof) be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

- 6) To consider the following resolution as an Ordinary Resolution :

"RESOLVED that pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification (s) or re-enactment thereof) read with Schedule IV of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Prof..E.M.Paulose (DIN 03563106) (already an Independent Director as per previous listing agreement and appointed as a Director retiring by rotation at the 20th Annual General Meeting of the Company), who has submitted a declaration that he meets the criteria of Independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the company has received a notice in writing from a Member proposing his candidature for the office of Director, pursuant to Section 160 be and is hereby appointed as Independent Director of the Company to hold office for five consecutive years with effect from 12th January, 2015 upto 11th January, 2020 not liable to retire by rotation.

- 7) To consider the following resolution as an Ordinary Resolution :

"RESOLVED that pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof) read with Schedule IV of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr.Benni Joseph (DIN NO.01219476) (already an Independent Director as per previous listing agreement and appointed as a Director retiring by rotation at the 22nd Annual General Meeting of the Company) who has submitted a declaration that he meets the criteria of Independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the company has received a notice in writing from a Member proposing his

candidature for the office of Director, pursuant to Section 160 be and is hereby appointed as Independent Director of the Company to hold office for five consecutive years with effect from 12th January, 2015 upto 11th January, 2020 not liable to retire by rotation.

- 8) To consider the following Resolution as an Ordinary Resolution :

"RESOLVED that pursuant to the provisions of Section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and Companies ( Appointment and Remuneration of Managerial Personnel) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V of the Companies Act, 2013 and Companies ( Appointment & Remuneration of Managerial personnel) Rules, 2014 and subject to the requisite approval of the Central Government, if any required, the consent of the Company be and is hereby accorded to the appointment of Mr. Sabu M Jacob (holding DIN 00046016) {who also holds the position of Chairman & Managing Director of Kitex Childrenswear Limited( "KCL") without any remuneration and the consent of the Board of KCL already been recorded and conveyed by KCL to your company} as Chairman & Managing Director of the Company for a term of five years starting from 16th August, 2015 to 15th August, 2020 on the terms and conditions including remuneration set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty and power to the Board of Directors (hereinafter referred to as 'the Board' which expression shall also included the Nomination and Remuneration Committee of the Board), in the exercise of its discretion, to grant increments and to alter and vary from time to time the terms and conditions of the said appointment, subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

RESOLVED further that the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, expedient or desirable to give effect to this Resolution and/or to make modification as may be deemed to be in the best interest of the Company."



- 9) To consider the following resolution as an Ordinary Resolution :
- “RESOLVED that pursuant to Sections 149, 152, 161, 196, and 197 and all applicable provisions of the Companies Act, 2013 read with Schedule V of the said act and subject to other approvals as are necessary, Mrs.Sindhu Chandrasekhar(holding DIN no:06434415) in pursuance to Section 160 be and is hereby appointed as a Whole-time Director designated as Woman Director of the Company for a period of five years from 16.03.2015 to 15.03.2020 on the remunerations and terms and conditions as set out in the explanatory statement annexed hereto and whose period of office of the Director shall be liable to determination by retirement of directors by rotation.
- RESOLVED further that the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect tot this resolution.”
- 10) To consider the following resolution as an Ordinary Resolution :
- “RESOLVED THAT pursuant to the provisions of Section 61 and all other applicable provisions, if any, of the Companies Act, 2013, read with the relevant Rules thereof (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the provisions of the Memorandum and Articles of Association of the Company, the existing Authorised Share Capital of the Company of Rs. 5,00,00,000 (Rupees five crores only) divided into 5,00,00,000 (Five crores only) Equity Shares of Re.1/- each (Rupee one only), be and is hereby increased to Rs.25,00,00,000 (Rupees Twenty five crores) comprising of 25,00,00,000 (twenty five crores only) Equity Shares of Re.1/- each (Rupee one only).
- RESOLVED FURTHER THAT any one of the Directors of the Company and/or Company Secretary of the Company be and is hereby authorised to take all necessary action for giving effect to the above resolution and file relevant forms with the Registrar of Companies, as required under the provisions of the Companies Act, 2013
- 11) To consider the following resolution as an Ordinary Resolution :
- “RESOLVED THAT pursuant to the provisions of Section 13 and 61 and other applicable provisions of the Companies Act, 2013, the existing Clause V of the Memorandum of Association of the Company relating to the Authorised Share Capital be amended and read as under:
- V. The Share Capital of the Company is Rs.25,00,00,000 (Rupees Twentyfive crores only) comprising of 25,00,00,000 (Twentyfive crores only) Equity Shares of Re.1/- each (Rupee One only)
- By Order of the Board of Directors  
**For KITEX GARMENTS LIMITED**
- Sabu M Jacob**  
Chairman & Managing Director
- Kizhakkambalam  
4th April, 2015  
Notes:-
- 1) **A member entitled to attend and vote at the meeting is entitled to appoint a proxy/Proxies to attend and vote on a poll instead of himself/herself and such a proxy/proxies need not be a member of the Company.**  
A person can act as proxy on behalf of Members not exceeding fifty(50) and holding in the aggregate not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than ten percent of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. A proxy form is sent herewith. Proxies submitted on behalf of the Companies, Societies, etc., must be supported by an appropriate resolution/authority as applicable.
  - 2) An Explanatory Statement on the business to be transacted at the meeting is annexed hereto.
  - 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. Transport facility will be provided to the shareholders
- 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 29th May, 2015.
  - 6) The Share Transfer Books and the Register of Members shall remain closed from 27th May, 2015 to 4th June, 2015 both days inclusive.
  - 7) The Board of Directors have recommended a dividend @ 125% (Rs. 1.25 per Equity Share of Re1/- Fully paid-up) 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 the date of Annual General Meeting viz.,4th June, 2015.
  - 8) Members are requested to intimate immediately change of address, if any, to the Company’s Registrar and Transfer Agents or Depository Participant, as the case may be.
  - 9) Members are requested to bring their copy of the Annual Report to the Annual General Meeting. The duly filled in Attendance Slip must be surrendered at the counter before attending the Meeting.
  - 10) Pursuant to Section 72 of the Companies Act, 2013, Members who hold shares in the physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest, to avail of the nomination facility by filing required form.
  - 11) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number(PAN) by every participant in securities market. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Share Transfer Agents.
  - 12) All documents, transfers, dematerialization requests and other communications in relation thereto should be addressed directly to the Company’s Registrar & Transfer Agents.
  - 13) Pursuant to Clause 47(f) of the Listing Agreement entered into with the Stock Exchanges, the company has created from Kizhakkambalam to the Factory premises and back for attending the meeting.

an exclusive E-mail. Id : investors@kitexgarments.com for quick redressal of shareholders/investors grievances

- 14) In view of the circular issued by SEBI, the Electronic clearing Services (ECS/NECS) facility should mandatorily be used by the companies for the distribution of dividend to its members. In order to avail the facility of ECS/NECS, Members holding shares in physical form are requested to provide bank account details to the Company and its Registrar and Share Transfer Agents. Members holding shares in electronic form are hereby informed that the bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. Any changes in such bank mandate must be advised only to the Depository Participant of the Members.

- 15) In terms of the Circulars No. 17/2011 of 21st April, 2011 and 18/2011 of 29th April, 2011 issued by the Ministry of Corporate Affairs(MCA) as part of its "green initiative in Corporate Governance", MCA allows paperless compliances including service of a notice/document by companies to their Members through electronic mode. Therefore as was done last year, the Company proposes to send documents required to be sent to Members like Notices of General Meetings (including AGM), Audited Financial Statements, Report of the Directors, Independent Auditor's Report etc to the Members in electronic form to the e-mail IDs provided by them and made available to the Company by the Depositories. This will also ensure prompt receipt of communication and avoid loss in postal transit. These documents will also be available on the Company's website [www.kitexgarments.com](http://www.kitexgarments.com) for download by the Members. The physical copies of the Annual Report will be made available upon receipt of a requisition from the members, any time as a Member of the Company.

**16) Voting through Electronic means:**

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by Companies (Management and Administration) Rules, 2015, the Company is pleased to provide Members with a facility to exercise their right to vote at the 23rd Annual General Meeting (AGM) by electronic means and the business may be transacted

through Electronic Voting (e-Voting) Services. The facility for casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:

- A. Members whose shareholding is in the Dematerialization form and whose e-mail address are registered with the Company / Depository Participants will receive an email from NSDL informing your ID and password:

1. Open e-mail and open PDF file viz., "e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
2. Launch internet browser by typing the following: URL: <https://www.e-voting.nsdl.com/>
3. Click on Shareholder – Login
4. Put user ID and password as initial password/PIN noted in step (1) above. Click Login.
5. Password change menu appears. Change the Password/PIN with new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
6. Home page of e-voting opens. Click on e-Voting Active Voting Cycles.
7. Select "EVEN" of Kitex Garments Limited. Members can cast their vote online from 1st June, 2015 (9.00 A.M) till 3rd June, 2015(5.00 P.M). E-voting will not be allowed beyond the said time.
8. Now you are ready for e-voting as cast vote page opens.

9. Cast your vote by selecting appropriate option and click on "submit" and also "confirm" when prompted.
  10. Upon confirmation, the message "vote cast successfully" will be displayed.
  11. Once you have voted on the resolution, you will not be allowed to modify your vote.
  12. Institutional members (i.e other than individuals, HUF, NRI etc) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to theScrutinizer through e-mail to [scrutinizer@kitexgaments.com](mailto:scrutinizer@kitexgaments.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) and [sect@kitexgarments.com](mailto:sect@kitexgarments.com).
  13. A facility for voting through Poling Paper is made available at the Annual General Meeting venue and the members attending the meeting who have not cast their vote by remote e-voting can exercise their right during the meeting on 4th June, 2015 between 10.30 A.M till the conclusion of the meeting.
- B. For Members whose shareholding is in the Dematerialization form and whose E-mail IDs are not registered with the Company / Depository Participants, Members holding shares in Physical form as well as those members who have requested for a physical copy of the Notice and Annual Report, the following instruction may be noted:
1. Initial password is provided as below / at the bottom of the Attendance Slip for the AGM: EVEN(e-voting Event Number) USER ID PASSWORD/PIN
  2. Please follow all steps from instruction 1 to 12 of A above to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Question (FAQs) for member and e-voting



- user manual for members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
- III. Login to the E-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "forgot Password" option available on the site for reset the password.
  - IV. If you are already registered with NSDL for e-voting then you can use your existing user ID and Password/PIN for casting your vote.
  - V. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s)
  - VI. The e-voting period commences on 1st June, 2015 (9.00 A.M) and ends on 3rd June, 2015 (5.00 P.M). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off dated (record date) 28th May, 2015 may cast their vote electronically. The members who have acquired shares consequent to record date may contact the Company Secretary of Kitex Garments Limited at the email address [sect@kitexgarments.com](mailto:sect@kitexgarments.com) for issue of separate e voting facility. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the members, the member shall not be allowed to change it subsequently.
  - VII. The voting rights of Members shall be in proportion of their shares of the paid up equity share capital of the Company as on the cut-off dated (record date) of 28th May, 2015.
  - VIII. Mr. P.D. Vincent, Sr. Partner, M/s. SVJS & Associates, 39/3519 B 1st floor, Padmam Apartments, Ravipuram, Kochi Ernakulam Kerala India 682 016 has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  - IX. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the

votes cast in favour or against, if any, forthwith to the Chairman of the company.

- X. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.kitexgarments.com/investors](http://www.kitexgarments.com/investors) and on the website of NSDL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.
- 17) All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 a.m to 5.00 p.m) on all working days except Sundays, upto and including the date of the Annual General Meeting of the Company.

#### STATEMENT AS PER SECTION 102 OF COMPANIES ACT 2013

##### Item 5:

The Articles of Association of the company as currently in force was adopted pursuant to the provisions under the Companies Act, 1956. The reference to specific sections of the Companies Act, 1956 in the existing Articles of Association may no longer be in conformity with the Companies Act, 2013. Considering that substantive sections of the Companies Act, 2013 which deal with the general working of the Companies stand notified, it is proposed to amend the existing Articles of Association to align it with the provisions of Companies Act, 2013 including rules framed thereunder and adoption of specific sections of Table – F of Schedule I of the Companies Act, 2013 which sets out the model articles of association for a company limited by shares.

Some of the Articles of the existing Articles of Association of the Company require alteration or deletions, material changes. Certain provisions of existing Articles of Association have been simplified by providing reference to relevant Sections to the Companies Act, 2013 and the Rules framed there under, to avoid repetition in its entirety.

The proposed new draft of Articles of Association is uploaded in the Company's website at [www.kitexgarments.com/investors](http://www.kitexgarments.com/investors) for perusal by the shareholders. The amendments inter alia include (i) appointment of independent and Women Directors and Key Managerial Personnel (ii) communication through electronic media (iii) aligning with new Act and empowering the Company/

Board to do some acts, which require Article permission etc.

None of the Directors/Key Managerial Personnel of the Company/ their relatives are in any way, concerned or interested financially or otherwise, in the Special Resolution set out at item No. 5 of the Notice.

The Board recommends Special Resolution set out at item No.5 of the Notice for approval by the members.

#### Item 6 & 7

The Board of Directors of the Company ('the Board') at the meeting held on 12th January, 2015 on the recommendation of the Nomination & Compensation Committee, recommended for the approval of the Members, the appointment of Prof. E.M.Paulose and Mr.Benni Joseph as Independent Directors of the Company in terms of Section 149 read with Schedule IV of the Companies Act, 2013('the Act') and any amendments thereto or modification thereof, as set out in the Resolutions to their respective appointment.

Prof. E.M.Paulose and Mr.Benni Joseph are presently on the Board as Independent Directors, but were not specifically appointed under Section 149 of the Act. General Circular 14/2014 dated 9th June, 2014 of the Ministry of Corporate Affairs read with SEBI guidelines to Listed Stock Exchanges on Clauses 35, 36 and 49 now requires that the appointment of Independent Directors to be made expressly under the provisions of Section 149 of the Act. The requisite declaration under Section 149 (6) have been obtained from these directors. In the opinion of the Board, these two Independent Directors proposed to be appointed fulfils the conditions specified in the Act and rules made thereunder and that the proposed directors are independent of the management

In view of your Board, the continued association of Prof. E.M.Paulose and Mr.Benni Joseph with the Company as Independent Directors, and the rich experience they bring with them would benefit the Company. The Company has received from Prof.E.M.Paulose and Mr. Benni Joseph (i) consent in writing to act as Director in form No. DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014 (ii) intimation in form No. DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, confirming his eligibility for such appointment and (iii) a declaration to the effect that he meets the criteria of Independence as provided in Sub-section (6) of Section

149 of the Companies Act, 2013. These Independent Directors are eligible for sitting fees of Rs.7500/- per Board and Rs.5000/- each for Audit Committee and for other committee meetings as may be constituted from time to time.

Copies of the letter for appointment of Prof. E M Paulose and Mr. Benni Joseph as Independent Directors setting out the terms and conditions would be available for inspection without any fee by the Members at the Registered Office of the Company.

Brief resume of Prof. E.M.Paulose and Mr.Benni Joseph and additional information pursuant to Clause 49 of the Listing Agreements with Stock exchanges are provided below:

#### Prof.E.M Paulose

Mr.E.M Paulose (78 years) DIN No. 03563106 was appointed as a Director in the vacancy caused by the death of Mr.K C Jacob with effect from 4th July, 2011. Prof.Paulose is a Post Graduate in Economics and was the Principal of M A College, Kothamangalam for more than two decades. He was also the Director of U C College, Aluva. In a career of over 45 years, he held various important assignments in his professional area, presented various papers at both national and international forums. He is an Independent Director as per Clause 49 of listing agreement, Chairman of Nomination & Remuneration Committee and member of Audit Committee of the Company. He is not associated with any other company or group as a Director. He holds 100 shares in the company. No other person holds any share in the Company for him on a beneficial basis.

Prof. E. M Paulose is a Director whose period of office is liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. Under the Companies Act, 2013, it is required that independent directors not be liable to retire by rotation and be appointed for a fixed term. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Prof. E M Paulose being eligible and offering himself for appointment, is proposed to be appointed as an independent director for five consecutive years.

Based on the recommendations of the Nomination and Remuneration Committee and the approval of the Board of Directors, it is proposed to appoint Prof. E M Paulose as an Independent Director under Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement(including any statutory modification(s)or re-enactment thereof, for the time being in force) to hold office for five consecutive years with effect

from 12th January, 2015 upto 11th January, 2020.

The Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a member along with a deposit of Rs.1,00,000/- proposing the candidature of Prof. E M Paulose for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013

No Director, key managerial personnel or their relatives, except Prof. E.M.Paulose to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item 6 for the approval of the Members.

#### Mr.Benni Joseph

Mr.Benni Joseph ( 58 years) DIN No. 01219476 is an Independent Director of the Company (appointed pursuant to Clause 49 of the Listing Agreement on 15/5/2014 ) whose period of office is liable to determination by retirement of Directors by Rotation under the erstwhile applicable provisions of the Companies Act, 1956. He joined the Board of Directors ('the Board') of the Company on 31st July, 1998.

Mr.Benni Joseph holds a Bachelor in Chemistry Degree and is a Chartered Accountant by profession with vast experience in Financial Management and Auditing. He has a good command and knowledge on Accounting and related matters. He is the Chairman of the Audit Committee and Member of Nomination and Remuneration Committee of the Board of the Company.

The ministry of Corporate Affairs, Government of India, by a notification has clarified that if a company intends to appoint existing independent Director as a Independent Director under the act, such appointment must be made expressly within one year from April 1, 2014. The Company proposes to comply with the provisions of the Companies Act, 2013 and the notification of the Ministry of Corporate Affairs read with Clause 35, 36 and 49 of listing agreement as amended from time to time by SEBI.

Mr.Benni Joseph is a Director whose period of office is liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. Under the Companies Act, 2013, it is required that independent directors not be liable to retire by rotation and be appointed for a fixed term. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr.Benni Joseph being

eligible and offering himself for appointment, is proposed to be appointed as an independent director for five consecutive years.

Based on the recommendations of the Nomination and Remuneration Committee and the approval of the Board of Directors, it is proposed to appoint Mr.Benni Joseph as an Independent Director under Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement(including any statutory modification(s)or re-enactment thereof, for the time being in force) to hold office for five consecutive years with effect from 12th January, 2015 upto 11th January, 2020.

The Company has received notice in writing pursuant to Section 160 of the Companies Act, 2013 from a member along with a deposit of Rs.1,00,000/- proposing the candidature of Mr.Benni Joseph for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

No Director, key managerial personnel or their relatives, except Mr. Benni Joseph to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item 7 for the approval of the Members.

#### Item No. 8

Mr.Sabu M Jacob, 53 years, holds a graduate degree in Economics from Kerala University. He belongs to a family of entrepreneurs who have promoted many industrial units for producing textiles, garment, vessels, spices, umbrellas, school bags etc. Mr. Sabu M Jacob has been involved in the promotion and management of the Company as Chairman and Managing Director right from its inception.

The tenure of Mr.Sabu M Jacob expires on 15th August, 2015. Taking into consideration of the valuable services rendered by him during the past twentytwo years for the growth of the company and subject to the approval of the members of the Company in General Meeting and based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on 4th April, 2015 had reappointed Mr.Sabu M Jacob as Chairman & Managing Director of the Company for a period of five (5) years from 16th August, 2015 to 15th August, 2020 on the terms and conditions set out in the draft agreement to be entered into with him.

A summary of the material terms and conditions relating to



appointment of Mr.Sabu M Jacob as Chairman and Managing Director are as follows:

Term : for a period of five years from 16th August, 2015 to 15th August, 2020.

#### A) Remuneration in case of adequate profits:

1. Basic Salary of Rs.9,00,000/- per month
2. Perquisites
  - a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extend 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 conditions 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, 2013.

#### B) Minimum remuneration in case of lack or inadequacy of profits:

Where in any financial year during the currency of the tenure of the Chairman & Managing Director we have Nil profits or the profits are inadequate, Chairman & Managing Director shall be paid remuneration as under:

1. Remuneration payable not exceeding the limit prescribed under Section II Part II of Schedule V of the Companies Act, 2013 based on the effective capital of the Company and in accordance with the approval of the Nomination and Remuneration Committee at the relevant point of time.
2. Contributions of Provident Fund, Superannuation Fund or Annuity Fund to the extent singly or taken together are not taxable under the Income Tax Act, 1961;
3. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and

4. Encashment of leave at the end of the tenure.

#### C) General :

1. The perquisites shall be valued in terms of the actual expenditure. However, where such actual expenditure cannot be ascertained, such perquisites shall be valued as per the Income Tax Rules
2. The Chairman & Managing Director shall not be entitled to any sitting fees for attending the meetings of the Board or of the Committee(s) of which he is a Member.
3. The Chairman & Managing Director shall be subject to all other service conditions and employee benefit schemes, as applicable to any other employee of the Company.

Mr.Sabu M Jacob holds 34,64,631 shares of Re.1/- each face value and 1,07,57,700 shares jointly with Mr.Bobby M Jacob (brother) amounting to 38% of the paid-up share capital of the Company.

The re-appointment and the remuneration proposed fulfill the conditions stipulated in Schedule V of the Companies Act, 2013 and hence approval of the Government of India is not required. A copy of the agreement containing the terms and conditions of re-appointment of Mr.Sabu M Jacob, Chairman & Managing Director is available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day upto and including the date of the Annual General Meeting.

Mr.Sabu M Jacob, Chairman & Managing Director holds directorships in the following companies:

Sl No.	Name of the Company	Nature of Interest
1	Kitex Childrenswear Limited	Promoter and Managing Director
2	Kitex Apparels Limited	Director
3	Kitex Herbals Limited	Promoter and Director

Information required under Section II, Part II of Schedule V of the Companies Act, 2013

I. General Information	
Nature of Industry	Textiles – Garments industry catering to Childrenswear for age between 0 to 24 months
Date or expected date of commencement of commercial production	Company was incorporated on 29th May, 1992 and the certificate of Commencement of Business was dated 19th June, 1992
In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable
Financial performance based on given indicators	The details of financial performance of the Company for the years 2013-14 and 2014-15 are provided in the Annual Report 2015 which accompanies this Notice.
Foreign Investments or collaborations, if any	The Company has not entered into any material Foreign collaboration and no direct capital investment has been made in the company. Foreign Investors, mainly comprising NRIs, FIIs and/or Foreign Nationals are investors in the Company on account of past issuances of securities/secondary market purchases. The Company has no subsidiaries as on 31.03.2015.
II. Information about the appointee	
Background details	Mr.Sabu M Jacob is the Chairman and Managing Director of the Company since inception
Past remuneration	Details of past remuneration are available in the Annual Report 2015 reported at the appropriate notes to accounts.

Recognition and awards	Under the leadership of Mr.Sabu M Jacob, your Company was awarded the Best Manufacturer Supplier for the year 2011 and 2012 from Toys R Us, U.S.A. Your company was selected as No. 1 from among 280 Competitors. Your Company also won the Best Manufacturer supplier award from Gerber Childrenswear USA for a second consecutive year.
Job Profile and his suitability	Mr.Sabu M Jacob, 53 years, holds a graduate degree in Economics from Kerala University. He belongs to a family of entrepreneurs who have promoted many industrial units for producing textiles, garment, vessels, spices, umbrellas, school bags etc. Mr. Sabu M Jacob has been involved in the promotion and management of the Company as Chairman and Managing Director right from its inception. Taking these into consideration, the Board has bestowed the leadership of the Organization to Mr.Sabu M Jacob
Remuneration proposed	Details of proposed remuneration are presented above
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the Country of his origin)	The remuneration is as per Section 197 & 198 of the Companies Act, 2013 read with Schedule V and is comparable to the remuneration of CEO/MD/CMD levels of similar sized Textile – garments manufacturing Companies in India and Abroad

Pecuniary relationship directly or indirectly with the company or relationship with his managerial personnel if any	Mr.Sabu M Jacob holds 34,64,631 shares of Re.1/- each face value and 1,07,57,700 shares jointly with Mr.Bobby M Jacob (brother) amounting to 38% of the paid-up share capital of the Company. Mrs. Renjitha Joseph is the wife of Mr.Sabu M Jacob who holds 30,91,500 shares of Re.1/- each face value amounting to 6.5% of the paid-up share capital of the Company. None of the Key Managerial personnel or any other senior Managerial personnel is related to Mr. Sabu M Jacob
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### III. Other information

Reasons of loss or inadequate profits	The Company does not envisage any loss or inadequate profits as the order books adequate enough for the whole period of tenure of Mr. Sabu M Jacob
Steps taken or proposed to be taken for improvement	Being in Childrenswear garmenting industry there has always been a demand in US market to which the company ships its supplies. Hence as long as the US market is strong, your company expects to meet all targets in the coming years.
Expected increase in productivity and profits in measurable terms	The aforesaid steps taken/to be taken by the Company are expected to improve further the Company's performance and profitability in the future

**IV. Disclosure :** As required, the information is provided under Corporate Governance Section of the Annual Report, 2015

None of the Directors and Key managerial Personnel and their relative except Mr. Sabu M Jacob and Mrs. Renjitha Joseph may be deemed to be concerned or interested in the Resolution. The Board of Directors recommends the resolution for your approval.

The notice together with this Statement may be regarded as a disclosure under Clause 49 of the Listing Agreement.

### Item No. 9

The Board of Directors of your company, after reviewing the provision of the Companies Act, 2013, and based on the recommendations of the Nomination and Remuneration Committee, at their meeting held on 9th March, 2015 appointed Mrs. Sindhu Chandrasekhar (DIN NO. 6432215) as a Whole-time Director designated as Woman Director as she fulfills the conditions specified in the Act, and the Rules made there under and Clause 49 of the listing Agreement as amended from time to time by Stock Exchanges as per direction of SEBI.

Mrs. Sindhu Chandrasekhar, a Science Graduate joined Kitex Group in April 1995 and later-on inducted into Kitex Garments Limited in 1997. She has been holding various positions and presently holding the post of Dy.Manager (Finance). Mrs.Sindhu Chandrasekhar has handled the Treasury Management of the company for a quite long period. Mrs.Sindhu Chandrasekhar was instrumental in maintaining a perfect cash management system in the company during her long career in the Company.

The company proposes to appoint Mrs. Sindhu Chandrasekhar as Whole-time Director designated as "Woman Director" as per the provisions of Section 149, 152, 161, 196 and 197 of the Companies Act, 2013 read with relevant Rules of 2014 for a period of five years w.e.from 16.03.2015 till the closing hours of 15.03.2020. This appointment of Mrs.Sindhu Chandrasekhar will be subject to retirement by rotation as per the provision of Section 152 of the Companies Act, 2013 and Articles of Association of the Company as amended from time to time. The remuneration and other details are mentioned below for your information.

#### Salary, Allowances and perquisites :

**Salary :** For the period from 16.03.2015 to 15.03.2020 : Not Exceeding Rs.57,000/- (Rupees fiftyseven thousand only) per month with an annual increment not exceeding 15% per annum at the discretion of Chairman & Managing Director with the approval of the Board.

**Performance Bonus :** Upto a maximum of Eight months salary per annum payable quarterly as may be decided by the Chairman & Managing Director with the approval of the Board.

**Perquisites :** Contribution to Provident Fund, Superannuation fund or Annuity fund and Annual Leave in accordance with the practices, Rules and Regulations in force in the company and as may be applicable as per company's HR policy from time to time..



Income Tax and all other levies chargeable/applicable to be deducted as source as per relevant Acts.

The Board of Directors are authorized to increase the salary annually depending upon the overall performance of Mrs. Sindhu Chandrasekhar. In the event of inadequate profits or loss being incurred during any year during the tenure of this agreement with Mrs. Sindhu Chandrasekhar, the company proposes to retain the same salary as was drawn by her till date as the minimum salary as per the provisions of Section 197 of companies Act 2013 read with Schedule V. Necessary declaration in form DIR-2 and DIR-8 have been received and the same are available for inspection at the Registered Office of the Company.

None of the Directors, relatives of Directors and Key managerial personnel are related to Mrs. Sindhu Chandrasekhar and hence not interested in the said resolution.

Mrs. Sindhu Chandrasekhar does not hold any shares in the Company. She is a Director on the Board of Kitex Herbals Limited since incorporation on 27.01.2014.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member along with the requisite deposit of Rs.1,00,000/- proposing the candidature of Mrs. Sindhu Chandrasekhar for the office of Director liable to retire by rotation, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mrs. Sindhu Chandrasekhar (i) consent in writing to act as a director in form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, and (ii) intimation in form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014 to the effect that she is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and copy of the offer for appointment as Whole-time Director, the same is available for inspection at the Registered office.

Mrs. Sindhu Chandrasekhar holds directorship(s) in the following companies:

Sl No.	Name of the Company	Nature of Interest
1	Kitex Herbals Limited	Director

Information required under Section II, Part II of Schedule V of the Companies Act, 2013

I. General Information	
Nature of Industry	Textiles – Garments industry catering to Childrenswear for age between 0 to 24 months
Date or expected date of commencement of commercial production	Company was incorporated on 29th May, 1992 and the certificate of Commencement of Business was dated 19th June, 1992
In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable
Financial performance based on given indicators	The details of financial performance of the Company for the years 2013-14 and 2014-15 are provided in the Annual Report 2015 which accompanies this Notice.
Foreign Investments or collaborations, if any	The Company has not entered into any material Foreign collaboration and no direct capital investment has been made in the company. Foreign Investors, mainly comprising NRIs, FIIs and/or Foreign Nationals are investors in the Company on account of past issuances of securities/secondary market purchases. The Company has no subsidiaries as on 31.03.2015.
II. Information about the appointee	
Background details	Mrs. Sindhu Chandrasekhar was an employee of the company since 1997 and was occupying various position in the Company.
Past remuneration	Not applicable
Recognition and awards	Not applicable

Job Profile and her suitability	Mrs. Sindhu Chandrasekhar, a Science Graduate joined Kitex Group in April 1995 and later on inducted into Kitex Garments Limited in 1997. She has been holding various positions and presently holding the post of Dy. Manager (Finance). Mrs. Sindhu Chandrasekhar has handled the Treasury Management of the company for a quite long period. Mrs. Sindhu Chandrasekhar was instrumental in maintaining a perfect cash management system in the company during her long career in the Company.
Remuneration proposed	Details of proposed remuneration are presented above
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the Country of her origin)	The remuneration is as per Section 197 & 198 of the Companies Act, 2013 read with Schedule V and is comparable to the remuneration of Whole-time Director levels of similar sized Textile – garments manufacturing Companies in India and Abroad
Pecuniary relationship directly or indirectly with the company or relationship with managerial personnel if any	Nil

<b>III. Other information</b>	
Reasons of loss or inadequate profits	The Company does not envisage any loss or inadequate profits as the order books adequate enough for the whole period of tenure of Mrs.Sindhu Chandrasekhar
Setps taken or proposed to be taken for improvement	Being in Childrenswear garmenting industry there has always been a demand in US market to which the company ships its supplies. Hence as long as the US market is strong, your company expects to meet all targets in the coming years.
Expected increase in productivity and profits in measurable terms	The aforesaid steps taken/to be taken by the Company are expected to improve further the Company's performance and profitability in the future
<b>IV. Disclosure :</b> As required, the information is provided under Corporae Governance Section of the Annual Report, 2015	

The notice together with this Statement may be regarded as a disclosure under Clause 49 of the Listing Agreement.

The Board recommends the resolution set forth in Item 9 for the approval of the Members.

#### Item No. 10 and 11

In order to enable the Company to raise additional long-term finance by issue of securities/equity shares in the domestic/international markets, the existing Authorised Share Capital may not be sufficient for this purpose. It is therefore considered necessary to increase the Authorised Share Capital of the Company to the extent mentioned in item No.10 of the Notice, with the consequential alteration in the Capital Clause V of the Memorandum of Association of the Company as set out in item No. 11 of the Notice. The provisions of the Companies Act, 2013 require the Company to seek the approval of the members for increase in the Authorized Share Capital and for the alteration of Capital Clause of the Memorandum of Association of the Company and accordingly the Board recommends the relevant resolutions for the approval of the Members.

None of the Directors of the Company or key managerial personnel or their relatives is, in any way, concerned or interested in the resolution.

By Order of the Board of Directors  
**For KITEX GARMENTS LIMITED**

Place: Kizhakkambalam  
Date : 4th April, 2015

**Sabu M Jacob**  
Chairman & Managing Director



**EXPLANATORY STATEMENT AS PER CLAUSE 49 OF LISTING AGREEMENT**

<b>Name of the Director</b>	Mr.K L V Narayanan	Mr.Benni Joseph	Prof. E M Paulose	Mr.Sabu M Jacob	Mrs.Sindhu Chandrasekhar
<b>DIN No.</b>	01273573	01219476	03563106	0046016	06434415
<b>Date of Birth</b>	02.04.1957	12/04/1957	5/10/1936	11/05/1962	01/06/1969
<b>Type of appointment</b>	Director retiring by rotation	Independent Director	Independent Director	Chairman & Managing Director	Woman Director( Whole-time Director
<b>Date of Appointment/ Re-appointment</b>	04.04.2013	12.01.2015	12.01.2015	15.08.2015	16.03.2015
<b>Areas of Specialization</b>	Export Management	Finance, Management, Taxation	Management, Economics	Enterprenuer, Management	Cash and Working Capital Management
<b>Qualifications</b>	Bachelor of Arts	Bachelor in Chemistry and Chartered Accountant	Post Graduate in Economics	Bachelor in Economics	Bachelor in Mathematics
<b>No.of Shares Held in the Company</b>	Nil	Nil	100	73,11,581	Nil
<b>List of Directorship held in outside Public Limited Companies</b>	a) Sea Land Marines Pvt Ltd b) Kansons Foods Pvt Ltd c) Kitex Limited	Ind.Director on Kitex Childrenswear Limited	Ind.Director on Kitex Childrenswear Limited	Nil	Nil
<b>Chairman/member of the Committee of the Board of Directors of this Company</b>	Chairman, Stakeholders Relationship Committee	Chairman, Audit Committee. Member, CSR Committee, Member – Nomination and Remuneration Committee	Member, Audit Committee, Chairman, Nomination & Remuneratin Committee	Chairman, Board of Directors of Kitex Garments Limited Member, Stakeholders Relationship Committee	Nil
<b>Chairman/member of the Committee of the Board of Directors of other Companies</b>	Director, Kitex Apparels Limited	Member, Audit Committee of Kitex Childrenswear Limited	Nil	(i) Managing Diector, Kitex Childrenswear Limited (ii) Director in Kitex Herbals Limited (iii) Director in Kitex Apparels Limited	Director, Kitex Herbals Limited
<b>Relation with Key Managerial Personnel and Directors</b>	Nil	Nil	Nil	Nil	Nil
<b>Justification for appointment</b>	Excellent Knowledge of all Export related matters	Financial Knowledge and Ind. Director	Economist and Knowledge in Management. Ind.Director	Entrepreneur and Promoter	Statutory Requirement as per Companies Act, 2013

By Order of the Board of Directors  
**For KITEX GARMENTS LIMITED**

**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
2007-08	20	2010-11	40
2008-09	25	2011-12	60
2009-10	30	2012-13	80
		2013-14	100

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. Lists of shareholders to whom dividends remain unpaid are available on the website of the Ministry of Corporate Affairs. Please note that As per Section 124 ( 6) of the new Companies Act, 2013 the shares held on the unpaid dividend has also to be transferred to demat account maintained under Investor Education and Protection Fund account.

Please note that any dividend amount for 2007-08 remaining unclaimed / unpaid along with shares held in these folios as on 29 /09/2015 shall be transferred to the Investor Education and Protection Fund account.





**(1) FORMAT FOR REGISTERING EMAIL ID**

DP/Client ID / Folio No:

Name of the sole / first holder:

Postal Address:

Email Address:

Contact Telephone No:

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

Folio No:

Name of the sole / first holder:

Postal Address:

Email Address:

Contact Telephone No:

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:

Signature

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:

Email Address:

Contact Telephone No:

Signature







# DIRECTORS' REPORT

TO THE MEMBERS OF KITEX GARMENTS LIMITED

The Directors have pleasure to present their 23<sup>rd</sup> Annual Report and the audited Annual Accounts for the year ended 31<sup>st</sup> March 2015.

## Financial Results

	Year ended 31 <sup>st</sup> March, 2015 (Rs in lakhs)	Year ended 31 <sup>st</sup> March, 2014 (Rs in lakhs)
Total Income	52451.93	45555.36
Profit before Depreciation	16299.69	9786.53
Profit before Tax	14166.75	8818.53
Profit After Tax	9851.75	5736.88
Transfer to General Reserve	1000.00	600.00

## Performance Review

Your company achieved an all time high performance both in turnover and its profits. The Gross revenues touched Rs. 524.52 crores which is 15% more than last year and the Profit before depreciation and taxes recorded was Rs.163.00 Crores which is also up by 67% as compared to previous year. Your company had coupled with high level of modernization, concentrated efforts of both Management and 4000 dedicated employees, the whole hearted support of Banks, suppliers and customers attained these levels of performance. The earnings per equity share (of face value Re. 1) for the year increased to Rs. 20.74 from Rs. 12.08 for the previous year.

## Dividend

Your directors recommend a dividend of 125% (Rs.1.25 per Share of face value Re1/-) for the year, (as against 100% for the previous year ended 31<sup>st</sup> March, 2014), subject to the approval of the shareholders at the ensuing Annual General Meeting. An amount of Rs.10.00 crores has been transferred to General Reserve as per the existing provisions of Companies Act 2013 and rules thereunder.

## Capital Expenditure

As at 31<sup>st</sup> March 2015 the gross fixed assets stood at Rs.263.53 crores and net fixed assets Rs 188.23 crores. Additions during the year amounted to Rs.31.93 crores, which include addition to land and building for Rs 50.88 lakhs, plant & machinery and other assets amounting to Rs 31.65 crores.

## Future Prospects

Despite stiff competition from other countries, international buyers show preference to your company's products for its quality and timely delivery and hence your Directors are confident of achieving better working results in the coming years. The US market grew on an average of 3% of GDP and is expected to further grow. The predicted GDP is about 3.4% for the year 2015. The Consumer sector is showing more strength and hence business improvement is on the upswing with a reduction in Federal deficit gap.

Your company has set up a joint venture in USA by name Kitex USA LLC. The brand marketing will commence during the 1st quarter of this year and company expects its first consignment to move into USA by the 3rd Quarter of financial year 2015-16

Your company plans to take the performance to the next level by modernization, installing high tech and time saving machinery and supportive systems, improving quality of work by employee training, and by Research and Development in major areas pertaining to the industry the company is in business. Your Company aspires to become FIRST in the World in INFANTWEAR APPAREL segment by 2018.

## Expansion Project:

The expansion plan by further investment in technology upgradation and modern machinery for increasing the capacity of the existing garmenting Unit are being implemented and is expected to be completed by December, 2015.

## Awards and Recognitions

Your Company has received an "Award of Excellence" from Kerala State Industrial Development Corporation Limited for the overall performance of the company for 2013-14 and its contribution to the state economy.

Your Company has been upgraded to A plus by the Credit Rating Agency ICRA during the year under review.

## Directors' Responsibility Statement

The directors report that

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss account of the company for that period.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) The Directors have prepared the annual accounts on a going concern basis.
- v) the Directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## Listing on Stock Exchanges

Your Company's shares are listed on the National Stock Exchange and Bombay stock exchange. During the year under review, your company's share price had touched Rs. 583.90 per equity share which clearly show that the markets have recognized its performance. The Share price quoted at BSE at the closing on 31.03.2015 which was Rs. 534 against a closing on 31.03.2014 which was Rs. 89 an increase of six folds. The strength of



shareholders have also considerably increased from 6057 on 31.03.2014 to 16141 on 31.03.2015 which clearly shows that the investors have built a greater confidence in the company and its performance.

### Corporate Governance

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, the Corporate Governance Report, Management Discussion and Analysis, and the Auditor's Certificate regarding compliance of conditions of Corporate Governance, form part of the Annual Report.

### Secretarial Audit

Secretarial Audit Report as per Section 204 of Companies Act 2013 is placed as annexure to this report. No adverse comments have been made in the said report by the Practising Company Secretary.

### Cost Audit Compliance

Pursuant to Sec. 209 (1)(d) of the Companies Act, 1956, Cost Audit Report for the financial year ended 31/03/2014 was submitted to the Central Government on 30/09/2014

### Extracts of Annual Return and other disclosures under Companies (appointment & Remuneration) Rules, 2014

The Extract of Annual Return in form No. MGT-9 as per Section 134 (3) (a) of the Companies Act, 2013 read with Rule 8 of Companies Act (Accounts) Rules 2014 and Rule 12 of Companies (Management & Administration) Rules, 2014 duly certified by the Practising Company Secretary is annexed hereto and forms part of this report.

Further the Disclosure in the Board Report under Rule 5 of Companies (Appointment & Remuneration) Rules, 2014 is also annexed hereto and forms part of this report.

### Declaration on Independent Directors

The Board of Directors declare that the Independent Directors Mr. Benni Joseph and Prof. E.M Paulose are :

- (a) in the opinion of the Board, are persons of integrity and possesses relevant expertise and experience;
- (b) (i) who were or were not a promoter of the company or its holding, subsidiary or associate company

(ii) who are not related to promoters or directors in the company, its holding, subsidiary or associate Company;

(c) Who have or had no pecuniary relationship with the company, its holding, subsidiary or associate company or their promoters or directors, during the two immediately preceding financial years or during the current financial year;

(d) None of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company or their promoters, or directors, amounting to two percent or more of its gross turnover of total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

(e) Who, either himself nor any of his relatives -

(i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial year immediately preceding the financial year in which he is proposed to be appointed;

(ii) is or has been an employee or propriety or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of -

(A) a firm of auditors or company secretaries in practice or cost auditors or the company or its holding, subsidiary or associate company; or

(B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm;

(iii) holds together with his relative two per cent, or more of the total voting power of the company; or

(iv) is a Chief Executive or director, by whatever name called, of any nonprofit organization that receives twenty-five percent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or

(f) who possesses such other qualification as may be prescribed.

### Particulars of Loans, guarantees or investments

Your company has as a joint venture on 50:50 basis proposes to invest USD 1,00,000 in Kitex USA LLC a limited liability company Incorporated in Delaware, USA. As on 31.03.2015 your company has invested Rs. Nil to this effect.

Your company has not directly or indirectly

- a) given any loan to any person or other body corporate other than usual advances envisaged in a contract of supply of materials if any,
- b) given any guarantee or provide security in connection with a loan to any other body corporate or person and
- c) acquired by way of subscription purchase or otherwise, the securities of any other body corporate

exceeding sixty percent, of its paid-up share capital, free reserve and securities premium account or one hundred percent of its free reserves and securities premium account whichever is more.

Your company has not accepted deposits from public as envisaged under Sections 73 to 76 of Companies Act, 2013 read with Companies (acceptance of Deposit) Rules, 2014.

### Related Party Transactions

A detailed report on contracts and arrangements made during the year 2014-15, being arm's length transactions have been reported and annexed hereto in this report.

### Conservation of Energy, technology absorption, foreign exchange earnings and outgo

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.

### Risk Management Policy implementation

In today's economic environment, Risk Management is a very important part of business. The main aim of risk management is to identify, monitor and take precautionary measures in respect of the events that may pose risks for the business. Your Company's risk management is embedded in the business processes. Your company has identified the following risks:

Key Risk	Impact to Kitex Garments Ltd	Mitigation Plans
Commodity Price Risk	Risk of price fluctuation on basic raw materials like cotton, yarn, Chemicals, power as well as finished goods used in the process of manufacturing	The Company commands excellent business relationship with the buyers. In case of major fluctuation either upwards or downwards, the matter will be mutually discussed and compensated both ways. Also by focusing on new value added products helps in lowering the impact of price fluctuation in finished goods.
Uncertain global economic environment – slow growth in global economy	Impact on demand and realization of Exports of Childrenswear	Infant wear by its very nature is not effected by slow downs/recessions, since parents compromise on the infants needs as a last resort only.
Interest Rate Risk	Any increase in interest rate can affect the finance cost	Dependence on debt is very minimum and we have surplus funds with Banks to settle the entire debt in case the need arises.
Foreign Exchange Risk	Your company exports all the products to USA and other European countries. Any volatility in the currency market can impact the overall profitability	The Company commands excellent business relationship with the buyers. In case of major fluctuation either upwards or downwards, the matter will be mutually discussed and compensated both ways.

Human Resources Risk	Your Company's ability to deliver value is dependent on its ability to attract, retain and nurture talent. Attrition and non-availability of the required talent resource can affect the overall performance of the Company	By continuously benchmarking of the best HR practices across the industry and carrying out necessary improvements to attract and retain the best talent.  By putting in place production incentives on time bound basis and evaluating the performance at each stage of work. Also recruitment is across almost all states of India which helps to mitigate this risk and we do not anticipate any major issue for the coming five years.
Competition Risk	Your company is always exposed to competition Risk from Asian Countries like Sri Lanka, China, Taiwan, and other African Countries. The increase in competition can create pressure on margins, market share etc	By continuous efforts to enhance the brand image of the Company by focusing on R&D, quality, Cost, timely delivery and customer service. By introducing new product range commensurate with demands your company plans to mitigate the risks so involved.
Compliance Risk – Increasing regulatory requirements	Any default can attract penal provisions	By regularly monitoring and review of changes in regulatory framework.  By monitoring of compliance through legal compliance Management tools and regular internal audit by E & Y.

Industrial Safety, Employee Health and Safety Risk	The Garmenting industry is labour intensive and are exposed to accidents, health and injury risk due to machinery breakdown, human negligence etc	By development and implementation of critical safety standards across the various departments of the factory, establishing training need identification at each level of employee. We are certified for Global safety and compliance Audits like WRAP,CTPAT etc.
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**Corporate Social Responsibility:**

In Kitex Group, reaching out to underserved communities is part of our HERITAGE. We believe in the trusteeship concept. This entails transcending business interests and grappling with the “quality of life” challenges that underserved communities face and working towards making a meaningful difference to them.

Board of Directors, the Management and all of the employees subscribe to the philosophy of compassionate care. We believe and act on an ethos of generosity and compassion, characterised by a willingness to build a society that works for everyone. This is the cornerstone of our CSR policy.

**Our Vision on Corporate Social Responsibility, where we dream to make Kizhakkambalam Panchayat the best in the State among the total 978 Panchayaths.**

Company continued to undertake the following CSR work during the year under review on a voluntary basis over and above what has been required under CSR guidelines. The CSR activities were overseen by Chairman & Managing Director on a regular basis. The Annual report on CSR activities forming part of this Report is annexed hereto.

Your company's investment in CSR activities for the year 2014-15 was Rs.148.14 lakhs which is much above 2% the average profits of the Company for the last three years.



### Disclosure under the Sexual Harassment of Women at Workplace( Prevention, Prohibition and Redressal) Act, 2013

The Company has been employing about 2600 women employees in various cadres within the factory premises. The Company has in place an Anti harassment policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee are set up at shop floor level to redress complaints received regularly and are monitored by women line supervisors who directly report to the Chairman & Managing Director. All employees (permanent, contractual, temporary, trainees) are covered under the policy. There was no complaint received from any employee during the financial year 2014-15 and hence no complaint is outstanding as on 31.03.2015 for redressal.

### Directors

In accordance with the Companies Act, 2013, Mr. K L V Narayanan retires by rotation and being eligible offers himself for reappointment. Mr. Benni Joseph and Prof. E.M. Paulose were appointed as Independent Directors as per provisions of Companies Act, 2013, though they were already Independent Directors under listing agreement. Your Directors recommend the appointment of these two Independent Directors for a period of Five years w.e. from 12.01.2015. Mr. Sabu M Jacob, Chairman & Managing Director whose term ends on 15.08.2015 and your Directors recommend Mr. Sabu M Jacob's re-appointment for a further period of five years upto 15.08.2020. In order to comply with the provisions of the Companies Act, 2013, Your company

recommends appointment of Mrs. Sindhu Chandrasekhar as a Whole-time Director designated as Woman Director for a period of five years subject to retirement by rotation.

### Auditors

M/S Kolath & Co., Chartered Accountants, Financial Auditors of the Company will retire at the forthcoming Annual General Meeting and are eligible for reappointment. In accordance with the Companies Act 2013, it is proposed to re-appoint them as Auditors for the financial year 2015-16 from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, subject to the approval of shareholders.

### Acknowledgement

Your Directors wish to place on record their appreciation for the whole hearted and sincere co-operation the Company has received from its banker, State Bank of India 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

Place : Kizhakkambalam

Date : 04<sup>th</sup> April, 2015

**SABU M JACOB**

Chairman & Managing Director

# Annexure to the Directors' Report

Information as per Section 134 of the Companies Act, 2013, read with Companies (Particulars of Employees) Rules, 1975

Name	Age	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	52	Managing Director	Graduate	32	748.74	1992	Executive Director Kitex Limited
Dan De Yoe	64	Vice President & Director of Operations (USA)		43	116.48	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 31.03.2015	Year Ended 31.03.2014
<b>Electricity</b>		
a) Purchased Units (KWH)	13564640	10375587
Total Amount(Rs.)	78344805	58135600
Cost/Unit (Rs. KWH)	5.78	5.60
b) Own generation		
Through Diesel Generator		
Units (KWH)	167277	264058
Total Amount(Rs.)	2275599	3618649
Cost/Unit (Rs. KWH)	13.60	13.70

<b>Fuel</b>		
Furnace Oil		
Quantity (KL)	1868	1703
Total Amount(Rs.)	74836113	79114034
Cost/Unit (Rs. KL)	40069	46453
<b>Firewood</b>		
Quantity (MT)	13123	9774
Total Amount(Rs.)	32445502	21424626
Cost/Unit (Rs. MT)	2472	2192
<b>Diesel</b>		
Quantity (KL)	35	23
Total Amount(Rs.)	1981639	1267595
Cost/Unit (Rs. KL)	56618	54141

## B. CONSUMPTION PER UNIT OF PRODUCTION

The company manufactures different types of garments. and power and fuel consumption per unit of production 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.

- Quality Up gradation
- Developing wide range of products
- Productivity enhancement
- Quality Control Management

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

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

### 3. FUTURE PLAN OF ACTION

- Cost-efficiency in manufacturing operations through better methods and techniques of production.
- Increasing range of production.
- 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

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

### D. FOREIGN EXCHANGE EARNINGS AND OUTGO

	2014 - 15 (Rs in lakhs)	2013 - 14 (Rs in lakhs)
Earnings on account of Exports	41694.37	32623.58
Outgo on account of Import & Expenditure	5954.37	9450.21

For and on behalf of the Board of Directors

Kizhakkambalam  
04<sup>th</sup> April, 2015

**SABU M JACOB**  
Chairman & Managing Director



# Management Discussion and Analysis

## 1. Global Economy

The global economy is still under stress for gaining momentum as many high-income countries continue to grapple with the past impacts of the global financial crisis. Emerging economies continue to remain as less vibrant than in the past. After rising slightly in 2014, to 2.6 percent, world GDP will grow by an estimated 3.0 percent in 2015 and 3.3 percent in 2016, supported by gradual recovery in high-income countries, low oil prices, and receding domestic headwinds in developing countries. Developing economies are projected to see a raise in growth from 4.4 percent in 2014 to 4.8 percent and 5.3 percent in 2015 and 2016 respectively.

## 2. Indian Economy

After years of diminutive growth the reform momentum has picked up in India.

Inflation has declined by over 6 percentage points since late 2013, and the current account deficit has shrunken from a peak of 6.7 percent of GDP (in Q3, 2012-13) to an estimated 1.0 percent in the coming fiscal year

Going ahead it is widely expected that a further momentum to growth will be provided by declining oil prices and increasing monetary easing facilitated by ongoing moderation in inflation. Simulating the effects of tax cuts, declining oil prices will add spending power to households, thereby boosting consumption and growth. Oil is also a significant input in production and declining prices will shore up profit margins and hence balance sheets of the corporate sector.

### 2.1 Indian Exports

Due to fragile global economic situations the India exports were also impacted. India's exports dipped deeper in the negative zone recording a decline of 21% in March 2015, the biggest fall in the last six years, pulling down the total shipment for 2014-15 to US \$310.5 billion, missing the annual target.

## 3. Indian Textile & Apparel Sector

India has a share of 25 per cent in the global spinning capacity. India produces 20 per cent of global cotton supply both for

domestic use and for export. The country ranks No.2 in global textile and apparel exports with nine per cent growth since 1995. About 27 per cent of the foreign exchange earnings are on account of export of textiles and clothing alone. The textile industry accounts for 21 per cent of the total employment generated in the economy.

### 3.1 Indian Apparel Exports

Though most of the industry segments are witnessing a contraction in exports, according to US department of commerce's Office of Textiles and Apparel (OTEXA) data between January and October 2014, Indian textile and apparel exports to the US rose nearly 6.5 per cent. As per the DGCSI – India statistics the garments segment witnessed a growth of 16% during April-December (FY15) as against the same period in (FY14). The overall textile and garment exports, is expected to reach \$41 billion in 2014-15, compared with \$39.3 billion in the previous year.

According to UN Comtrade data, during January-October 2014, India's garment exports rose 14.6% to \$14 billion. In contrast, exports from China were 6.5% higher at \$145 billion, which in value terms is 10 times higher.

Many of the competing countries are facing a series of problems such as labour unrest in Cambodia, collapse of the Rana Plaza garment factory in Bangladesh, safety, power failure and rising labour cost in China. Against this developments many orders have been diverted to India

## 4. Segment: Overview of Infantwear

4.1.1 Infantwear - Global Trends: Children's wear market in which infantwear is a segment, is one of the most profitable segments in the global apparel industry and is estimated to hit a value of 173.6 billion dollars by 2017. In developed economies, although birth rates are generally in a downtrend, parents are spending more on their children, offering a wealth of opportunities for babies' and children's products. The industry also has great potential in the BRIC countries, given the sheer size of the population of babies and children and the burgeoning middle class. At this point, Europe and the U.S are the major consumers of the global children wear market.

4.1.2 Segment Differentiator - Safety: Infant wear is a extremely focused business with the presence of few large organized players. Following strict safety procedures, maintaining high quality standards, higher degree of complexity (than adult garments) due to small size, need for greater variety, smaller batch size orders and high labor requirement are some of the key differentiators of this segment. Many of the infant ware products need to pass various quality & safety tests like the saliva test, as babies bite garments. Manufacturers like Kitex ensures that only those Chemicals and inputs are used that do not react with saliva. Of the 80 chemicals and dyes normally used in garments, most are specifically banned for infant wear by CPSI. Garments for infants aged 0-2 years see maximum infection if poor quality chemicals are used and hence clients have zero tolerance on safety standards. KTG imports most of its chemical requirements and manufactures all fabric requirements in-house to adhere to stringent safety norms. Consistent quality and safety track record make the company a leader and third largest infant garment manufacturer globally.

4.1.3 Segment Differentiator – Buying behavior :

Across the developed and developing economies, parents are known not to trim down spending when it comes of buying infant garments and accessories. This is evident from the resilience this segment had shown during the economic slowdowns in 2001 and 2008. Quality & safety are the two prime considerations apart from the design and cost. Parental care is an essential part of human nature. Parents, regardless of the level of wealth, always want to give the best to their children. Apart from this gifting for the newborns also is a driving factor.

## 5. Overall review of operations

The company is in the business of manufacturing and exporting garments. The Company achieved a turnover of Rs. 524.51 Crores. The operational profits has improved on account of optimizing all the operations of the company. The policy of your company to invest in upgradation of technology, installation of high tech and time saving machinery and supportive systems,

improving quality of work of employees and modernization has started bearing fruits. The profitability of your company has increased considerably.

## 6. Opportunities and Threats

For 2015, the U.S. economic growth has been revised up to 3.6 percent, largely due to more robust private domestic demand. Cheaper oil is boosting real incomes and consumer sentiment, and there is continued support from accommodative monetary policy, despite the projected gradual rise in interest rates. Policy responses, together with the oil price boost and Dollar depreciation, are expected to strengthen growth of your company in 2015–16.

The growth forecast for China, where investment growth has slowed and is expected to moderate further, has been marked down to below seven percent. The authorities are now expected to put greater weight on reducing vulnerabilities from recent rapid credit and investment growth and hence the forecast assumes less of a policy response to the underlying moderation. This lower growth, however, is affecting the rest of Asia.

The big business houses in the USA and Europe manufacturing and dealing in textiles and garments depend upon India, China and the neighbouring countries, due to availability of the raw materials and skilled labour at lower prices in these countries, to get the required output at the lowest possible cost.

China, Europe, Japan along with the U.S. (the four largest economies in the world) will largely determine the direction of the global economy through the rest of this year and into 2016. The good news is that the advanced economies overall will perform more strongly and contribute more to global growth in 2015.

## 7. Outlook

The company is taking all efforts to improve the quality and productivity to get more orders at competitive rates. The expansion program by improving efficiency by installation of new and high tech machinery will push volume growth. The company's business is committed to achieve world benchmark quality besides expanding on new product offering from new clients. Further the business will continue to focus on improving its cost competitive position. These measures will ensure the company maintaining its leadership position in the world market. Due to the own processing plant the company is able to quote better rates and maintain safety of products high quality & productivity in the finished goods manufactured. Barring unforeseen circumstances the company is confident of achieving better results in the current year. The key risks for the global economy include China and other emerging markets and the situation in the Middle East and North Africa. The developing nations of Asia are expected to experience a higher rate of growth next year, provided China remains in the 7.0% to 7.1% growth range.

## 8. 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. Apart from the above the company has engaged M/s Ernst & Young LLP to conduct Internal Audit during the year 2014-15

## 9. Financial and operational performance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013 and Generally Accepted Accounting Principles in India. Please refer Directors' Report in this respect

## 10. 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 3974 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 development within/outside country etc.

# CORPORATE GOVERNANCE REPORT

## 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. We at Kitex Garments Limited, are committed to good corporate governance and its adherence to the best practices of true spirits at all times. Our corporate Governance philosophy rests on five basic tenets viz., Board's accountability, value creation, strategic guidance, transparency and equitable treatment to all stakeholders.

## (A) BOARD OF DIRECTORS

### Composition of the Board and category of Directors

As on 31<sup>st</sup> March, 2015, the Company's Board consists of Six Directors having considerable professional experience in their respective fields. Out of them two are Independent Directors two are Non-Executive Directors, One executive Woman Director and the Chairman and Managing Director is the promoter and executive Director of the Company. The Composition of the Board is in Conformity with clause 49 of Listing Agreements with Stock Exchanges and as per Companies Act,2013 which is effective as on 31<sup>st</sup> March, 2015.

Name of the Director	Executive / Non-Executive/ Independent	No.of shares held as on 31 <sup>st</sup> March, 2015	No.of Outside Directorships held in Indian Public Limited Companies	No.of Outside Committee positions held in Audit/Stakeholders Relationship Committees		No.of Board Meetings		Attended Last AGM held on 15/5/2014
				Member	Chairman	Held	Attended	
Mr.Sabu M Jacob Chairman & Managing Director	Executive	14222331	3	1	2	7	7	Yes
Prof.E.M Paulose *	Independent	100	1	1	-	7	7	Yes
Mr.Benni Joseph *	Independent	-	1	-	1	7	7	Yes
Mr.C.Mohan	Non-Executive	-	1	1	-	7	6	No
Mr.K L V Narayanan **	Non-Executive & Independent	-	2	2	-	7	7	No
Mrs.Sindhu Chandrasekhar***	Executive	-	1	-	-	-	-	No.

\* Are Directors who are appointed as Independent Director under Section 152 of Companies Act, 2013 who are also independent Directors under listing agreement.

\*\* Is a Independent Director as per Listing Agreement norms

\*\*\* became a Director since 16.03.2015

The above directors are not inter-related.

## (B) Role of Board of Directors

Your Company's Board of Directors plays primary role in ensuring good governance, smooth functioning of the Company and in the creating of shareholder value. The Board's role, functions, responsibility and accountability are clearly defined. As part of its function, your Board periodically reviews all the relevant information which is required to be placed before it pursuant to Clause 49 of the Listing Agreement and in particular reviews and approves corporate strategies, business plans, annual budgets, projects and capital expenditure. Your Board not only monitors the Company's overall corporate performance it also set standards of corporate behaviour, ensures transparency in corporate dealing and compliance with the laws and regulations.

Agenda of the Board Meeting and Notes on Agenda are circulated to the Directors as far as possible well in advance of each Board Meeting. At the Board meeting elaborate presentations are made to the Board. The members discuss each agenda item freely in detail. Seven Board Meetings were held on 3/4/2014, 7/5/2014, 9/7/2014, 22/9/2014, 15/10/2014, 12/01/2015 and 9/3/2015 during the year.



## OTHER COMMITTEES AT BOARD LEVEL

### (A) Qualified and Independent Audit Committee

The Audit Committee at the Board level of your Company acts as a link between the Independent Auditors, Internal Auditors, the Management and the Board of Directors and oversees the financial reporting process. The Audit committee interacts with the Internal Auditors, Independent Auditors, Secretarial Auditors and Cost Auditors and reviews and recommends their appointment and remuneration. The Audit Committee is provided with all necessary assistance and information for enabling them to carry out its function effectively.

In general the Audit Committee reviews the Audit and internal control procedures, accounting policies and the Company's financial reporting process and ensure that the financial statements are correct, sufficient and credible and exercises the powers as recommended from time to time by SEBI, Stock Exchanges and/or under the Companies Act, 2013. Further your Audit Committee also reviews the following information mandatorily :

1. Management discussion and analysis of financial conditions and results of operations;
2. Statement of significant related party transactions submitted by the management;
3. Management letters/letters of internal control weaknesses if any issued by the statutory auditors;
4. Internal Audit report relating to internal control weaknesses, if any and implementation of action points arising there from and
5. The appointment, removal and terms of remuneration of the Internal Auditors
6. Quaterly and annual financial statements and
7. Risk assessment and minimization procedures

The Audit Committee comprises of Mr.Benni Joseph and Prof. E M Paulose as Independent Directors and Mr. C Mohan a Non-Executive Director and are financially literate and having accounting and related Administrative and Financial Management Expertise. Mr. Sabu M Jacob, Chairman and Managing Director and Mr..Boby Michael, General Manager (Finance) and Chief Financial Officer are permanent invitees to the Audit Committee Meetings. The Independent Auditors, The Internal Auditors and the Secretarial Auditors of the Company are also invited to the Audit Committee meetings. The Cost Auditors are also invited to the Audit Committee Meetings when ever matters relating to the

Cost Audit are considered. Mr.A.Babu Company Secretary acts as the Secretary to the Audit Committee. The Chairman of the Audit Committee Mr.Benni Joseph was present at the Annual General meeting of the Companyheld on 15<sup>th</sup> May, 2014.

During the year under review the Audit Committee met 5 times on 3/4/2014, 9/7/2014, 22/9/2014, 15/10/2014 and 12/01/2015 to deliberate on various matters.

### (B) Stakeholders Relationship Committee

In compliance with the provisions of Listing agreement and Section 178 of Companies Act, 2013, your company re-constituted this committee as "Stakeholders Relationship Committee".This committee of the Board of your Company looks into various issues relating to shareholders/investors including transfer and transmission of shares held by shareholders in physical format as well as non-receipt of dividend, Annual Report, shares after transfer and delays in transfer of shares. The committee also looks into issues including status of dematerialization/rematerialization of shares and issue of duplicate share certificates and tracks investor complaints and suggest measures for improvement from time to time.

The Committee comprises of Mr.K L V Narayanan Director as Chairman and Mr.Sabu M Jacob, Chairman & Managing Director as member. During the year under review the committee met once on 3/4/2014 on various matters referred above. Mr.A.Babu Company Secretary, being Compliance Officer acts as Secretary to the Committee to discharge the function of the Committee and to place a report at each Board meeting on matters dealt by the committee each quarter. During the year Seven Complaints were received out of which all seven complaints were disposed off to the satisfaction of the Shareholders. As on 31<sup>st</sup> March, 2015 no complaints remained unattended/pending more than thirty days. The company has no share transfers/transmission pending as on 31<sup>st</sup> March, 2015.

### (C) Corporate Social Responsibility Committee (CSR Committee)

Your Company's vision for CSR is to transform Kizhakkambalam Panchayath into the best among the 978 Panchayaths in the State of Kerala. The Board of Directors, Management and all the employees subscribe to the philosophy of Compassionate Care. The Board believe and act on the philosophy of generosity and compassion, characterized by the willingness to build a better society.

The CSR Committee comprises of Mr. Sabu M Jacob Chairman and Managing Director as the Chairman, Mr.K L V Narayanan and Mr.C Mohan Directors as members. The committee was reconstituted with the induction of one Independent Director Mr. Benni Joseph on 12/1/2015 as per requirement of Companies Act, 2013 read with Rules. The Committee met on 3/4/2014, 9/7/2014, 15/10/2014 and 12/01/2015 and reviewed the CSR activities undertaken during the year.

### (D) Nomination and Remuneration Committee

In compliance of Section 178 of Companies Act, 2013 the Board renamed the Remuneration committee as "Nomination and Remuneration Committee. Your Board has re-constituted the Nomination and Remuneration Committee which now comprises of Prof. E.M.Paulose, Independent Director as Chairman, Mr.Benni Joseph and Mr. K L V Narayanan as Members.

The terms of reference of the committee inter alia include Succession planning for Board of Directors and Senior Management Employees, identifying and selection of candidates for appointment of Directors/Independent Directors based on certain laid down criterias, identifying potential individuals for appointment of Key Managerial personnel and other senior managerial position and review the performance of the Board of Directors and Senior Management personnel including Key managerial personnel based on certain criteria approved by the Board. While reviewing the performance, the committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talents, remuneration commensurate with the performance of individual and group and also maintains a balance between fixed and incentive pay reflecting both short and long term objectives of the company.

The Committee met on 3/4/2014, 12/01/2015 and 9/03/2015 and reviewed the performance of the Directors both Non-Executive and Executive Directors and also the senior managerial personnel including Key Managerial personnel during the year.

### (E) Risk Management Committee

Evaluation of Business Risk and managing the risk has always been an ongoing process in your Company. The Company has set up a robust risk management framework to identify, monitor and minimize risk and also to identify business opportunities. The Audit Committee also functions as the Risk Management Committee. The objectives and scope of the BRM committee comprises of an oversight of risk management performed by

the executive management, review BRM policy and framework in line with local legal framework and SEBI guidelines and defining framework in identification, assessment, monitoring, mitigation and reporting risks.

### REMUNERATION OF NON- EXECUTIVE / EXECUTIVE DIRECTORS

All decisions relating to the remuneration of the Directors were taken by the Board of Directors of the Company and in accordance with the Share holders' approval wherever necessary.

Your company pays a sitting fees of Rs.7500 for each Board meeting and Rs.5000 each for all other committee meetings attended by the Directors except to Executive Directors.

Details for remuneration paid / to be paid to the Directors for the year under review are as under:

Name of the Director	Business relationship with the Company	Salary, benefits, bonus etc paid during the year 2014-15	Commission Due/ paid/payable for 2014-15	Sitting fess(for Board and its committees)
Mr.Sabu M Jacob	Chairman & Managing Director	74,88,000.00	6,73,86,250.00	7,48,74,250.00
Mr. Benni Joseph	Independent Director	-	-	87,500
Pof.E.M Paulose	Independent Director	-	-	87,500
Mr.Mohan C	Non- Executive Director	-	-	97,500
Mr.K L V Narayanan	Non- Executive Director	-	-	87,500
Mrs.Sindhu Chandrasekhar*	Woman Director - Executive	31,661.00	-	31,661.00

\* since 16/3/2015 only

### CODE OF CONDUCT AND CEO/CFO CERTIFICATION

The Board at its meeting held on 29<sup>th</sup> 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.

Mr.Sabu M Jacob, Chairman & Managing Director and Mr. Bobby Michael, General Manager - Finance & CFO of the Company have certified to the Board that :

- (a) They have reviewed the Financial Statements and the Cash Flow statement for the year and that to the best of their knowledge and belief:
- these statements do not contain any materially untrue statement or omit any material facts or contain statements that might be misleading; and
  - these statements together present a true and fair view of the Company's affairs and are in compliance with existing

accounting standards, applicable laws and regulations.

- (b) There are, to the best of their knowledge and belief no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of the internal control systems of the company pertaining to the financial report and they have disclosed to the auditors and the Audit Committee deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit Committee:
- significant changes in internal control over financial reporting during the year;
  - Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting

### We 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 2014-15"

#### Sabu M Jacob

Chairman & Managing Director

#### Bobby Michael

General Manager- Finance and Chief Financial Officer

### Name and Designation of the Compliance Officer(s):

Mr. A.Babu Company Secretary has taken over as Compliance Officer w.e.from 10/3/2014. He has been appointed under

Section 203 of the Companies Act, 2013 as a Key Managerial Personnel and Compliance officer. He takes care of all legal compliance of the company from time to time.

## 7. General Body Meetings

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

Year	Venue	Date	Day	Time
2013-14	Building No. 9/536A, Kizhakkambalam, Aluva 683 562	15.05.2014	Thursday	10.00 a.m
2012-13	Building No. 9/536A, Kizhakkambalam, Aluva 683 562	14.05.2013	Tuesday	10.00 a.m
2011-12	Building No. 9/536A, Kizhakkambalam, Aluva – 683 562	30.05.2012	Wednesday	10.00 a.m

Whether any Special Resolution passed in the previous 3 AGMs :- No  
 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.** None

### 3. Compliance with Accounting Standards

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

### 4. Compliance Certificate from the auditors

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

### 5. Adoption of non mandatory requirements under clause 49 and as applicable under Companies Act, 2013

The company complies with the following non-mandatory requirements under clause 49 with reference to Companies Act, 2013 relating to Audit Committee.

#### (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.

#### (c) Risk Management

Your Company has a comprehensive risk management policy. You Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls the risks through properly defined framework.

The Audit Committee, has been designated by the Board for reviewing the adequacy of the risk management framework of the Company, the key risks associated with the businesses of the Company and the measures are taken in place to minimize the same and thereafter the details are presented to and discussed at the Board meeting. The risk management issues are discussed in the Management Discussion and Analysis Report.

## 9. Means of Communication

Quarterly results:

The quarterly results of the company are published in Malayala Manorama and 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 Date : 4<sup>th</sup> June, 2015 at 10.30 A.M.  
Venue : Building No. 9/536A, Kizhakkambalam.
2. Financial Year : April 2014 to March 2015
3. Book closure date : 27<sup>th</sup> May, 2015 to 4<sup>th</sup> June, 2015  
(both days inclusive.)
4. Dividend recommended for the year : 125% (One Rupee twentyfive paise per Share)
5. Listing on stock exchange : Bombay and National Stock Exchanges
6. Stock Code : BOMBAY: 521248 NSE: KITEX
7. Market price Data (Face value of Re 1) (BSE) : High: Rs.601.00 Low: Rs 89.70  
(NSE) High: Rs.603.00 Low: Rs.89.65

Month	Total No. of share dealt during the month	BSE		NSE	
		High	Low	High	Low
April-14	60625791(BSE) 1264606(NSE)	142.20	89.00	132.70	87.25
May-14	226874703(BSE) 2938117(NSE)	252.45	118.70	252.40	120.00
June-14	175808158(BSE) 1277433(NSE)	263.50	224.25	266.00	215.00
July-14	399947703(BSE) 4151827(NSE)	298.45	220.00	298.20	219.10
August-14	381383379(BSE) 3443096(NSE)	359.00	253.90	359.70	252.00
September-14	883217791(BSE) 6072303(NSE)	526.40	325.00	526.00	321.00
October-14	364965779(BSE) 2353621(NSE)	505.90	444.65	507.70	444.00
November-14	480227322(BSE) 2647123(NSE)	579.30	490.60	581.80	489.10
December-14	303938870(BSE) 1765538(NSE)	551.95	442.70	552.00	441.80
January-15	392763687(BSE) 2997865(NSE)	601.75	510.50	602.80	508.50

February-15	146204701(BSE) 948100(NSE)	556.75	483.55	555.70	482.30
March-15	70716964(BSE) 957565(NSE)	541.80	499.00	542.70	499.00

### 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 the prescribed time from the date of receipt.

### 10. Distribution of shareholding:

(a) The shareholding pattern as on 31<sup>st</sup> March 2015 is as follows.

Sl. No.	Category	No. of shares	%
1.	Promoters	25764110	54.24
2.	Private Body Corporate, Indian Public and others	21735890	45.76
	<b>TOTAL</b>	<b>4,75,00,000</b>	<b>100.00</b>

(b) Distribution of shareholding as on 31-03-2015

Distribution of shares	No. of shareholders	% to total no. of shareholders	No. of shares held	% to total share capital
1 – 5000	15876	98.18	5414379	11.40
5001 – 10000	141	0.87	1038441	2.19
10001 – 20000	68	0.42	994696	2.09
20001 – 30000	20	0.12	493543	1.04
30001 – 40000	8	0.05	285038	0.60
40001 – 50000	10	0.06	463645	0.98
50001 – 100000	19	0.12	1365116	2.87
Above 100000	29	0.18	37445142	78.83
<b>TOTAL</b>	<b>16141</b>	<b>100.00</b>	<b>47500000</b>	<b>100.00</b>

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

12. Outstanding GDR/ADR/Warrants or any convertible instruments, conversion instruments, conversion date and impact on equity: NIL
13. Plant location: Kizhakkambalam.Ernakulam Dist, Kerala State
14. Address for correspondence: P.B.No.5, KIZHAKKALMBALAM, ALUVA – 683562, KERALA.
15. Registrar and Share Transfer Agents: M/s. Cameo corporate Services Ltd., Subramanian Building No.1, Club House Road, Chennai 600002

Kizhakkambalam  
4<sup>th</sup> April, 2015

**SABU M JACOB**  
Chairman & Managing Director

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Kitex Garments Limited

1. We have examined the compliance of conditions of Corporate Governance by Kitex Garments Limited for the year ended 31st March, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.
2. The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination 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.
3. In our opinion and to the best of our information and according to the explanations given to us,we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the

above mentioned Listing Agreement.

4. We further state that such compliance is neither as assurance as to the further viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Ernakulam  
04.04.2015

**For KOLATH & CO**  
Chartered Accountants  
Firm Regn No. 0089265

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

## FORM NO. MGT-9

# EXTRACT OF ANNUAL RETURN

## AS ON THE FINANCIAL YEAR ENDED ON 31.03.2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS

(i)	CIN	: L18101KL1992PLC006528
(ii)	Registration Date	29th May, 1992
(iii)	Name of the Company	KITEX GARMENTS LIMITED
(iv)	Category/Sub-category of the Company	Textile – Garments – Childrenswear
(v)	Address of the Registered Office with Contact Details	Building No. 9/536 A, Kizhakkambalam, Aluva, Kochi 683 562 Tel: 0484- 4142000 Fax : 0484 2680604 Mobile: 09496036096 (Compliance Officer) E.mail : sect@kitexgarments.com
(vi)	Whether listed Company	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agents if any	M/s. Cameo Corporate Services Limited Subramanian Building No. 1, Club House Road Chennai 600 002 Tel: 044- 28460390 Fax:044 – 28460129 E.Mail: Cameo@cameoindia.com

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SI No.	Name and Description of Main Products/Services	NIC Code of the Product/Service	% to total turnover of the company
1	Garments	2650	87%
2	Fabrics	2650	13%

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

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Kitex USA LLC 70, Glenwood Road, Ridgewood, N.J 07450 Bergen county, New Jersey.	141389240	Joint Venture	50%	2(6)



**IV. SHARE HOLDING PATTERN(Equity Share Capital Breakup as percentage of Total Equity)**
**(i) Category-wise Share Holding**

Category of Shareholders	No.of Shares held at the beginning of the Year (01.04.2014)				No.of share held at the end of the year (31.03.2015)				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
g) Individual/HUF	18413781		18413781	38.77	18413781		18413781	38.77	Nil
h) Central Govt.									
i) State Govt(s)									
j) Bodies Corp.	7350329		7350329	15.47	7350329		7350329	15.47	Nil
k) Banks/FI									
l) Any									
Other									
<b>Sub-Total (A) (1):-</b>	<b>25764110</b>		<b>25764110</b>	<b>54.24</b>	<b>25764110</b>		<b>25764110</b>	<b>54.24</b>	<b>Nil</b>
<b>(2) Foreign</b>									
a) NRIs-Individual									
b) Other-Individual									
c) Bodies Corp.									
d) Banks/FI									
e) Any									
Other...									
<b>Sub-Total (A) (2):-</b>	<b>Nil</b>		<b>Nil</b>	<b>Nil</b>	<b>Nil</b>		<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Total Shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>25764110</b>		<b>25764110</b>	<b>54.24</b>	<b>25764110</b>		<b>25764110</b>	<b>54.24</b>	<b>Nil</b>

<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds						329	329	0.0006	0.0006
b) Banks/FI						79336	79336	0.167	0.167
c) Central Govt.									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs						964982	964982	2.0315	2.0315
h) Foreign Venture Capital Funds									
i) Others (specify)						175071	175071	0.3658	0.3658
<b>Sub-Total (B) (1):-</b>									
<b>2. Non-Institutions</b>									
a) Bodies Corp.	6933289	6933289	14.59	5443092	112000	5555092	11.694	(-) 2.896	
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs.1 lakh	6413866	6413866	13.50	6048633	1934762	7983395	16.81	3.31	
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	7848264	7848264	16.52	6134074		6134074	12.91	(-) 3.61	
c) others (specify)									
Clearing House	17708	17708	0.03	48158		48158	0.1013	0.1013	
HUF	17008	17008	0.03	341951		341951	0.719	0.90	
NRIs	505755	505755	1.06	442115		442115	0.9307	(-) 1.04	
Trusts				9900		9900	0.020	0.020	
<b>Sub-Total (B)(2)</b>	<b>21735890</b>	<b>21735890</b>	<b>47.76</b>	<b>18467923</b>	<b>2046762</b>	<b>20514685</b>	<b>43.1888</b>	(-) 4.57	
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>21735890</b>	<b>21735890</b>	<b>47.76</b>	<b>19687641</b>	<b>2046762</b>	<b>21734403</b>	<b>45.7566</b>	(-) 2.00	
<b>C. Shares held by Custodian for GDRs * ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>47500000</b>	<b>47500000</b>	<b>100%</b>	<b>45453238</b>	<b>2046762</b>	<b>47500000</b>	<b>100.00</b>		

**(ii) Shareholding of Promoters**

SI No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2014)			Shareholding at the end of the year (31.03.2015)			% change in share holding during the year
		No.of shares	% of total shares of the Company	%of shares pledged/enumbered to total shares	No.of shares	% of total shares of the Company	%of shares pledged/enumbered to total shares	
1	Kitex Childrenswear Ltd	7350329	15.47	81.62	7350329	15.47	81.62	Nil
2	Sabu M Jacob	3464631	7.29	Nil	3464631	7.29	Nil	Nil
3	Bobby M Jacob	3000	0.00	Nil	3000	0.00	Nil	Nil
4	Sabu M Jacob/Bobby M Jacob	3846950	8.09	Nil	3846950	8.09	Nil	Nil
5	Bobby M Jacob and Sabu M Jacob	6910750	14.54	Nil	6910750	14.54	Nil	Nil
6	Renjitha Joseph	3091500	6.51	Nil	3091500	6.51	Nil	Nil
	<b>Total</b>	<b>24667160</b>	<b>51.93</b>	<b>12.63</b>	<b>24667160</b>	<b>51.93</b>	<b>12.63</b>	<b>Nil</b>

**(iii) Change in Promoters' Shareholding(please specify, if there is no change) – No Change**

SI No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No.of Shares	% of total shares of the company	No.of Shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase/Decrease in Promoters shareholding during the year specifying the reasons for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-



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

Sl No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year				
	CKG Super Markets Ltd	3549999	7.47%	3055000	6.4315
	Gopinath C K	3000410	6.32%	2490000	5.242
	Jinsha Nath C K	1600000	3.37%	1098413	2.312
	Acumen Capital India Limited	1449481	3.05%	1347104	2.836
	Date wise increase/Decrease in shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/ sweat equity etc):	Date wise details as per annexure to this report			
	Sethuparvathy	250964	0.53%	680930	1.433
	Rajalakshmi S	112853	0.23%	571946	1.204
	Ashish Kacholia			475000	1.000
	INvesco IndiaMauritius Ltd			405000	0.852
	EM Resurgent Fund			237000	0.499
	Matulya Navinchand Shah			236450	0.498
	At the end of the year ( or on the date of separation, if separated during the year)	Date wise details as per annexure to this report.			
	Aravindakhsan Nair P R	1006129	2.12%	Nil	
	CK G Finance Pvt Ltd	704133	1.48%	Nil	
	CKG Securities and Investments Pvt Ltd	650000	1.37%	Nil	
	Hareendran C K	300000	0.63%	Nil	
	Raja Ram	274481	0.58%	Nil	
	Acumen Commodities (ndia) Ltd	273116	0.58	Nil	

**(v) Shareholding of Directors and Key managerial Personnel:**

SI No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No.of Shares	% of total shares of the company	No.of Shares	% of total shares of the company
	At the beginning of the year				
1	Mr.Sabu M Jacob, Chairman & Managing Director	3464361	7.29%	3464361	7.29%
2	Mr.Boby Michael, Chief Financial Officer	Nil	Nil	Nil	Nil
3	A.Babu, Company Secretary	Nil	Nil	Nil	Nil
	Date wise increase/Decrease in shareholding during the year specifying the reason for increase/decrease(e.g allotment/transfer/bonus/ sweat equity etc):	N.A	N.A	N.A	N.A
	At the end of the year				
1	Mr.Sabu M Jacob, Chairman & Managing Director			3464361	7.29%
2	Mr.Boby Michael, Chief Financial Officer			Nil	Nil
3	A.Babu, Company Secretary			Nil	Nil

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

	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	1341518757	-	-	1341518757
(ii) Interest due but not paid	4712164	-	-	4712164
(iii) Interest accrued but not due				-
<b>Total (i+ii+iii)</b>	<b>1346230921</b>	<b>-</b>	<b>-</b>	<b>1346230921</b>
Change in Indebtedness during the financial year				
Additions	432409364	-	-	432409364
Reduction	161660789	-	-	161660789
<b>Net Change</b>	<b>594070153</b>	<b>-</b>	<b>-</b>	<b>594070153</b>
Indebtedness at the end of the financial year				
(i) Principal Amount	1612267332	-	-	1612267332
(ii) Interest due but not paid	5101378	-	-	5101378
(iii) Interest accrued but not due				-
<b>Total (i+ii+iii)</b>	<b>1617368710</b>	<b>-</b>	<b>-</b>	<b>1617368710</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANGIERIAL PERSONNEL

### A. Remuneration of Managing Director, Whole-time Directors and/or Manager

SI No.	Particulars of Remuneration	Name of Managing Director/Whole-time Director / Manager			Total Amount
		Mr.Sabu M Jacob	Ms.Sindhu Chandrasekhar	-	
1.	Gross Salary (a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961 (b) Value of perquisites u/s 17(2) of Income Tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	Rs.74,88,000.00	Rs. 31,661.00	-	Rs.75,19,661.00
2.	Stock Option	NIL			
3.	Sweat Equity	NIL			
4.	Commission - As % of profit - Others, specify...	Rs.6,73,86,250.00			Rs.6,73,86,250.00
5.	Others, please specify				
	Total (A)	Rs.7,48,74,250.00	Rs.31,661.00	-	Rs.7,49,05,911.00
	Ceiling as per Companies Act, 2013	Rs.7,48,74,250.00	N.A		
	* Less than a month				

### B. Remuneration to other Directors

SI No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr.Benni Joseph	Prof.E.M Paulose	Mr.Mohan C	Mr.K L V narayanan	
1.	Independent Directors - Fees for attending Board/Committee Meetings - Commission - Others, please specify	Rs. 87,500	Rs. 87,500	-	-	Rs. 175,000
	Total (1)	Rs. 87,500	Rs. 87,500	-	-	Rs. 1,75,000
2.	Other Non-executive Directors - Fees for attending Board and Committee meetings - Commission - Others, please specify	-	-	Rs. 97,500	Rs. 87,500	Rs. 1,85,000
	Total ( 2)	-	-	Rs. 97,500	Rs. 87,500	Rs. 1,85,000
	Total (B)= (1+2)	Rs. 87,500	Rs. 87,500	Rs. 97,500	Rs. 87,500	Rs. 3,60,000
	Total Managerial Remuneration					
	Overall Ceiling as per the Companies Act, 2013	Rs. 7,00,000	Rs. 7,00,000	Rs. 7,00,000	Rs. 7,00,000	Rs. 28,00,000

**C. REMUNERATION OF KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WHOLETIME DIRECTOR**

SI No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Mr. A. babu Company Secretary	Mr. Bobby Michael, Chief Financial Officer	
1	<b>Gross Salary</b> (a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961 (b) Value of perquisites u/s 17(2) of Income Tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961		Rs. 9,97,660.00 Nil Nil	Rs. 21,53,756.00 Nil Nil	Rs. 31,51,416.00 Nil Nil
2	Stock Option		Nil	Nil	Nil
3	Sweat Equity		Nil	Nil	Nil
4	Commission - As % of profit - Others, specify...		Nil	Nil	Nil
5	Others, please specify		Nil	Nil	Nil
	Total (A)		Rs. 9,97,660.00	Rs. 21,53,756.00	Rs. 31,51,416.00

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

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



## Disclosure in the Board's Report under Rule 5 of Companies (Appointment & Remuneration) Rules, 2014

(i)	The Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2014-15	<b>Director's Name</b>	<b>Ratio to mean remuneration</b>
		Mr.Sabu M Jacob Managing Director	716:1
		Mr.Benni Joseph	0.83:1
		Mr.Mohan C	0.87:1
		Prof. E.M Paulose	0.83:1
		Mr.KLV Narayanan	0.83:1
(ii)	The Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager if any in the financial year 2014-15 compared to 2013-14 means part of the year	<b>Director's/CFO/CEO/CS/Mgr name</b>	<b>% age increase in remuneration</b>
		Mr.Sabu M Jacob, Managing Director	61.26%
		Mr.Benni Joseph, Director	41.12%
		Mr.Mohan C, Director	114.28%
		Prof. E.M Paulose, Director	41.12%
		Mr.KLV Narayanan, Director	121.51%
		Mrs.Sindhu Chandrasekhar	22%*
		Mr.Boby Michael, Chief Financial Officer	16.06%
		A.Babu, Company Secretary	60%*
(iii)	Percentage increase in the median remuneration of employees in the financial year 2014-15 compared to 2013-14	10.21%	
(iv)	Number of permanent employees on the rolls of the company	<b>As on 31.03.2015</b>	<b>As on 31.03.2014</b>
		5727	4803
(v)	Explanation on the relationship between average increase in remuneration and the company performance	The Company's overall turn-over increased by 15% during the year while the increase in median remuneration was 10.21% only. This is basically the attrition factor in the industry we are in where it is only 35% in the shop floor level. While the entry level salaries are high the retention based salary increase will not grow at much faster rate to increase the median levels.	
*part of the year only			

(vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company	Not applicable				
(vii)	Variation in	<b>Details</b>		<b>31.03.2015</b>	<b>31.03.2014</b>	
		Market Capitalization 534 / 89		Rs. 2536.50 crores	Rs. 422.75 crores	
		Price Earning Ratio		20.74	12.08	
		Percentage Increase/decrease of market quotations		500%		
		Net worth of the Company		Rs. 263.88 crores	Rs. 174.17 crores	
(viii)	Average percentile increase in salaries of Employees other than managerial personnel	<b>During 2013-14</b>		<b>During 2014-15</b>		
				10.21%		
		Justification for increase with reasons for any exceptional circumstances	Normal industry standards applied based on increase in turnover			
(ix)	Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company	<b>Name of Key Managerial personnel</b>	<b>Remuneration for the years ended</b>			<b>Reason against performance of the Company</b>
			<b>31.03.2015</b>	<b>31.03.2014</b>	<b>% age change</b>	
		Mr.Sabu M Jacob. C&MD	74874250	46429950	61.26%	Major part of salary based on gross profit which is up by 67%
		Mr.Boby Michael, Chief Financial Officer	2153756	1855624	16.06%	Salary based on production points which is part of Sales turnover
		Mr.A. Babu, Company Secretary	997660	51923*	60%	Part of the year in 2014. Hence not comparable
(x)	Key parameter for any variable component of remuneration availed by the Directors	No				
(xi)	Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess the highest paid director during the year	Nil				

The Board of Directors of the Company affirms that the remuneration is as per the remuneration policy of the Company.

The statement showing the names of every employee of the company as per Rule 5(2) forms part of Director's Report is attached thereto.

Form No. MR-3

# SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2015

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
Kitex Garments Limited  
P B No 5, Kizhakkambalam  
Aluva-683562

I, Sivakumar P., Managing Partner, SVJS & Associates, Company Secretaries, have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Kitex Garments Limited [CIN: L18101KL1992PLC006528]** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the M/s.Kitex Garments Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s.Kitex Garments Limited ("the Company") for the financial year ended on 31.03.2015 according to the provisions of:

(i) The Companies Act, 2013 and the Companies Act, 1956 (to the extent applicable) (the Act) and the rules made there under except the following;

- (i) Official Website of the Company was not fully functional
- (ii) No e-voting was held for business at Annual General Meeting on 15.05.2014.
- (iii) Form 5 INV for 2014 was filed after the due date while Form Mgt 14 for investment decision, Form Mgt 14 for borrowings, Form DIR 12 for the appointment of Chief Financial Officer, Form MGT 14 and Form MR 1 for appointment of Key Managerial Personnel (Company Secretary and Chief Financial Officer) is yet to be filed.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. The Company has not received any disclosure under Regulation 29 and 30.
  - (b) In the absence of adequate information/records, I am unable to report whether the Company has complied with The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. However, the Company has adopted the prescribed

code of conduct under the Regulations.

As informed to me, the following other laws specifically applicable to the Company.

- (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vi) As informed to me the following other Laws specifically applicable to the Company as under:
  1. The Air (Prevention and Control of Pollution) Act, 1981
  2. The Environment (Protection) Act, 1986
  3. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
  4. Employees' State Insurance Act, 1948
  5. Equal Remuneration Act, 1976
  6. The Factories Act, 1948
  7. The Industrial Employment (Standing Orders) Act, 1946
  8. Maternity Benefit Act, 1961
  9. Legal Metrology Act, 2009
  10. The Minimum Wages Act, 1948
  11. The Payment of Wages Act, 1936
  12. The Negotiable Instruments Act, 1881
  13. The Water (Prevention and Control of Pollution) Act 1974

14. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has not constituted an internal complaints Committee. However the Company, being certified under Worldwide Responsible Accredited Production (WRAP), has a committee for prevention of sexual harassment of women at work place.

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

- (i) Secretarial Standards relating to General and Board Meeting Minutes issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the observations noted against each legislation.

In respect of other laws specifically applicable to the Company, I have relied on information/records produced by the Company during the course of my audit and the reporting is limited to that extent.

#### **I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions of the board were unanimous and the same was captured and recorded as part of the minutes.

I further report that there is scope to improve the systems and processes in the company and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no instances of:

- (i) Public/Right/Preferential issue of shares / debentures/ sweat equity.
- (ii) Redemption / buy-back of securities
- (iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
- (iv) Merger / amalgamation / reconstruction, etc.
- (v) Foreign technical collaborations

**For SVJS & Associates**

Company Secretaries

**CS. Sivakumar P.**

Managing Partner

CP No:2210

FCS:3050

Kochi  
04.04.2015



# INDEPENDENT AUDITOR'S REPORT

## Report on the Financial Statements

We have audited the accompanying financial statements of **KITEX GARMENTS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance

about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid financial statements comply with the Accounting

Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements— Refer Note 30 to the financial statements;
- ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 40 to the financial statements;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For KOLATH & CO**  
Chartered Accountants  
Firm's Registration No.0089265

Sd/-  
Kizhakkambalam  
04.04.2015

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

# BALANCE SHEET

AS AT 31ST MARCH, 2015

Particulars	Notes	31st March 2015 (₹)	31st March 2014 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Fund</b>			
a) Share Capital	3	475,00,000	475,00,000
b) Reserves and Surplus	4	25912,53,797	16941,92,247
<b>Sub-Total</b>		<b>26387,53,797</b>	<b>17416,92,247</b>
<b>(2) Non-Current Liabilities</b>			
a) Long-term borrowings	5	2683,74,074	2891,42,946
b) Deferred tax liabilities (Net)	6	2258,64,695	2160,64,695
c) Other Long term liabilities		-	-
d) Long-term provisions	7	328,25,754	233,15,868
<b>Sub-Total</b>		<b>5270,64,523</b>	<b>5285,23,509</b>
<b>(3) Current Liabilities</b>			
a) Short-term borrowings	8	11391,26,808	9051,15,025
b) Trade Payables	9	1972,38,890	2441,74,471
c) Other current liabilities	10	3510,15,851	3045,85,806
d) Short-term provisions	7	4996,47,505	3133,68,859
<b>Sub-Total</b>		<b>21870,29,054</b>	<b>17672,44,161</b>
<b>TOTAL</b>		<b>53528,47,374</b>	<b>40374,59,917</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	11		
i) Tangible assets		18786,85,129	18091,10,654
ii) Intangible assets		35,82,539	29,50,272
iii) Capital Work-in-Progress		29,22,747	66,64,508
(b) Non-current investments	12	43,400	43,400
(c) Long term loans and advances	13	356,81,531	280,07,741
(d) Other non-current assets	14	200,22,373	173,30,865
<b>Sub-Total</b>		<b>19409,37,719</b>	<b>18641,07,440</b>
<b>(2) Current assets</b>			
a) Current investments		-	-
b) Inventories	15	1120,34,450	1080,01,306
c) Trade receivables	14	6265,98,653	5306,42,218
d) Cash and cash equivalents	16	20325,76,686	10360,84,487
e) Short-term loans and advances	13	4620,05,163	3420,95,474
f) Other current assets	14	1786,94,703	1565,28,992
<b>Sub-Total</b>		<b>34119,09,655</b>	<b>21733,52,477</b>
<b>TOTAL</b>		<b>53528,47,374</b>	<b>40374,59,917</b>
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

Sd/-

**CA Liju V Rajan Kolath**

Partner

Membership No. 209309

Kizhakkambalam

4th April, 2015

For and on behalf of the Board of Directors of

**Kitex Garments Limited**

Sd/-

**Sabu M Jacob**

Managing Director

Sd/-

**CA Boby Michael**

General Manager-Finance  
Chief Financial Officer

Sd/-

**CA Benni Joseph**

Director

Sd/-

**A Babu**

Company Secretary

# STATEMENT OF PROFIT AND LOSS

FOR THE PERIOD ENDED 31ST MARCH, 2015

Particulars	Notes	31st March 2015 (₹)	31st March 2014 (₹)
<b>Revenue</b>			
I. Revenue from operations	17	51109,59,298	44221,00,486
II. Other income	18	1342,34,233	1334,35,914
<b>III Total Revenue (I+II)</b>		<b>52451,93,531</b>	<b>45555,36,400</b>
IV Expenses			
Cost of Raw Materials Consumed	19	20978,52,873	23477,44,492
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	(21,54,142)	118,22,796
Employees Benefits Expense	21	7450,06,764	5697,16,227
Finance Costs	24	1916,40,753	1061,59,460
Depreciation and amortization expense	23	2132,94,388	968,00,070
Other Expenses	22	5828,78,121	5414,40,222
<b>Total Expenses</b>		<b>38285,18,757</b>	<b>36736,83,267</b>
V. Profit before exceptional and extraordinary items and tax		<b>14166,74,774</b>	<b>8818,53,133</b>
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V-VI)		14166,74,774	8818,53,133
VIII. Extra ordinary items		-	-
IX. Profit before tax (VII-VIII)		14166,74,774	8818,53,133
X. Tax Expense			
(1) Current Tax		4217,00,000	2536,00,000
(2) Deferred Tax		98,00,000	545,65,000
XI. Profit/ (Loss) for the year from continuing operations		9851,74,774	5736,88,133
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)		<b>9851,74,774</b>	<b>5736,88,133</b>
XVI. Earnings per equity share	25		
(1) Basic		<b>20.74</b>	<b>12.08</b>
(2) Diluted		<b>20.74</b>	<b>12.08</b>
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

Sd/-

**CA Liju V Rajan Kolath**

Partner  
Membership No. 209309

Kizhakkambalam  
4th April, 2015

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

Sd/-

**Sabu M Jacob**

Managing Director

Sd/-

**CA Boby Michael**

General Manager-Finance  
Chief Financial Officer

Sd/-

**CA Benni Joseph**

Director

Sd/-

**A Babu**

Company Secretary

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

## 1. Corporate Information

Kitex Garments Limited is a public company incorporated in India. Its shares are listed on the Bombay Stock Exchange and the National Stock Exchange. The Company is engaged in the manufacture of fabric and readymade garments. The readymade garments manufactured are exported.

## 2. Basis of Preparation

2.1. 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 Companies (Accounts) Rules 2014 and the relevant provisions of the Companies Act, 2013. 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.

## 2.2 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, 2013.

### 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 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 the Statement of Profit and Loss.

### 2.2.7 Depreciation and Amortisation

Depreciation on Fixed Assets is provided based on the useful life of the asset in the manner prescribed in Schedule II to the Companies Act, 2013. 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 Forward Contracts

The Company enters into foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The company does not use the foreign exchange forward contracts for trading or speculation purposes.

Premium or discount arising at the inception of a forward exchange contract is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change.

### 2.2.10 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.



### 2.2.11 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.

### 2.2.12 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.

### 2.2.13 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.

### 2.2.14 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.

### 2.2.15 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	31st March 2015 (Rs.)		31st March 2014 (Rs.)	
a	Authorized Shares 50,000,000 Equity shares of Re. 1 each (31 March 2014: 50,000,000)	500,00,000		500,00,000	
b	Issued, Subscribed and fully paid up shares 47,500,000 Equity shares of Re. 1 each (31 March 2014: 47,500,000)	475,00,000		475,00,000	
c	Reconciliation of shares outstanding at the beginning and at the end of the reporting period.				
		31st March 2015		31st March 2014	
		No. of shares	Amount (Rs.)	No. of shares	Amount (Rs.)
	At the beginning of the period	475,00,000	475,00,000	475,00,000	475,00,000
	Add: Shares Issued during the year	NIL	NIL	NIL	NIL
	Less: Shares bought back during the year	NIL	NIL	NIL	NIL
	Add: Other movements during the year	NIL	NIL	NIL	NIL
	Outstanding at the end of the period	475,00,000	475,00,000	475,00,000	475,00,000
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.</p> <p>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 31.03.2015, the amount of dividend per share recognised as distributions to equity shareholders is Rs.1.25 (31 March 2014: Re.1)</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>				

		31st March 2015 (Rs.)	31st March 2014 (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				
		31st March 2015		31st March 2014	
		No. of shares	% of holding in the class	No. of shares	% of holding in the class
	Equity Shares of Re. 1 each fully paid				
	Kitex Childrenswear Limited	73,50,329	15.4744%	73,50,329	15.4744%
	Sabu M Jacob	34,64,631	7.2940%	34,64,631	7.2940%
	Bobby M Jacob	4,487	0.0094%	3,000	0.0063%
	Sabu M Jacob and Bobby M Jacob	38,46,950	8.0988%	38,46,950	8.0988%
	Bobby M Jacob and Sabu M Jacob	69,10,750	14.5489%	69,10,750	14.5489%
	Renjitha Joseph	30,91,500	6.5084%	30,91,500	6.5084%
	Gopinathan C K	24,90,000	5.2421%	30,00,410	6.3167%
	C K G Super Market Limited	30,55,000	6.4316%	35,49,999	7.4737%
	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.				
		31st March 2015 (Rs.)	31st March 2014 (Rs.)		
g	Aggregate number of shares issued as fully paid up 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		
		31st March 2015 (Rs.)	31st March 2014 (Rs.)		
h	Shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment, including the terms and amounts.	NIL	NIL		

**4. RESERVES AND SURPLUS**

Sl No.	Particulars	31st March 2015 (Rs.)	31st March 2014 (Rs.)
a	Capital Reserve Investment Subsidy	<b>22,10,000</b>	<b>22,10,000</b>
b	General Reserve Balance as per last Financial Statements	1865,00,000	1265,00,000
	Add: Amount transferred from surplus in the Statement of Profit and Loss	1000,00,000	600,00,000
	Closing balance	<b>2865,00,000</b>	<b>1865,00,000</b>
c	Surplus/(Deficit) in the Statement of Profit and Loss		
	Balance as per last Financial Statements	15054,82,247	10473,66,739
	Less : Carrying amounts of Fixed Assets debited to retained earnings where remaining useful life of the asset is NIL as on 01.04.2014	165,81,389	-
	Profit for the year	9851,74,774	5736,88,133
		24740,75,632	16210,54,872
	Less: Appropriations		
	Proposed final equity dividend (Amount per share Rs. 1.25 (31 March 2014: Re.1))	593,75,000	475,00,000
	Tax on proposed equity dividend	121,56,835	80,72,625
	Transfer to General Reserve	1000,00,000	600,00,000
	Total Appropriations	1715,31,835	1155,72,625
	Net Surplus in the Statement of Profit and Loss	<b>23025,43,797</b>	<b>15054,82,247</b>
	Total Reserves and Surplus	<b>25912,53,797</b>	<b>16941,92,247</b>



## 5. LONG TERM BORROWINGS

SI No.	Particulars	Non-Current Portion		Current Maturities	
		31st March 2015 (Rs.)	31st March 2014 (Rs.)	31st March 2015 (Rs.)	31st March 2014 (Rs.)
a	Term Loans				
	Indian Rupee Loan From Banks (Secured)	2683,74,074	2891,42,946	2047,66,450	1472,60,786
		2683,74,074	2891,42,946	2047,66,450	1472,60,786
	The above amount includes				
	Secured borrowings	2683,74,074	2891,42,946	2047,66,450	1472,60,786
	Unsecured borrowings	-	-	-	-
	Amount disclosed under the head Other Current Liabilities See Note No. 10	-	-	(2047,66,450)	(1472,60,786)
		<b>2683,74,074.00</b>	<b>2891,42,946.00</b>	-	-
I	Terms of Repayments of Indian Rupee Term Loans				
	Name of the Bank	State Bank of India	State Bank of India	State Bank of India	State Bank of India
	Type of Loan	Term Loan	Term Loan	Term Loan	Term Loan
	Loan Account No.	32331339891	33852503931	34019272745	34040990858
	Amount sanctioned/availed (Rs.)	Sanctioned Rs.82,00,00,000/- (Availed : Rs 52,10,94,096/-)	Sanctioned Rs. 2,50,00,000/- (Availed Rs. 2,46,68,462/-)	Sanctioned Rs.17,35,00,000/- (Availed Rs. 10,85,34,611/-)	Sanctioned Rs.8,00,00,000/- (Availed Rs. 5,76,64,538)
	Sanction Date	28.03.2012	26.03.2014	23.07.2014	26.03.2014
	Current Interest rate	12.40%	12.40%	12.40%	12.40%
	Total No. of Instalments	60	57	60	60
	No. of instalments paid	19	10	0	8
	No. of balance instalments to be paid	41	47	60	52
	Amount of instalment	First 22 months : Rs. 1,20,00,000/- Next 26 months : Rs. 1,40,00,000/- Next 12 months : Rs. 1,60,00,000/-	First 35 months : Rs. 4,00,000/- Next 22 months : Rs. 5,00,000/-	First 40 months : Rs.25,00,000/- Next 15 months Rs.35,00,000/- Next 5 months :Rs.42,00,000/-	First 50 months : Rs.13,00,000/- Next 10 months : Rs.15,00,000/-
	Repayment type	Monthly	Monthly	Monthly	Monthly
	Interest payment type	Monthly	Monthly	Monthly	Monthly

Name of the Bank	Axis Bank	Axis Bank	Axis Bank	Axis Bank
Type of Loan	Vehicle Loan	Vehicle Loan	Vehicle Loan	Vehicle Loan
Loan Account No.	AUR008100497115	AUR008100497089	AUR008100497086	AUR008100497481
Amount sanctioned/availed (Rs.)	8,19,845/-	5,44,908/-	5,44,908/-	6,12,848/-
Sanction Date	10-05-2012	10-05-2012	10-05-2012	10-05-2012
Current Interest rate	11.20%	11.06%	11.06%	11.06%
Total No. of Instalments	36	36	36	36
No. of instalments paid	34	34	34	34
No. of balance instalments to be paid	2	2	2	2
Amount of EMI	26,919/-	17,855/-	17,855/-	20,081/-
Repayment type	Monthly	Monthly	Monthly	Monthly

Name of the Bank	Axis Bank	Axis Bank	Axis Bank	Axis Bank
Type of Loan	Vehicle Loan	Vehicle Loan	Vehicle Loan	Vehicle Loan
Loan Account No.	CVR008100583357	CVR008100583352	CVR008100863031	CVR008100863216
Amount sanctioned/availed (Rs.)	11,81,430/-	12,81,000/-	13,50,000/-	13,50,000/-
Sanction Date	16/10/2012	16/10/2012	27-09-2013	27-09-2013
Current Interest rate	11.00%	11.00%	11.01%	11.01%
Total No. of Instalments	36	36	36	36
No. of instalments paid	29	29	16	16
No. of balance instalments to be paid	7	7	20	20
Amount of EMI	38679/-	41938/-	44205/-	44205/-
Repayment type	Monthly	Monthly	Monthly	Monthly

	Name of the Bank	Axis Bank	Axis Bank
	Type of Loan	Vehicle Loan	Vehicle Loan
	Loan Account No.	CVR008100862999	CVR008100863032
	Amount sanctioned/availed (Rs.)	12,28,000/-	8,90,000/-
	Sanction Date	16-08-2013	06-11-2013
	Current Interest rate	11.01%	11.01%
	Total No. of Instalments	36	36
	No. of instalments paid	16	16
	No. of balance instalments to be paid	20	20
	Amount of EMI	40210/-	29143/-
	Repayment type	Monthly	Monthly
II			
1	Indian Rupee Term loans from Banks (Other than Vehicle loans) are Secured by:		
i	<p>Primary Security:</p> <p>State Bank of India Term Loan Account no 32331339891, 33852503931, 34019272745 and 34040990858 - First charge in favour of State bank of India on the entire fixed assets, present and future, of the Company and including:</p> <p>(i) Equitable Mortgage over 19.24 acres of Land , Building and Plant and Machinery of the Backward integeation project in Re.Sy no. 122/9/4, 112/5, 112/1, 108/2/2, 108/10/2, 108/2, 108/10, 112/4, 122/9/3, 108/1/2, 122/7, 121/1/1 in Block 27 of Pattimattom Village, Kunnathunadu taluk, Puthencruz sub district, Ernakulam belonging to the Company.</p> <p>(ii) Equitable Mortgage over 244.629 cents of Land in Re Sy No 76/3 in Block no 27 of Kizhakkambalam, Puthencruz sub district, Ernakulam belonging to the Company.</p> <p>(iii) Equitable Mortgage over 3.75 Acres of Land and Building in Re Sy No 81/1 at Pattimattom village in Kunnathunadu taluk (Kizhakkambalam), Puthencruz sub district, Ernakulam belonging to the Company.</p>		
ii	<p>Collateral Security:</p> <p>For State Bank of India Term Loan Account no 32331339891, 33852503931, 34019272745 and 34040990858 - Second charge in favour of State Bank of India, on the entire current assets of the Company, both present and future.</p>		
iii	Personal Guarantee of Mr. Sabu M Jacob, Managing Director.		
2	Vehicle loans are secured by hypothecation of the concerned vehicles.		

**6. DEFERRED TAX LIABILITY (Net)**

SI No.	Particulars	31st March 2015 (Rs.)	31st March 2014 (Rs.)
a	Deferred Tax Liability Fixed Assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	2378,91,833	2246,91,833
	Gross Deferred Tax Liability	<b>2378,91,833</b>	<b>2246,91,833</b>
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	120,27,138	86,27,138
	Gross Deferred Tax Asset	<b>120,27,138</b>	<b>86,27,138</b>
	Net Deferred Tax Liability	<b>2258,64,695</b>	<b>2160,64,695</b>

**7. PROVISIONS**

SI No.	Particulars	Long Term		Short Term	
		31st March 2015 (Rs.)	31st March 2014 (Rs.)	31st March 2015 (Rs.)	31st March 2014 (Rs.)
a	Provision for Employee Benefits				
	Provision for Gratuity	328,25,754	233,15,868	25,48,923	20,66,667
		<b>328,25,754</b>	<b>233,15,868</b>	<b>25,48,923</b>	<b>20,66,667</b>
b	Other Provisions				
	Provision for Taxation	NIL	NIL	4255,66,747	2557,29,567
	Proposed Equity Dividend	NIL	NIL	593,75,000	475,00,000
	Provision for Tax on proposed equity dividend	NIL	NIL	121,56,835	80,72,625
		<b>NIL</b>	<b>NIL</b>	<b>4970,98,582</b>	<b>3113,02,192</b>
		<b>328,25,754</b>	<b>233,15,868</b>	<b>4996,47,505</b>	<b>3133,68,859</b>



## 8. SHORT TERM BORROWINGS

Sl No.	Particulars	31st March 2015 (Rs.)	31st March 2014 (Rs.)
a	Loans Repayable on demand		
	Packing Credit Loan From banks (Secured)	11391,26,808	9051,15,025
		<b>11391,26,808</b>	<b>9051,15,025</b>
1	Terms of repayment of Packing Credits: Packing credit from Bank is repayable on demand and carries interest @ 10.45%. (Current rate for State Bank of India)		
2	Working capital Limits from Bank is secured by		
(i)	Primary Security: First charge in favour of State bank of India over the entire Current Assets of the Company, both present and future.		
(ii)	Collateral Security: Second charge, in favour of State bank of India on the entire Fixed Assets of the Company (excluding vehicles purchased under the Hire Purchase), of which includes: 1. Equitable Mortgage 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. 2. Equitable Mortgage on 19.24 acres of land, building and plant & machinery of the fabric processing plant at Kizhakkambalam. 3. EM on 244.629 cents of Land in Re Sy No 76/3 in Block no 27 of Kizhakkambalam, Puthencruz sub district, Ernakulam belonging to the Company.		
(iii)	Personal Guarantee of Mr. Sabu M Jacob, Managing Director.		

## 9. TRADE PAYABLES

Sl No.	Particulars	31st March 2015 (Rs.)	31st March 2014 (Rs.)
a	Trade Payables (Refer Note 31 for details of dues to micro and small enterprises)	1972,38,890	2441,74,471
b	Others	NIL	NIL
		<b>1972,38,890</b>	<b>2441,74,471</b>

**10. OTHER CURRENT LIABILITIES**

Sl No.	Particulars	31st March 2015 (Rs.)	31st March 2014 (Rs.)
a	Current maturities of long term borrowings	2047,66,450	1472,60,786
b	Interest accrued and due on borrowings	51,01,378	47,12,164
c	Income Received in advance	35,24,117	8,23,426
d	Unpaid dividends	48,45,930	42,62,740
e	Other payables		
	ESIC Payable	16,40,912	13,46,693
	PF Payable	66,69,574	51,45,596
	TDS payable	249,50,981	132,68,012
	Fringe Benefit Tax Payable	9,07,553	9,07,553
	Work Contract Tax Payable	5,29,012	2,96,988
	Service Tax Payable	1,86,999	-
	Wealth Tax Payable	1,01,773	1,27,761
	Expenses Payable	949,79,968	949,21,863
	Payable to Vendors - Non Trade	28,11,204	315,12,008
	Others	-	216
		<b>3510,15,851</b>	<b>3045,85,806</b>

**11. FIXED ASSETS** (Amount in Rs.)

SI No	NATURE OF ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2014	Additions during the year	Sale/ Deletions/ Capital Subsidy during the year	As at 31.03.2015	As at 01.04.2014	Accumulated Depreciation Reversed / Adjusted	During the Year	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
<b>A</b>	<b>TANGIBLE ASSETS</b>										
1	Freehold Land	466,40,590	23,42,329	-	489,82,919	-	-	-	-	489,82,919	466,40,590
2	Building	6289,97,160	50,88,127	-	6340,85,287	1347,74,670	-	208,31,227	1556,05,897	4784,79,390	4942,22,490
3	Plant & Equipments	14809,33,928	2805,02,305	686,90,999	16927,45,234	3201,02,226	(469,41,063)	1638,68,236	4370,29,399	12557,15,835	11608,31,702
4	Furniture & Fixtures	320,41,364	118,00,208	-	438,41,572	197,95,892	2,75,786	48,17,157	248,88,835	189,52,737	122,45,472
5	Vehicles	466,76,956	86,22,230	-	552,99,186	172,15,569	48,635	68,80,507	241,44,711	311,54,475	294,61,387
6	Office Equipments	249,54,243	27,72,098	-	277,26,341	93,67,976	112,59,506	22,73,536	229,01,018	48,25,323	155,86,267
7	Other assets	824,73,929	81,40,780	16,72,650	889,42,059	323,51,183	31,22,470	128,93,956	483,67,609	405,74,450	501,22,746
	<b>Total (A)</b>	<b>23427,18,170</b>	<b>3192,68,077</b>	<b>703,63,649</b>	<b>25916,22,598</b>	<b>5336,07,516</b>	<b>(322,34,666)</b>	<b>2115,64,619</b>	<b>7129,37,469</b>	<b>18786,85,129</b>	<b>18091,10,654</b>
<b>B</b>	<b>INTANGIBLE ASSETS</b>										
SI No	NATURE OF ASSET	GROSS BLOCK				AMORTIZATION				NET BLOCK	
		As at 01.04.2014	Additions during the year	Sale/ Deletions/ Capital Subsidy during the year	As at 31.03.2015	As at 01.04.2014	Amortisation Reversed/ Adjusted	During the Year	As at 31.03.2015	As at 31.03.2015	As at 31.03.2013
1	Computer software	312,45,644	23,62,036	-	336,07,680	282,95,372	-	17,29,769	300,25,141	35,82,539	29,50,272
	<b>Total (B)</b>	<b>312,45,644</b>	<b>23,62,036</b>	<b>-</b>	<b>336,07,680</b>	<b>282,95,372</b>	<b>-</b>	<b>17,29,769</b>	<b>300,25,141</b>	<b>35,82,539</b>	<b>29,50,272</b>
	<b>GRAND TOTAL (A)+(B)</b>	<b>23739,63,814</b>	<b>3216,30,113</b>	<b>703,63,649</b>	<b>26252,30,278</b>	<b>5619,02,888</b>	<b>(322,34,666)</b>	<b>2132,94,388</b>	<b>7429,62,610</b>	<b>18822,67,668</b>	<b>18120,60,926</b>
	<b>Previous Year</b>	<b>16377,07,163</b>	<b>7957,99,114</b>	<b>595,42,463</b>	<b>23739,63,814</b>	<b>4652,33,987</b>	<b>1,31,169</b>	<b>968,00,070</b>	<b>5619,02,888</b>	<b>18120,60,926</b>	<b>11724,73,176</b>

Notes:-

- Rs.1,65,81,389/- is credited to Accumulated depreciation of the respective Assets, being the carrying amount of fixed assets where the company has ascertained the remaining useful life of the assets as NIL as on 01.04.2014
- During the year, borrowing costs amounting to Rs.26,10,318/- is capitalised under the head Plant and equipment.

**12. NON CURRENT INVESTMENTS**

SI No.	Particulars	31st March 2015 (Rs.)	31st March 2014 (Rs.)
	Non Trade Investments (Valued at cost)		
	Investment in Equity Instruments (Quoted) - Punjab National Bank Limited	43,400	43,400
	Pursuant to Stock split in Equity Shares of Punjab National Bank, 1400 Equity Shares of face value Rs.10 is converted to 7000 Equity Shares of Face value Rs.2/- (Market value of 7000 Equity Shares of Face value Rs.2/- as on 31st March 2015 is Rs.10,10,800/- (As on 31 March 2014, Market Value of 1400 Equity Shares of Rs.10 - Rs.10,41,740/-))		
		<b>43,400</b>	<b>43,400</b>

**13. LOANS AND ADVANCES**

SI No.	Particulars	Non-Current		Current	
		31st March 2015 (Rs.)	31st March 2014 (Rs.)	31st March 2015 (Rs.)	31st March 2014 (Rs.)
a	Capital advances				
	Unsecured, considered good	206,72,825	140,06,248	NIL	NIL
		<b>(a) 206,72,825</b>	<b>140,06,248</b>	<b>NIL</b>	<b>NIL</b>
b	Security Deposit				
	Unsecured, considered good	150,08,706	140,01,493	NIL	NIL
		<b>(b) 150,08,706</b>	<b>140,01,493</b>	<b>NIL</b>	<b>NIL</b>
c	Advance Recoverable in cash or kind				
	Unsecured, considered good				
	Advance to Vendors - Trade	NIL	NIL	200,69,390	326,31,975
		<b>(c) NIL</b>	<b>NIL</b>	<b>200,69,390</b>	<b>326,31,975</b>
d	Other Loans and advances				
	Unsecured, considered good				
(i)	Advance to Employees	NIL	NIL	11,06,552	8,60,824
(ii)	Advance Income tax	NIL	NIL	3413,24,137	2293,61,408
(iii)	Prepaid Expenses	NIL	NIL	42,94,137	34,24,573
(iv)	KVAT Refund Receivable	NIL	NIL	952,10,947	758,16,694
		<b>(d) NIL</b>	<b>NIL</b>	<b>4419,35,773</b>	<b>3094,63,499</b>
	<b>TOTAL (a)+(b)+(c)+(d)</b>	<b>356,81,531</b>	<b>280,07,741</b>	<b>4620,05,163</b>	<b>3420,95,474</b>



#### 14. TRADE RECEIVABLES AND OTHER ASSETS

SI No.	Particulars	Non-Current		Current	
		31st March 2015 (Rs.)	31st March 2014 (Rs.)	31st March 2015 (Rs.)	31st March 2014 (Rs.)
1	Trade Receivables				
a	Outstanding for a period Exceeding six months from the date they are due for payment Unsecured, Considered Good (A)	NIL	NIL	5,72,348	55,51,766
b	Other Receivables				
	Unsecured, considered good (B)	NIL	NIL	6260,26,305	5250,90,452
	Total (A)+(B)	<b>NIL</b>	<b>NIL</b>	<b>6265,98,653</b>	<b>5306,42,218</b>
2	Other Assets				
	Unsecured, considered good				
	(i) Duty Drawback	NIL	NIL	832,08,344	805,92,978
	(ii) Interest accrued on fixed deposits	NIL	NIL	13,71,856	10,76,930
	(iii) Subsidy - TUFS	NIL	NIL	805,30,588	686,23,684
	(iv) Service Tax Refund on export of goods	NIL	NIL	19,25,571	19,34,645
	(v) Other Deposits	200,22,373	173,30,865	NIL	NIL
	(vi) Others	NIL	NIL	116,58,344	43,00,755
		<b>200,22,373</b>	<b>173,30,865</b>	<b>1786,94,703</b>	<b>1565,28,992</b>

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

SI No.	Particulars	31st March 2015 (Rs.)	31st March 2014 (Rs.)
a	Raw- Materials	1039,41,242	1020,62,240
b	Finished goods	80,93,208	59,39,066
		<b>1120,34,450</b>	<b>1080,01,306</b>

**16. CASH AND BANK BALANCES**

Sl No.	Particulars	Non Current		Current	
		31st March 2015 (Rs.)	31st March 2014 (Rs.)	31st March 2015 (Rs.)	31st March 2014 (Rs.)
1	Cash and Cash equivalents				
a	Cash on hand	NIL	NIL	10,13,323	5,65,039
b	Balance with banks:				
	On current accounts	NIL	NIL	19929,09,257	9840,57,589
	<b>(A)</b>	<b>NIL</b>	<b>NIL</b>	<b>19939,22,580</b>	<b>9846,22,628</b>
2	Other Bank balances				
a	Ear marked balance with Banks				
	On unpaid dividend accounts	NIL	NIL	48,45,930	42,62,740
b	Margin money Deposit	NIL	NIL	338,08,176	471,99,119
	<b>(B)</b>	<b>NIL</b>	<b>NIL</b>	<b>386,54,106</b>	<b>514,61,859</b>
	<b>(A)+(B)</b>	<b>NIL</b>	<b>NIL</b>	<b>20325,76,686</b>	<b>10360,84,487</b>
	Margin money deposits with carrying amount of Rs.3,38,08,176/- (31 March 2014: Rs. 4,71,99,119/-) are held to secure the Company's Non Fund based limits availed from Bank.				

### 17. REVENUE FROM OPERATIONS

SI No.	Particulars	31st March 2015 (Rs.)	31st March 2014 (Rs.)
a	Sale of Products		
	Sales - Export	41561,92,734	32548,58,563
		<b>(A)</b>	<b>41561,92,734</b>
	Sales - Domestic	6395,10,600	7784,89,496
	Less:Sales Returns	54,81,133	53,04,928
		<b>(B)</b>	<b>6340,29,467</b>
		<b>Total (A)+(B)</b>	<b>47902,22,201</b>
b	Other Operating Revenues		
(i)	Duty drawback Income	2912,25,889	2331,26,935
(ii)	Service Tax Refund on export of goods	71,90,690	55,99,201
(iii)	Sale of manufacturing Scrap	104,94,616	1481,71,078
(iv)	Job work Charges	69,33,283	-
(v)	Others	48,92,619	71,60,141
		<b>(C)</b>	<b>3207,37,097</b>
		<b>Total (A)+(B)+(C)</b>	<b>51109,59,298</b>

### 18. OTHER INCOME

SI No.	Particulars	31st March 2015 (Rs.)	31st March 2014 (Rs.)
a	Interest Income		
	(i) Bank Deposits	32,31,540	36,97,380
	(ii) Other Deposits	7,61,362	2,89,532
b	Dividend Income on Long Term investments	-	51,800
c	Subsidy Income - TUFs	119,06,904	12,05,749
d	Foreign exchange gains (Net)	1073,73,960	1134,78,738
e	Rent received	14,28,183	12,88,144
f	Other non-operating income	95,32,284	134,24,571
		<b>1342,34,233</b>	<b>1334,35,914</b>

**19. COST OF RAW MATERIALS CONSUMED**

SI No.	Particulars	31st March 2015 (Rs.)	31st March 2014 (Rs.)
	Inventory at the beginning of the year	1020,62,240	4408,57,666
	Add: Purchases during the year	20997,31,875	20089,49,066
	Less: Inventory at the end of the year	1039,41,242	1020,62,240
	Cost of raw material consumed.	<b>20978,52,873</b>	<b>23477,44,492</b>

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

SI No.	Particulars	31st March 2015 (Rs.)	31st March 2014 (Rs.)
	Inventories at the end of the year		
	Finished goods	80,93,208	59,39,066
	Inventories at the beginning of the year Finished goods	59,39,066	177,61,862
	Change in inventories of finished goods	<b>(21,54,142)</b>	<b>118,22,796</b>

**21. EMPLOYEES BENEFITS EXPENSE**

SI No.	Particulars	31st March 2015 (Rs.)	31st March 2014 (Rs.)
a	Salaries, Wages and Bonus	6170,38,697	4720,53,957
b	Contribution to Provident Fund	372,82,995	286,34,577
c	Staff Welfare Expenses	906,85,072	690,27,693
		<b>7450,06,764</b>	<b>5697,16,227</b>

## 22. OTHER EXPENSES

Sl No.	Particulars	31st March 2015 (Rs.)	31st March 2014 (Rs.)
1	Freight and Clearing charges -Inward	125,53,521	122,91,200
2	Power and Fuel	1898,83,658	1635,60,504
3	Repairs and Maintenance -Building	279,96,403	105,25,406
4	Repairs and Maintenance -Plant and Machinery	219,89,264	155,47,309
5	Repairs and Maintenance -Others	207,67,048	153,89,870
6	Stores and Spares consumed	639,18,831	670,19,573
7	Insurance	57,14,307	67,73,633
8	Processing charges	542,70,162	1209,77,618
9	Testing Charges	237,36,340	178,54,647
10	Other Production expenses	20,78,371	50,88,374
11	Sitting fee to Directors	4,04,496	2,34,833
12	Travelling and Conveyance	92,71,339	86,48,703
13	Postage, Courier and Telephone	41,89,603	58,83,741
14	Rent	32,76,341	22,15,880
15	Audit fees	24,43,830	7,64,048
16	Legal and professional Charges	59,98,014	110,98,206
17	Rates & Taxes excluding taxes on Income	84,83,016	55,44,179
18	Printing and Stationery	47,47,703	33,01,401
19	General Expenses	75,08,979	55,83,883
20	Freight and Forwarding charges -Outward	344,37,203	251,79,449
21	Advertisement and Sales Promotion	283,86,776	70,10,219
22	Sales Commission	74,77,042	52,41,219
23	Interest (Other than on borrowings)	118,91,254	55,82,216
24	Bank charges	77,50,034	115,06,650
25	Loss on Sale of Fixed assets	59,04,262	9,056
26	Duty drawback written off	10,24,385	42,711
27	Prior period expenses	16,08,557	45,54,031
28	Vendor Balances Written off	3,53,165	-
29	Expenditure towards Corporate Social Responsibility activities	148,14,217	40,11,663
		<b>5828,78,121</b>	<b>5414,40,222</b>



**23. DEPRECIATION AND AMORTIZATION EXPENSES**

Sl No.	Particulars	31st March 2015 (Rs.)	31st March 2014 (Rs.)
a	Depreciation of Tangible Assets	2115,64,620	934,21,817
b	Amortization of Intangible Assets	17,29,768	33,78,253
		<b>2132,94,388</b>	<b>968,00,070</b>

**24. FINANCE COSTS**

Sl No.	Particulars	31st March 2015 (Rs.)	31st March 2014 (Rs.)
a	Interest Expenses	1902,34,510	1052,45,180
b	Other Borrowing costs	14,06,243	9,14,280
		<b>1916,40,753</b>	<b>1061,59,460</b>

**25. EARNING PER SHARE**

Sl No.	Particulars	31st March 2015 (Rs.)	31st March 2014 (Rs.)
a	Net profit as per Statement of Profit and Loss	9851,74,774	5736,88,133
b	Net profit available to Equity Share holders	9851,74,774	5736,88,133
c	No. of equity shares at year end	475,00,000	475,00,000
d	Weighted average number of Equity shares used as denominator for calculating EPS	475,00,000	475,00,000
e	Basic and Diluted Earning per Share	<b>20.74</b>	<b>12.08</b>
f	Face value per Equity Share	1	1

## 26. GRATUITY

The following table summarizes the components of expense recognized in the Statement of Profit and Loss and the amounts recognized in the Balance Sheet.

SI No.	Particulars	31st March 2015 (Rs.)	31st March 2014 (Rs.)
1	Expense Recognized in Statement of Profit and Loss		
a	Current Service Cost	74,66,875	64,26,850
b	Interest on Defined Benefit Obligation	29,11,171	26,09,622
c	Net Actuarial Losses/ (Gains) Recognized in Year	36,20,459	(74,81,707)
d	Past Service Cost	-	-
	Total amount included in "Employee Benefit Expense" (Note 21)	139,98,505	15,54,765
2	Amount Recognized in Balance Sheet		
a	Present Value of Unfunded Obligations	353,74,677	253,82,535
	Net Liability	353,74,677	253,82,535
b	Net Liability is bifurcated as follows:		
	Current	25,48,923	20,66,667
	Non Current	328,25,754	233,15,868
	Net Liability	353,74,677	253,82,535
3	Change in Defined Benefit Obligation		
a	Opening Defined Benefit Obligation	253,82,535	274,83,858
b	Current Service Cost	74,66,875	64,26,850
c	Interest Cost	29,11,171	26,09,622
d	Actuarial Losses/ (Gain)	36,20,459	(74,81,707)
e	Past Service Cost	-	-
f	Benefits Paid	(40,06,363)	(36,56,088)
g	Closing Defined Benefit Obligation	353,74,677	253,82,535
h	Contributions by Employer	40,06,363	36,56,088
i	Benefits Paid	(40,06,363)	(36,56,088)
j	Expected Employer's Contribution Next Year	25,48,923	20,66,667
4	Financial Assumptions at the Valuation Date:		
a	Discount Rate (p.a.)	7.95 %	9.15 %
b	Expected Rate of Return on Assets (p.a.)	-	-
c	Salary Escalation Rate (p.a.)	7 %	7 %

**27. LEASES**

A	Operating Lease: Company as Lessor		
	Future minimum rentals receivable under operating lease is as follows:		
		<b>31st March 2015 (Rs.)</b>	<b>31st March 2014 (Rs.)</b>
	Within one year	4,94,800	5,62,285
		<b>4,94,800</b>	<b>5,62,285</b>
B	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 pay		

**28. SEGMENT INFORMATION**

Sl No.	Particulars	31st March 2015 (Rs.)	31st March 2014 (Rs.)
I	BUSINESS SEGMENTS:		
1	Segment Revenue		
a.	Garments	44601,30,019	35013,61,370
b.	Fabric	21007,86,943	21843,31,458
		65609,16,962	56856,92,828
	Less : Inter Segment Revenue	14499,57,664	12635,92,342
		<b>51109,59,298</b>	<b>44221,00,486</b>
2	Segment Results		
a.	Garments	16225,95,435	10584,99,074
b.	Fabric	261,82,826	(956,08,024)
	Total	<b>16487,78,261</b>	<b>9628,91,050</b>
	Less: Interest	1682,52,871	824,71,874
	Unallocable Expenses/ Income	638,50,617	(14,33,959)
	<b>Profit before tax</b>	<b>14166,74,773</b>	<b>8818,53,133</b>

3	Capital Employed		
a	Garments	10212,83,244	8865,16,796
b	Fabric	12879,47,166	12069,35,085
c	Unallocable	3295,23,387	(3517,59,635)
		26387,53,797	17416,92,246
4	Depreciation		
a	Garments	347,86,210	186,02,599
b	Fabric	1451,92,134	582,37,951
c	Unallocable	333,16,042	199,59,520
		2132,94,386	968,00,070
<b>SI No.</b>	<b>Particulars</b>	<b>31st March 2015 (Rs.)</b>	<b>31st March 2014 (Rs.)</b>
II	Geographical Segments:		
	Sales - Export	41561,92,734	32548,58,563
	Sales - Domestic	6340,29,467	7731,84,568
		47902,22,201	40280,43,131

## 29. RELATED PARTY DISCLOSURE

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

a	Key Managerial Personnel:
i	Sabu M Jacob, Managing Director
ii	C Mohan, Director
iii	E M Paulose, Director
iv	Benni Joseph, Director
v	K L V Narayanan, Director
vi	Sindhu Chandrasekhar (w.e.f 16.03.2015)
vii	A.Babu, Company Secretary
viii	Boby Michael, General Manager Finance and Chief Financial Officer

b	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

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.)	
			31st March 2015 (Rs.)	31st March 2014 (Rs.)
	a. Enterprises owned or significantly influenced by key management personnel or their relatives:			
	i. Kitex Childrenswear Limited	Fabric Sale	5776,80,783	7732,25,483
		Fabric Sale Return	54,81,133	53,04,928
		Rent Received	16,04,706	14,47,358
		Rent Paid	99,285	89,560
		Others (Net)	34,694	5,24,922
	ii. Kitex Limited	Sale of Fabric	618,29,818	52,64,013
		Fabric Purchase	929,27,062	1014,58,349
		Yarn Purchase	43,608	
		Job Work Charges	32,50,764	74,03,093
		Job Work Charges Received	74,35,946	
		Sale of Old Machinery	29,07,694	
		Others (Net)	20,85,998	23,44,599
	iii. Anna Aluminium Company (P) Ltd.	Spices Purchase	27,02,299	17,58,164
		Utensil Purchase	3,07,094	5,35,787
		Others (Net)	3,437	59,274
	b. Key Management Personnel:			
	i. Sabu M Jacob Managing Director	Remuneration	748,74,250	464,29,950
	ii. C Mohan	Remuneration	-	3,06,923
	iii. C Mohan	Sitting fee	97,500	45,500
	iv. E M Paulose	Sitting fee	87,500	62,000



v. Benni Joseph	Sitting fee	87,500	62,000
vi. K L V Narayanan	Sitting fee	87,500	39,500
vii. Sindhu Chandrasekhar	Remuneration	31,661	
viii. A.Babu, Company Secretary	Salaries and Allowances	9,97,660	
ix. Bobby Michael, General Manager Finance and Chief Financial Officer	Salaries and Allowances	21,53,756	
<b>Name of Related Party</b>		<b>Outstanding amounts carried in the Balance Sheet (Rs.)</b>	
a. Enterprises owned or significantly influenced by key management personnel or their relatives:			
		<b>31st March 2015 (Rs.)</b>	<b>31st March 2014 (Rs.)</b>
i. Kitex Childrenswear Limited		Nil	Nil
ii. Kitex Limited		7,61,321 (Dr)	16,88,776 (Cr)
iii. Anna Aluminium Company (P) Ltd.		5,31,139 (Cr)	8,01,543 (Cr)
b. Key Management Personnel:			
i. Sabu M Jacob Managing Director		102,13,795 (Cr)	258,10,241 (Cr)
ii. C Mohan		87,750 (Cr)	40950.00 (Cr)
iii. E M Paulose		78,750 (Cr)	55,800.00 (Cr)
iv. Benni Joseph		78,750 (Cr)	55,800.00 (Cr)
v. K L V Narayanan		78,750 (Cr)	35,550.00 (Cr)
vi. Sindhu Chandrasekhar		23,213 (Cr)	-
vii. A.Babu, Company Secretary		70,890 (Cr)	-
viii. Bobby Michael, General Manager Finance and Chief Financial Officer		67,107 (Cr)	-

**30. CONTINGENT LIABILITIES AND COMMITMENTS**

1	Contingent Liabilities (to the extent not provided for)
i	Counter Guarantees issued by the Company for the guarantees issued by Banks amounts to Rs.7,26,77,157/- (Previous year- Rs.4,20,42,612/-).
ii	Letters of Credit Outstanding amounts to Rs.11,26,88,850/- (Previous year -Rs 16,92,15,995/-)
iii	Bills discounted - Rs. Nil (Previous year - Nil.)
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 the 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 the Settlement Commission, the company filed a writ petition before Honourable High Court of Kerala, which was dismissed and the Company preferred an appeal against the same with the Hon Supreme Court. The Honourable Supreme court stayed the demand and instructed the Company to remit Rs.99,31,229/- and stayed the interest claimed. The company remitted Rs.99,31,229/- during the year. The Company had furnished Bank Guarantee for Rs.101.74 lakhs to the Office of the Commissioner of Customs
b	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 CIT(Appeals). The Tribunal has dismissed the appeal filed by the Revenue. However, the department has preferred an appeal before Hon. High Court of Kerala. The Company has received a refund of Rs.3,61,732/- with regard to assessment years 2003-04 and 2004-05.
c	The Asst Commissioner of Income Tax, Kochi had raised a demand of Rs.3,16,22,680 while completing the assessment for the Assessment Year 2008-09. The company had gone on appeal and obtained favorable orders from the CIT(Appeals) and Income Tax Appellate Tribunal. The Department has filed an appeal before the Honourable High court of Kerala.
d	The Joint Commissioner of Income Tax, Kochi had raised a demand of Rs.58,87,640/- while completing the assessment for the Assessment Year 2009-10. The company has remitted Rs.58,87,640/- against the same. The company had appealed against the same with the Commissioner of Income tax (Appeals). The CIT(Appeals) and obtained partial relief. The company has filed an Appeal against the order with the Income Tax Appellate Tribunal.
e	The Additional Commissioner of Income Tax, Kochi had raised a demand of Rs.48,72,980/- while completing the assessment for the Assessment Year 2011-12. The company has filed an appeal before the Commissioner of Income Tax (Appeals) against the order.
f	The Additional Commissioner of Income Tax, Kochi has raised a demand of Rs.19,48,040/- while completing the assessment for the Assessment Year 2012-13. The Company is in the process of filing an appeal against the order before the CIT(Appeals).
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 the Provident Fund Act. The company preferred an appeal before the Employees Provident Fund Appellate Tribunal against the order of the Asst. Provident Fund Commissioner. The Employees Provident Fund Appellate Tribunal directed the Company to remit Rs.52,74,636/- for staying the proceedings and subsequently upheld the orders of the Asst. Provident fund Commissioner (Enforcement). The Company deposited the amount since the Tribunal order was not in its favour. The Company filed an appeal with the Hon High Court of Kerala and the same was partially allowed in favor of the company. The balance amount of Rs 3,00,451/- has been further paid and total liability settled as per the order. The company has filed an appeal before the before Division bench of the Hon. High court for the disallowed portion 55,75,087/-.
h	The Regional Provident Fund Commissioner, Kochi vide his order dated 21.05.2014 has demanded a sum of Rs.31,24,050/- towards EPF dues for the period 08/11 to 03/12. The company has filed appeal before The Employees Provident Fund Appellate Tribunal and also the obtained stay of demand. An amount of Rs 12,49,620/- has been deposited towards the same
i	The Regional Provident Fund Commissioner, Kochi vide his review order dated 07.11.2014 has demanded a sum of Rs.20,44,752/- towards EPF dues for the period 04/12 to 08/12. The company has filed appeal before The Employees Provident Fund Appellate Tribunal and also obtained an interim stay of recovery from the Hon. High Court of Kerala.
j	The Regional Provident Fund Commissioner, Kochi vide his order dated 07.11.2014 has demanded a sum of Rs.59,88,655/- towards EPF dues for the period 09/12 to 01/14. The company has filed appeal before The Employees Provident Fund Appellate Tribunal and also obtained an interim stay of recovery from the Hon. High Court of Kerala.

k	The Regional Provident Fund Commissioner, Kochi vide his order dated 07.11.2014 has demanded a sum of Rs.9,51,441/- towards EPF dues for the period 02/14 to 04/14. The company has filed appeal before The Employees Provident Fund Appellate Tribunal and also obtained an interim stay of recovery from the Hon. High Court of Kerala.
l	The Regional Provident Fund Commissioner, Kochi vide his order dated 21.05.2014 has demanded a sum of Rs.66,67,450/- towards EPF dues of Processing unit for the period 06/2007 to 10/2012. The company had filed revision petition before The Regional Provident Fund Commissioner. The Regional Provident fund Commissioner has completed the enquiry and orders have been reserved.
m	The Regional Provident Fund Commissioner, Kochi vide his order dated 27.02.2015 has demanded a sum of Rs.14,78,145/- towards EPF dues of Processing Unit for the period 11/2012 to 04/2014. The company has obtained stay of demand from the Hon. High Court of Kerala for a period of 3 months on condition to pay 30% within 3 months.
n	The Deputy Director, Sub-Regional Office Ernakulam of the ESI Corporation had raised a demand of Rs.8,63,348/- against the company for the year 2008-09 vide order dated 30.09.2013. The Company has disputed the claim and appealed before the ESI Court and deposited Rs 1,00,000/-.
o	The Deputy Director, Regional Office Ernakulam of the ESI Corporation has raised a demand for Rs.2,03,687/- against the Company for the years 1996-97 and 1997-98 vide revised order dated 30.09.2013. The Company had deposited Rs.1,25,000/- and has preferred an appeal before the ESI Court against the order.
p	The Deputy Director, Sub-Regional Office Ernakulam of the ESI Corporation has raised a demand of Rs.26,01,275/- against the company for the year 2008-09 vide order dated 22.11.2013. The Company has disputed the claim and appealed before the ESI Court and deposited Rs.3,00,000/-.
q	The Deputy Director, Sub-Regional Office Ernakulam of the ESI Corporation has raised a demand of Rs.3,36,461/- against the company for the period 06/2005 to 01/2009 vide order dated 13.11.2014. The Company has disputed the claim and filed appeal before the Director, Sub-Regional Office Ernakulam and deposited Rs.84,115/-.
r	The Deputy Director, Sub-Regional Office Ernakulam of the ESI Corporation has raised a demand of Rs.12,11,248/- against the company for the period 04/2003 to 03/2004 vide order dated 13.11.2014. The Company has disputed the claim and filed appeal before the Director, Sub-Regional Office Ernakulam and deposited Rs.3,02,812/-.
s	The Deputy Director, Sub-Regional Office Ernakulam of the ESI Corporation has raised a demand of Rs.30,18,037/- against the company for the period 04/2009 to 11/2009 vide order dated 13.11.2014. The Company has disputed the claim and filed appeal before the Director, Sub-Regional Office Ernakulam and deposited Rs.7,54,510/-.
t	The Deputy Director, Sub-Regional Office, Ernakulam of the ESI Corporation initiated recovery proceeding towards ESI dues of Rs.2,79,558/-, and related interest of Rs.9,466/- vide two orders dated 23.10.2013. The Company disputed the demand and approached the ESI Court and obtained stay and deposited Rs.50,000/-.
u	During the year 1997 the Thahasildar Kunnathunadu Taluk had demanded a sum of Rs. 3,08,945/- towards one time building tax. The Company had disputed the applicability of tax on a particular portion of the building . The matter is pending before the Hon High Court of Kerala.
2	Commitments - Nil

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

<b>Sl No.</b>	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 31st March 2015 are furnished below:		
	<b>Particulars</b>	<b>31st March 2015 (Rs.)</b>	<b>31st March 2014 (Rs.)</b>
1	Dues remaining unpaid to Micro, Small and Medium Enterprises as at the end of the accounting year	60,68,508	63,52,053
2	Dues outstanding as at the end of the year for more than 45 days	NIL	NIL

**32. VALUE OF IMPORTS ON CIF BASIS**

<b>Sl No.</b>	<b>Particulars</b>	<b>31st March 2015 (Rs.)</b>	<b>31st March 2014 (Rs.)</b>
a	Raw-materials	3466,84,834	2966,11,992
b	Components and Spare parts	183,41,817	237,38,143
c	Capital Goods	1937,40,900	5944,04,487
		<b>5587,67,551</b>	<b>9147,54,622</b>

**33. EXPENDITURE IN FOREIGN CURRENCY**

<b>Sl No.</b>	<b>Particulars</b>	<b>31st March 2015 (Rs.)</b>	<b>31st March 2014 (Rs.)</b>
a	Salary	116,48,254	120,32,812
b	Fees for Technical/ Professional Services	12,01,260	80,58,455
c	Rebate and Discounts	188,93,440	-
d	Others	49,27,093	90,58,031
		<b>366,70,047</b>	<b>291,49,298</b>

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

SI No	Particulars	% of total Consumption as on 31.03.2015	Value on 31.03.2015 (Rs.)	% of total Consumption as on 31.03.2014	Value on 31.03.2014 (Rs.)
a	Raw-materials				
	Fabric - Imported	6.02%	1302,34,071	5.57%	1345,04,352
	Fabric - Indigenous	66.67%	14413,18,986	73.02%	17632,71,927
	<b>Total (A)</b>	<b>72.70%</b>	<b>15715,53,057</b>	<b>78.59%</b>	<b>18977,76,279</b>
b	Other Raw-material				
	Imported	10.43%	2254,19,134	7.72%	1863,95,734
	Indigenous	13.92%	3008,80,682	10.92%	2635,72,479
	<b>Total (B)</b>	<b>24.35%</b>	<b>5262,99,816</b>	<b>18.63%</b>	<b>4499,68,213</b>
c	Stores and Spares				
	Imported	1.27%	274,39,456	1.42%	342,67,334
	Indigenous	1.69%	364,79,375	1.36%	327,52,239
	<b>Total (C)</b>	<b>2.96%</b>	<b>639,18,831</b>	<b>2.78%</b>	<b>670,19,573</b>
	<b>Grand Total (A)+(B)+(C)</b>	<b>100.00%</b>	<b>21617,71,704</b>	<b>100.00%</b>	<b>24147,64,065</b>

### 35. SALES AND STOCK PARTICULARS OF FINISHED GOODS

SI No.	Garments	Sales Value (Rs.)	Closing Inventory (Rs.)	Opening Inventory (Rs.)
	Current Year	47902,22,201	80,93,208	59,39,066
	Previous Year	40280,43,131	59,39,066	177,61,862



**36. EARNINGS IN FOREIGN CURRENCY**

Sl No.	Particulars	31st March 2015 (Rs.)	31st March 2014 (Rs.)
a	Export of goods calculated on FOB Basis	41561,92,734	32548,58,563
b	Others	132,44,203	74,99,271
		<b>41694,36,937</b>	<b>32623,57,834</b>

**37. COMPUTATION OF NET PROFIT AS PER SECTION 198 OF COMPANIES ACT, 2013**

Sl No.	Particulars	31st March 2015 (Rs.)	31st March 2014 (Rs.)
	Profit before tax as per Statement of Profit and Loss	14166,74,774	8818,53,133
	Add: Remuneration to Directors	749,05,911	467,36,873
	Add: Loss on Sale of Assets	59,04,262	9,056
	Net profit under Section 198 of Companies Act, 2013	14974,84,947	9285,99,062
	Remuneration payable to Managing Director @ 5% of Net profit	748,74,250	464,29,950

**38. EMPLOYEES REMUNERATION AND BENEFITS INCLUDES DIRECTORS REMUNERATION OF RS.7,49,05,911/-**

COMPRISING:					
Sl No.	Particulars	Sabu M Jacob, Managing Director		Mrs.Sindhu Chandrasekhar, Whole Time Director (w.e.f 16.03.2015)	
		31st March 2015 (Rs.)	31st March 2014 (Rs.)	31st March 2015 (Rs.)	31st March 2014 (Rs.)
1	Salaries and Allowances	72,00,000	72,00,000	30,692	
2	Contribution to Provident Fund	2,88,000	2,88,000	969	
3	Commission	673,86,250	389,41,950	-	
		<b>748,74,250</b>	<b>464,29,950</b>	<b>31,661</b>	-

**39. PAYMENT TO AUDITORS**

Sl No.	Particulars	31st March 2015 (Rs.)	31st March 2014 (Rs.)
a	As Auditor:		
	Statutory Audit fees	5,20,000	5,00,000
	Limited Review Fees	1,50,000	1,05,000
	Tax Audit fees	60,000	60,000
	KVAT audit fees	15,000	15,000
	Internal Audit Fees	14,00,000	-
b	In other capacity :		
	Taxation Matters	-	-
	Company Law matters	-	-
	Management Services	-	-
	Other Services	30,000	30,000
c	Service Tax	2,68,830	87,756
		<b>24,43,830</b>	<b>7,97,756</b>

**40. LONG TERM CONTRACTS**

There are no long term contracts as on 31.03.2015 including derivative contracts for which there are any material foreseeable losses.

**41. 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.

**42. Donations**

Donations include payments of Rs 2,60,000/- (31 March 2014: Rs.18,69,500/-) made to Communist Party of India Marxist, National Congress Party and Congress S.

**43. Transfer of Unclaimed Dividend to Investor Education and Protection Fund**

During the year the company has transferred the unclaimed dividend for the year 2006-07 amounting to Rs. 2,86,232/- to the Investor Education and Protection Fund.

**44. PREVIOUS YEAR FIGURES**

Previous year figures have been reworked, regrouped, rearranged and reclassified, wherever necessary.

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

**For KOLATH & CO**

Chartered Accountants  
Firm Regn. No. 008926S

Sd/-

**CA Liju V Rajan Kolath**

Partner  
Membership No. 209309

Kizhakkambalam  
4th April, 2015

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

Sd/-

**Sabu M Jacob**

Managing Director

Sd/-

**CA Bobby Michael**

General Manager-Finance  
Chief Financial Officer

Sd/-

**CA Benni Joseph**

Director

Sd/-

**A Babu**

Company Secretary

## ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2014-15

<b>1</b>	Brief outline of the Company's CSR policy, projects and programs proposed to be undertaken with web-link to CSR policy and Projects or programs	<p>For us in the Kitex Group, reaching out to underserved communities is part of our HERITAGE. We believe in the trusteeship concept. This entails transcending business interests and grappling with the "quality of life" challenges that underserved communities face, and working towards making a meaningful difference to them.</p> <p><b>Our vision</b> is – "to effectively contribute to the social and economic development of the communities in which we operate. In doing so we intend to build a better, sustainable way of life for the weaker sections of society and raise the country's human development index". <b>Our Vision converges on Corporate Social Responsibility for Kizhakkambalam, where we dream to make this Panchayath the best in the State among the total 978 Panchayaths.</b></p> <p><b>Our CSR policy include:</b></p> <ol style="list-style-type: none"> <li>1. To pursue a corporate strategy that enables realisation of the twin goals of shareholder value enhancement and societal value creation in a mutually reinforcing and synergistic manner.</li> <li>2. To implement Social Investments / CSR programmes primarily in the economic vicinity of your Company's operations with a view to ensuring the long term sustainability of such interventions.</li> <li>3. To contribute to sustainable development in areas of strategic interest through initiatives designed in a manner that addresses the challenges faced by the Indian society especially in rural India.</li> <li>4. To collaborate with communities and groups to contribute to the national mission of eradicating poverty and hunger, especially in rural areas, through superior farm and agri-extension practices, soil and moisture conservation and watershed management, conservation and development of forest resources, empowering women economically, supplementing primary education and participating in rural capacity building programmes and such other initiatives.</li> <li>5. To sustain and continuously improve standards of Environment, Health and Safety through the collective endeavour of your Company and its employees at all levels towards attaining world class standards and support other programmes and initiatives, internal or external, for the prevention of illness and combating of diseases as may be considered appropriate from time to time.</li> <li>6. To encourage the development of human capital by expanding human capabilities through skills development, vocational training etc. and by promoting excellence in identified cultural fields.</li> </ol> <p>Details of CSR activities under taken in the current year is available in our weblink: <a href="https://www.facebook.com/KitexGarments">https://www.facebook.com/KitexGarments</a> Kizhakkambalam. Further details of Company's CSR policy is available in <a href="http://www.kitexgarments.com/CSR">www.kitexgarments.com/CSR</a></p>
<b>2</b>	Composition of the CSR Committee.	The CSR Committee was constituted with Mr.Sabu M Jacob C&MD , Mr.C.Mohan, Mr. K.L.V.Narayanan Members w.e.from 4.3.2014. Consequent to appointment of Mr. Benni Joseph as Independent Director on 12.01.2015, he is also inducted into the committee with effect from that date.
<b>3</b>	Average Net profits of the company for the last three financial year	Average Net profits : 57.42 crores
<b>4</b>	Prescribed CSR expenditure (Two percent of the amount in item no. 3 above)	Rs.114.88 lakhs
<b>5</b>	Details of CSR Spent during the financial year:	<p>Amount budgeted for the year 2014-15 : Rs.115.00 lakhs</p> <p>Amount spent upto 31.03.2015 : Rs.148.14 lakhs</p> <p>Amount Unspent if any : Nil</p>

Manner in which the amount was spent during the financial year ended 31.03.2015							
CSR project activity	Health Care	Drinking Water	Housing	Agriculture	Education	Infrastructural development	Community Welfare
Sector in which the project is covered	Schedule VII(iv)- Improving Child mortality and improving maternal health	Sch. VII(iv) & (vi) Improving Material Health and ensuring environmental sustainability	Sch. VII(vi)- Ensuring environmental sustainability	Sch. VII(i)- Eradicating extreme hunger and poverty	Sch. VII(ii) – promoting education	Sch. VII(vi)-Ensuring environmental sustainability	Sch. VII(iii)- Promoting gender equality and empowering women.
Projects Or programs (1) local area or other (2) specify the state and district where projects or programs was undertaken	Local area covered by Kizhakkambalam Panchayat in Ernakulam District in the State of Kerala	Local area covered by Kizhakkambalam Panchayat in Ernakulam District in the State of Kerala	Local area covered by Kizhakkambalam Panchayat in Ernakulam District in the State of Kerala	Local area covered by Kizhakkambalam Panchayat in Ernakulam District in the State of Kerala	Local area covered by Kizhakkambalam Panchayat in Ernakulam District in the State of Kerala	Local area covered by Kizhakkambalam Panchayat in Ernakulam District in the State of Kerala	Local area covered by Kizhakkambalam Panchayat in Ernakulam District in the State of Kerala
Amount Outlay(budget) project or programwise	Rs. 1.80 lakhs	Rs. 7.45 lakhs	Rs. 45.40 lakhs	Rs. 30.98 lakhs	Rs. 6.47 lakhs	Rs. 5.60 lakhs	Rs. 50.44 lakhs
Amount spent on the projects or programs sub-heads : (1) Direct expenditure on projects or programs (2) over heads	<b>Rs. 1,80,531</b>	<b>Rs. 7,44,658</b>	<b>Rs. 45,40,249</b>	<b>Rs. 30,98,462</b>	<b>Rs. 6,46,603</b>	<b>Rs. 5,60,086</b>	<b>Rs. 50,43,624</b>
Cumulative expenditure up to the reporting period	<b>Rs. 1,80,531</b>	<b>Rs. 7,44,658</b>	<b>Rs. 45,40,249</b>	<b>Rs. 30,98,462</b>	<b>Rs. 6,46,603</b>	<b>Rs. 5,60,086</b>	<b>Rs. 50,43,624</b>
Amount spent Direct or through implementing agency	<b>Rs. 1,80,531</b>	<b>Rs. 7,44,658</b>	<b>Rs. 45,40,249</b>	<b>Rs. 30,98,462</b>	<b>Rs. 6,46,603</b>	<b>Rs. 5,60,086</b>	<b>Rs. 50,43,624</b>

We hereby declare that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the company.

**Sabu M Jacob**  
Chairman & Managing Director

**Benni Joseph**  
Chairman CSR Committee



# CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2015

	For the year ended 31st March, 2015	For the year ended 31st March, 2014
	Rupees	Rupees
<b>A) Cash flow from Operating activities</b>		
Net Profit/(Loss) before tax and extra ordinary items	14166,74,774	8818,53,133
Adjustment for :		
Depreciation	2132,94,388	968,00,070
Interest paid	1916,40,753	1061,59,460
Profit/Loss on sale of Fixed Assets	59,04,262	9,056
Tax paid	(3638,25,549)	(2418,86,460)
Dividend Received	-	(51,800)
Interest received	(39,92,902)	(39,86,912)
<b>Operating Profit before working capital changes</b>	<b>14596,95,726</b>	<b>8388,96,547</b>
Adjustment for :		
Trade & other receivable	(1287,60,616)	(1661,23,112)
Long term loans and advances	(76,73,790)	709,83,071
Margin Money Deposit	128,07,753	(39,95,130)
Inventories	(40,33,144)	3506,18,222
Trade Payables	(484,08,270)	631,60,940
<b>Cash generation from operation</b>	<b>(1760,68,067)</b>	<b>3146,43,991</b>
<b>Net cash from operating activities</b>	<b>12836,27,659</b>	<b>11535,40,538</b>
<b>B) Cash flow from investing activities</b>		
Dividend Received	-	51,800
Interest Received	39,92,902	39,86,912
Sale of Fixed Assets	156,43,332	2,500
Payment for Fixed Assets	(3178,88,352)	(7202,44,669)
<b>Net cash used in investing activities</b>	<b>(2982,52,118)</b>	<b>(7162,03,457)</b>
<b>C) Cash flow from financing activities</b>		
Interest paid	(1916,40,753)	(1061,59,460)
Dividend Paid including Dividend Distribution tax	(555,72,625)	(444,58,100)
Proceeds from Long term borrowings	371,26,006	3210,76,675
Proceeds from Working Capital borrowing	2340,11,783	124,60,223
<b>Net cash from financing activities</b>	<b>239,24,411</b>	<b>1829,19,338</b>
<b>Net change in cash &amp; cash equivalents (A+B+C)</b>	<b>10092,99,952</b>	<b>6202,56,419</b>
Opening Cash and Cash equivalents	9846,22,628	3643,66,209
Closing Cash and Cash equivalents	19939,22,580	9846,22,628
1 Componenets of Cash and Cash Equivalents		
a Cash on hand	10,13,323	5,65,039
b Balance with Banks On current accounts	19929,09,257	9840,57,589
	<b>(A)</b>	<b>19939,22,580</b>
2 Other Bank Balances		
a Ear marked balances with banks On unpaid dividend accounts	48,45,930	42,62,740
b Margin money deposit	338,08,176	471,99,119
	<b>(B)</b>	<b>386,54,106</b>
<b>Cash and bank Balances as per Balance sheet (Note 16)</b>	<b>(A)+(B)</b>	<b>20325,76,686</b>

This is the cash flow statement referred to in 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  
4th April, 2015

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

Sd/-  
**Sabu M Jacob**  
Managing Director

Sd/-  
**CA Bobby Michael**  
General Manager-Finance  
Chief Financial Officer

Sd/-  
**CA Benni Joseph**  
Director

Sd/-  
**A Babu**  
Company Secretary



**KITEX GARMENTS LIMITED**

CIN: L 18101KL1992PLC006528  
 Building No.9/536, Kitex House, Kizhakkambalam -683562, Aluva, Kerala, India. www.kitexgarments.com

**ATTENDANCE SLIP**  
 23rd Annual General Meeting

Reg. Folio/DP & Client No.	
No .of Shares Held	

I certify that I am a registered Shareholder/Proxy for the registered shareholder of the Company. I hereby record my presence at the 23rd Annual General Meeting of the Company at the Factory Premises of the Company at Building No.9/536 A, Kizhakkambalam at 10 AM on Thursday, the 4th June, 2015

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.

Form No. MGT-11

CIN:L18101KL1992PLC006528

**KITEX GARMENTS LIMITED**

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

**PROXY FORM**

(Pursuant to Section 105(6) of the Companies Act, 2013 and rules 19(3) of the Companies ( Management andAdministration) Rules, 2014)

Name of the member (s):	
Registered Address :	
E.Mail Id :	
Folio No./Client Id :	
DP ID :	

I/We,being the member(s) holding \_\_\_\_\_shares of the above named Company, hereby appoint

1. Name : \_\_\_\_\_, Address \_\_\_\_\_ E.mail ID \_\_\_\_\_ Signature \_\_\_\_\_ or failing him
2. Name : \_\_\_\_\_, Address \_\_\_\_\_ E.mail ID \_\_\_\_\_ Signature \_\_\_\_\_ or failing him
3. Name : \_\_\_\_\_, Address \_\_\_\_\_ E.mail ID \_\_\_\_\_ Signature \_\_\_\_\_ or failing him as my/our proxy to attend and vote on a poll for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company, to be held on the 4th June,2015 at 10.30 A.M at Kizhakkambalam, Ernakulam and at any adjournment thereof in respect of the following resolutions as are indicated below:

	<b>ORDINARY BUSINESS</b>	<b>Tick appropriately</b>
1	Adoption of Financial Statement for the year ended 31st march, 2015	For/Against
2	Approval of Dividend for 2015	For/Against
3	Re-appointment of Shri.K.L.V Narayanan, who retires by rotation	For/Against
4	Re-Appointment of Messrs. Kolath & Co, Chartered Accountants as Independent Auditors and fixing their remuneration	For/Against
<b>SPECIAL BUSINESS</b>		
5	Special resolution for amendment of Articles of Association as per new Companies Act, 2013	For/Against
6	Appointment of Prof. E M Paulose as Independent Director for a period of five years not liable to retire by rotation.	For/Against
7	Appointment of Mr.Benni Joseph as Independent Director for a period of five years not liable to retire by rotation	For/Against
8	Re-appointment of Mr. Sabu M Jacob as Chairman & Managing Director for a period of Five years not liable to retire by rotation	For/Against
9	Appointment of Mrs. Sindhu Chandrasekhar a Whole-time Director designated as Woman Director for a period of five years liable to retire by rotation	For/Against
10 & 11	Increase in Authorised share capital of the company from Rs.5.00 crores to Rs. 25.00 crores for further issue of shares.	For/Against

Signed this \_\_\_ day of \_\_\_ 2015

Signature of shareholder

Signature of  
 Proxy holder(s)  
 Affix Re.1  
 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.For the Resolutions, explanatory statement and notes, please refer to theNotice of the 23rd Annual General Meeting.











**Registered Office**  
Building No. 9/536 A,  
Kizhakkambalam, Aluva, Kochi 683562  
Tel. 0484 - 4142000, Fax. 0484 - 2680604  
email. [sect@kitexgarments.com](mailto:sect@kitexgarments.com)