

KITEX

Kitex Garments Limited

(CIN: L18101KL1992PLC006528)

Regd. Office: P. B. No. 5, Kizhakkambalam,
Alwaye, Kochi, Kerala, 683562

Phone: 91 484 4142000, Fax: 91 484 2680604

Email: sect@kitexgarments.com

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Ref: KGL/SE/2021-22/AUG/05

August 13, 2021

To,

<p>The Secretary</p> <p>BSE Limited Corporate Relationship Department, 1st Floor, New Trading Ring, Rotunda Building, P J Towers, Dalal Street, Fort Mumbai, Maharashtra - 400001</p> <p>Script No: 521248</p>	<p>The Secretary</p> <p>National Stock Exchange of India Ltd 'Exchange Plaza', Bandra - Kurla Complex Bandra (E), Mumbai, Maharashtra - 400051.</p> <p>Script No: KITEX</p>
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Sub:- ANNUAL GENERAL MEETING, 29th AGM NOTICE ALONG WITH ANNUAL REPORT FOR THE FY 2020-21 AND INTIMATION OF BOOK CLOSURE

We refer to our letter no. KGL/SE/2021-22/JULY/08 dated July 26, 2021 and would like to inform you that 29th Annual General Meeting (AGM) of the members of the Company will be held on Tuesday, September 7, 2021 through Video Conferencing (VC) / Other Audio Visual Means (OAVM) facility at 11.00 A.M. (IST) to transact the business set out in the Notice of said meeting. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") and Securities and Exchange Board of India ("SEBI") have vide its various circulars permitted holding of the AGM through VC/ OAVM, without the physical presence of the Members at a common venue.

Pursuant to Regulation Reg 30 and 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), we are submitting herewith the Annual Report of the Company along with Notice of AGM for the FY 2020-21 which has dispatched/ sent to the members. Owing to the difficulties involved in dispatching the physical copies of AGM Notice and Annual Report of the Company for the year ended March 31, 2021 including therein the Audited financial statements of the Company for FY 2020-21, the aforesaid documents has sent only by email to the members.

Annual Report containing the Notice is also uploaded on the Company's website: www.kitexgarments.com

Also further to the publication of newspaper advertisement dated July 23, 2021 which was submitted to the stock exchanges, informing the members to register/ update email id who have not registered their email id with the Company/ Company's RTA/ Depository Participant for the purpose of obtaining notice of 29th AGM of the Company along with Annual Report for the financial year March 31, 2021, such members can obtain Annual



Report and/ login details for joining AGM of the Company by sending scanned copy of signed request letter mentioning Name, Folio no. and complete address, self-attested scanned copy of PAN card and any document like Aadhar card, Driving license, Voter ID etc in support of address of the member as registered with the Company by email to the RTA's email id viz., investors@cameoindia.com with a copy to the company mail id viz., sect@kitexgarments.com. Members holding shares in dematerialized form are requested to update their email addresses with their respective depositories.

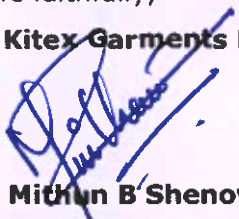
Pursuant to Section 91 of the Companies Act, 2013 and Regulation 42 of the SEBI Listing Regulations, the Register of Members and Share Transfer Books of the Company will remain closed from September 1, 2021 to September 7, 2021 (both days inclusive) for the purpose of AGM for the FY 2020-21.

The Cut-off date for the purpose of E-voting is fixed as August 31, 2021. Those shareholders holding shares either in physical form or demat form as on cut-off shall be entitled to avail the facility of remote e-voting as well as e-voting during the AGM.

Request you to take the aforesaid information on record and oblige.

Yours faithfully,

For **Kitex Garments Limited**



CS. Mithun B Shenoy
Company Secretary & Compliance officer
(ICSI M. No. FCS 10527)

Enclosure: As above



AN ART OF RESILIENCE

Integrated Annual Report 2020-21



KITEX
KITEX GARMENTS LIMITED

WHAT IS IN THIS REPORT

The FY2021 Annual Integrated Report of Kitex Garments Limited contains voluntary management narratives and statutory boards' reports and financial statements. The management narratives on how the company creates value for its stakeholders are explained using the Value Reporting Foundation's six capital methodology and the impacts are linked to the United Nation's Sustainability Development Goals (UN SDGs).

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OUR FOUNDER & HIS VISION

At Kitex, enriching people through caring is inherent in our business model. Since the inception of the company our founder M.C Jacob had implemented the concept 'caring' as its 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, the business, employee & community relations are strengthened.

Our founder Late Mr. Meckamkunnel Chacko Jacob (M.C.Jacob) was moved by the plight of the farmers who worked in his father's fields. That's when he decided to set up an aluminium-based unit in 1968 with an employee strength of eight. This was the first baby step to put Kizhakkambalam, then a remote village in Kerala into a hub of industrial activities.

The Anna-Kitex group of companies which he founded, since then took wings and grew multifold. By the time he departed from this world in 2011, the group had become a diversified business conglomerate having interests in Aluminium, Spices, Textiles and Apparels. The group provided scores of people livelihood by giving employment as well as through its regular social interventions.



Shri. M.C.Jacob

(22.04.1933 – 05.06.2011)

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ABOUT US

Established in 1992, Kitex Garments Ltd (KGL) is into exports of cotton and organic cotton garments especially infants 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 infants wear as well as fabrics.

Infant apparels manufactured by the Company are available in Australia, Austria, Brazil, Canada, China, France, Germany, Liberia, India, Indonesia, Israel, Japan, Mexico, Poland, Saudi Arabia, Switzerland, UAE and USA through the outlets of our clients.

Our unit located near Kochi- India comes with an advantage of direct logistic connectivity with major international destinations by sea and air. The newly commissioned INDIA GATEWAY TERMINAL (IGT) at Vallarpadam, Kochi, is the first International Transshipment Terminal in India. It eliminates the need to transship through Singapore or Colombo - increasing speed to market, at lower cost. The port is adjacent to the direct maritime highway between Far-East, Europe and the United States.

4,32,000

Per day Capacity (Infant wear) units

4,644

Number of Employees

50

Textile Capacity per day (Tons)

3,50,000

Built up Area

Our Global Footprints



CHAIRMAN'S MESSAGE

Despite these challenges we continued our operations and generated a revenue of ₹ 45,970 lakhs on consolidated basis. Though the topline is 41% less than the previous year, generating a net profit of ₹ 5990 Lakhs during these unprecedented adversities is indeed a show of our operational resilience.

Dear Shareholders

I am delighted to present our first Integrated Annual Report. This year's report, apart from the statutory disclosures also includes a detailed narrative on how we create value through our capabilities, strategies and ESG (Environment, Social and Governance) practices. Creating value for all stakeholders is ingrained in our business model since our founding days. In the recent years we have further enhanced our social commitment. The socio and economic transformation in Kizhakkambalam – where we are located is a testimony to it. Our global brand positioning is also based on our ability to adhere to various human, social and quality auditing conducted by our clients and global agencies. I request all of you to read through this report to understand our business and the value creation model of the Company.

Covid Impact

It has been over a year that we all are facing difficult and challenging situation unleashed by COVID19. The global pandemic has created uncertainty all over the world and significantly affected almost all the sectors particularly travel, tourism and entertainment. But the world is fast recovering. While the world fought the virus with all its might the invention of vaccines by various pharma companies' including those from India have come as a big relief. My deepest sympathies to all those who lost their dear ones. No economic recovery or financial aid can heal the emotional impact of losing the dear ones – I hope time will.

As most of you are aware, the year under reporting has been very challenging for our clients. As a key constituent in their value chain, we were also impacted. While pandemic and ensuing economic disturbances impacted product demand from our key markets, the unavoidable lockdown and social distancing norms impacted our operations. However, our priorities have been protecting our staff. The management swiftly responded to the challenge

and ensured safety of our employees. We imposed complete restriction of people movement into and to outside of our facility. Our facility also includes the staff accommodation and through the strict adherence to safety norms we continue to protect them. Due to our preparedness and experience in strictly monitoring and implementing the Covid 19 protocols our operations were not impacted during the second wave of the pandemic.

The first dose vaccination of our employees have been completed and the second dose is underway. Despite these challenges we continued our operations and generated a revenue of ₹ 45,970 lakhs on consolidated basis. Though the topline is 41% less than the previous year, generating a net profit of ₹ 5990 Lakhs during these unprecedented adversities is indeed a show of our operational resilience. Our newly initiated cost control initiatives in FY20 helped us to maintain a decent profitability, despite increase in the cost of key raw materials. Going forward we expect the raw material cost to come down and this coupled with sustained cost control initiatives will enable us to achieve increased profitability in FY22 and beyond. Going forwarding from the last quarter of FY21, our shipments and revenues have started picking up.

Key Trends

Despite time to time emergence of adversities in our key markets, the demand for our products continue to grow as the awareness and demand for quality infant garments are becoming more and more Universal. Leading MNC retailers and brands, many of them our clients, are expanding their geographical footprints



Going forwarding from the last quarter of FY21, our shipments and revenues have started picking up.

offline and online across the world. Today our products through our clients are available in over 20 countries.

One of the other key factor in the favour of textile and apparel manufacturers in India is US reducing its dependency on China and the sourcing shifting to countries like India. A detailed analysis of the emerging global trends in our business segment is given under the Management Discussions and Analysis.

FY22 and Beyond

Amidst challenges, your company has reported an all-time high Q1 FY 2022 turnover of ₹ 160 crores which is a clear indication of the our business retuning to the pre-covid days and beginning of a new growth trajectory.

Stepping into FY22 one of the landmark decision we have taken is to expand our manufacturing footprints beyond Kerala and subsequently we held discussions with representatives of different state governments.

I express my sincere thanks to the various state industrial department agencies for inviting us and explaining their policies. Based on our meeting with the officials of the Telangana and our internal deliberations we have decided in principle to expand our manufacturing capabilities in the State of Telangana. We would be investing ₹ 1,000 crore to set up our facility in the selected industrial park.

The new investment location comes with state-of-the-art infrastructure and logistics facilities. The state of Telangana is abundant with the raw materials required for us. Competitive cost of construction, availability of required human capital, ease of doing business with proactive policies and incentives are the other advantages of the state.

While concluding my remarks I take this opportunity to thank our customers, banks, last but not least, our team on their outmost resilience, discipline and hard work.

Please continue to stay safe.

Sabu M. Jacob

Chairman and Managing Director



COVID 19 IMPACT & MITIGATION

Workforce Protection

When the outbreak of the pandemic in India was reported, the entire facility which includes the employees' hostels were quarantined and no outsiders were permitted to come into the premise.

Further, COVID task forces were deployed to monitor the impact of both physical and mental health, on the entire workforce and families of employees. Awareness classes are being conducted even today for employees in the hostel and in the plant about importance of social distancing, sanitizations, safety norms and other covid protocols. Security personnel are deployed in the entrance to ensure that social distancing and sanitization is done by employees while entering and exiting.

The administrative staff members were allowed to work from home as well as a temporary office which was arranged for any emergency requirements of attending the office. Due to these strict measures the pandemic did not impact our staff residing inside the premise. The inhouse medical team equipped with all emergency healthcare facilities have been keeping a watch on any health issues among the employees and responding accordingly.



While ensuring a responsible and thriving workplace, the Company took all measures to prevent the pandemic like providing immunity boosters like OTX vitamin supplements, ayurvedic and homeo prescriptions to increase immunity among our work force.

The Company has initiated a Covid Vaccination drive for employees and their families. The Company has ensured over 6000 vaccinations as on date for employees, family members, and business partners.

Declaration on Remuneration and Retrenching: There were no reduction in the remuneration for those who attended the office and no retrenchment on account of COVID 19 outbreak and due to the ensuing partial disruptions in the business.

Supply Chain Impact /Stabilization

During the initial months of the lock down commencing from March, 2020 the production, operations and inputs supplies were partially impacted however it has been completely restored post lock down. Even during the lockdown period, the Company was able to maintain its inventory with prior planning and all the required inputs were available to conduct the required production seamlessly.

Due to the disruptions in the Company's main markets like US and UK the production quantity of the infant garments got reduced. Stepping into FY22 the demand is picking up and in future also the Company expects the demand to pick up.

Customer Engagement

COVID 19 re-engineered our working strategy and online options were widely adopted. Some of the customer engagement initiatives were:

- Weekly production updates were shared with the buyer followed up with online conference calls & meetings.
- Physical Factory audits changed to online audits.
- Inspections were conducted online with Buyer Quality & Third Party Audits.
- All factory certifications audits were conducted by third party through online meetings.

Financial Stress

The revenue and subsequently margins were impacted during FY21. However the Company could manage its working capital, receivables and costs without incurring any debt.

Financial Stress

Particulars		Impact & Company's response/Action	Future plans / impacts
1	Revenue Loss if any	Turnover was effected due to disruptions in international logistics and abundant caution applied in executing orders	The order position is solid now and we expect turnover to revive to the level of past performance. Also The Company has taken excellent cost drive measures.
2	Financial stress working capital, collecting receivables, cost escalation, impact on margins	Currently, the Company is a Zero Debt company and has adequate liquid assets besides and the whole working capital limits are undrawn and available and more than adequate for any adverse situation. The Management is aware of the increased operational costs and has taken adequate cost control measures.	The Company do not expect any disruptions in working capital, receivables, cash balance while going forward.



STRATEGIC MILESTONES

1992

Kitex Garments incorporated its business at Kizhakkambalam, Kerala

Strategy 1

PRODUCT CAPACITY INCREASE & BACKWARD INTEGRATION

Strategy 2

MARKET EXPANSION

1993

The Company commenced its garments manufacture with 300 employees

Strategy 3

EQUITY / DEBT CAPITAL FINANCIAL CAPITAL / RATING

Strategy 4

AWARDS / RECOGNITIONS

2000

The Company diversified its manufacture to infantswear

2007

Backward integration by way of processing plant of yarn to fabrics has set up.

2017

Opened a world class design studio in New Jersey to give designing services based on their unique requirements purely as a value addition.



2015

Kitex USA LLC established in the year
Executed license agreement through M/s. KITEX USA LLC, with M/s. Lamaze International Inc, USA for manufacture and supply of Infants garments in USA and Canada.

2016

Own Brand "Little Star" has been launched which envisages as a mass market product in US and Canada.



1995

Went to the public through IPO and listed in BSE and NSE.

2015

Credit rating upgraded from AA(-) to A+ in July 2015.

Market capitalization crosses ₹ 5000 crores.

2017

Allotted bonus shares to the shareholders in ratio of 2:5.

2020

Achieved the record turnover of ₹ 783 Crores.

2021

Company become debt free company

2015

Enters into Forbes Asia best 200 list in the month of June 2015.

3rd leading manufacturer and exporter of infants garments in the world.

Received KSIDC Award for Excellence.

2019

2nd largest infant apparel manufacturer in the world.



SIX CAPITALS OF KITEX

To design manufacture and deliver its products, Kitex makes use of resources that include not only financial capital, but also manufactured capital, intellectual, human knowledge, social unity and natural sources.



Manufactured Capital

Refer Page 11



Intellectual Capital

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Natural Capital

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Human Capital

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Financial Capital

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Social Capital

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MANUFACTURED CAPITAL

Manufactured Capital is the collection of physical, material and technological objects that are available to an organisation for use in the provision of services and therefore in fulfilling its purpose.

Manufactured Capital

HOW WE CREATE MANUFACTURING VALUE

Kitex Garments is a leading global player in the infantwear known for its state of the art manufacturing facility in compliance with world’s leading manufacturing quality standards. The Company’s agile production planning and manufacturing capabilities allows to manufacture a wide variety of infant garments competitively. The Company’s effective supply chain management ensures that the product manufactured by the Company are delivered on time, supporting a large number of MNC retail and infant garment brands in the world.

UN SDG Linkages



Inputs	Key Initiatives / Strategy
Ever growing demand for high quality infant garments.	Cost competitive agile/scalable manufacturing and business continuity plans.
Multiple years of experience in infant garments manufacturing processes and global experts in the leadership roles.	Global Quality certifications on responsible production, workplace conditions, organic textile standards, product safety and international supplier standards.
State of the art machineries - IT enabled precision manufacturing of infant garments.	Ongoing capex to improve, enhance manufacturing and technological capabilities.
Strong Supply Chain: forward linkages with leading MNCs and backward linkages for sourcing material from reliable suppliers.	Vertically integrated manufacturing.
World class infrastructure- Factory and Hostels.	Employee welfare safety and Health.
Expected dependence on India from USA and Europe as an alternative to China.	Continues training to upgrade skills of staff and work men.

Outcomes	Value Created
Globally competitive, scalable, flexible and widely accredited manufacturing.	Reliable manufacturing and supply of high quality infant garments.
facilities that provide a sustainable competitive advantage.	Availability of safe and good garments for infants in most parts of the world.
Manufacturing capabilities and suppliers aligned to commercial objectives of the company.	4,644 employed in the manufacturing division of which 48.90% are females.
Economies of scale for key products.	
Despite the challenges of COVID-19, the Company could sustain its operations and exports capitalising on the “preferred supplier” status.	
Establishing global leading buyers as clients.	

Manufactured Capital

KITEX VALUE CHAIN

Having an integrated and traceable value chain which meets various global standards at various stages of the product supply chain is the key global differentiator at Kitex. The value chain at Kitex primarily consists of an external and internal value chain. We purchase yarns, dyestuffs and chemicals from approved sources and are tested as per Oekotex Standard 100 Class-I and GOTS Organic standards. The dye recipes, dye dispensing and yarn dyeing are done using robotic technology for accuracy and quality. Kitex uses the most advanced knitting machinery including fully robotised yarn dyeing machine to convert yarn into greige fabric which is bleached using advanced German machinery and further dyed using colour pad technology. Dyed fabrics are washed and printed on modern rotary printing machines. The fabrics thus produced confirms to all product safety standards and meet strict international quality norms (CPSIA). Fabrics are further cut by using automated spreading and cutting machines. Advanced embroidery machines, cutting-edge- IT enabled sewing procedure takes the process to the final product stage which confirms to Oekotex Standard 100 Class1, GOTS and CPSIA. We have special software in production which monitors hourly individual operator efficiency.

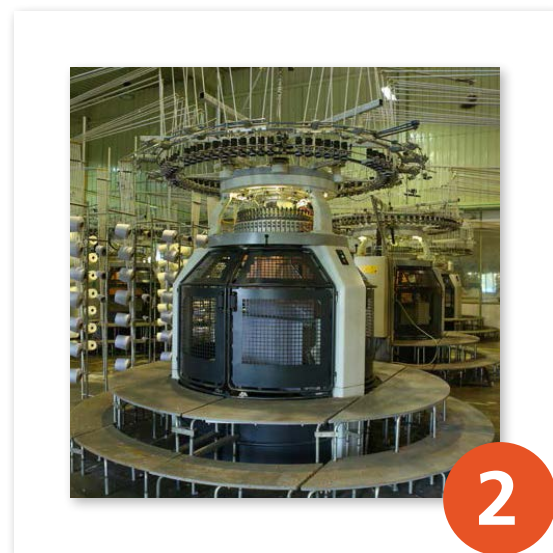


1

Cotton is harvested from farms

Raw cotton undergoes ginning and is cleaned and converted to bales for dispatch to spinning mills

Fibres are spun to make yarns in spinning mills



2

Yarn, dyestuffs and chemicals are purchased by Kitex and tested at its laboratory. All ingredients must meet Oekotex Standard 100 Class-I standards and GOTS Organic standards

Fully automated robotic technology is used to prepare dyeing recipes at Kitex's laboratory. This ensures accuracy and consistency of colours

Dye-dispensing is done in a fully automated manner at Kitex

Robotized, fully automated yarn-dyeing is used for value-added yarn-dyed products



3

Yarns are of the highest quality in terms of specifications like count, strength, evenness as well as product safety parameters laid out by Oekotex Standard 100 Class-I & GOTS standards

Kitex uses the most modern advanced knitting machinery from Japan and Germany to convert yarn to greige fabric

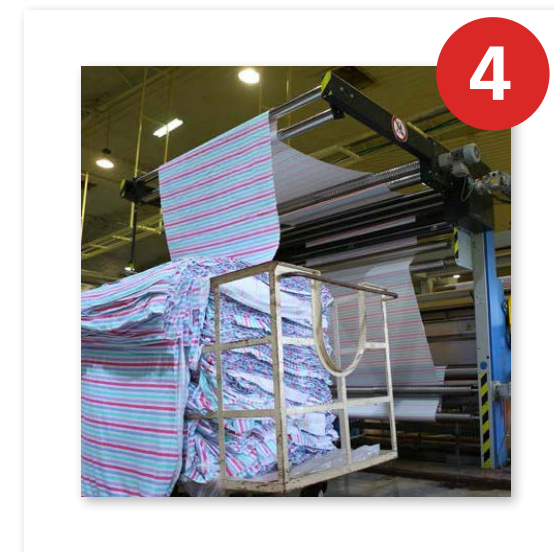
Greige fabric is bleached on advanced bleaching machinery from Germany

Cold Pad Technology is used to dye fabrics in a relaxed continuous open-width process that ensures high dye-pickup, color consistency and low water and energy consumption. Rolling stations ensure efficient dye-pickup and excellent colour fastness

Washing is done thereafter on advanced relaxed open-width machinery from Germany

Fabric is printed on modern rotary printing machines from Austria. Advanced features like design-memory and extended chamber ensures high quality output

Fabrics produced are of highest quality in terms of specification and product safety compliance



4

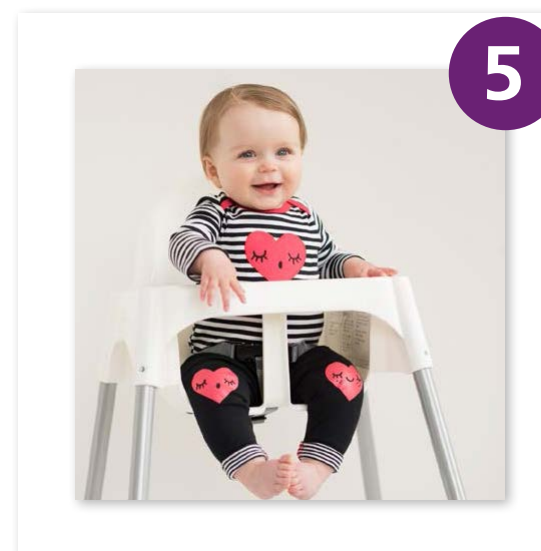
Automated Spreading and Cutting machines enable accurate cutting of fabrics

Automatic screen-printing machines from Austria are used for placement printing - for value-added products that have prints on garments

Advanced embroidery machines from Germany and Japan enable value addition of garments to cater to higher-end customers who require embroidery motifs on their garments

Sewing production done in a systematic manner. Advanced systems like GSD, Inspire and ERP enable cost-effective and efficient production and tracking

Final products are of the highest quality in terms of specifications, and comply with strict product safety standards of Oekotex Standard 100 Class-I, GOTS and CPSIA



5

Manufactured Capital

MANUFACTURING CAPABILITIES

Over the years the Company has been upgrading its manufacturing facilities with respect to advancing technology as well as capacity. The total capex from FY16 to FY20 is ₹ 9,333.55 lakhs. The capex programme in FY21 is in hold due to partial disruptions in supply and demand due to COVID19. The Company's vertical manufacturing set-up enables knitting and processing of fabrics, until finished garments are done. The facility is a 3,50,000 sq. ft garmenting factory and manufactures fabrics in its 240 meters long and 70 meters wide process house in an area of 2,00,000 sq. ft. which is one of the largest in its segment in the world under one roof. The plant produces knitted fabrics that are of exceptional quality, and is well appreciated and recognized by reputed childrenswear apparel brands in the United States and Europe.

PRODUCTION CAPABILITIES

4,32,000

Units per day

50

Tones
Per Day Textile Capacity

3,50,000

Sq. Feet
Built up Area

Unique Equipment / Technological Capabilities

The Company does not rely on out-sourcing of fabrics as it produces its own fabrics. It also has a large embroidery and screen-printing (chest printing) setup, and thereby having control over the processes and ensures that client's needs are met according to regulatory as well as varying design, quality and seasonal requirements. Some of the unique equipments are as below

- Digital dispenser system for error-free, automatic preparation of colour guidelines
- High quality knitting machines
- Most updated dyeing, printing and finishing machines
- Computer- Aided-Design (CAD), plotting and grading for enhancing speed of spreading
- Automated cutting machines that enable faster & precision cutting
- Latest sewing machinery for stain-free, quality sewing
- State-of-the-art spectrophotometer to electronic colour reading & transmission



Manufactured Capital

GLOBAL ACCREDITATIONS RELATED TO MANUFACTURING



Worldwide Responsible Accredited Production (WRAP)

Kitex Garments Limited is certified at 'Platinum' level, the highest possible rating, by Worldwide Responsible Accredited Production (WRAP). This certification is recognized by all major retailers, manufacturers and importers in the US and worldwide, and gives them assurance that the apparel produced at the accredited factory is produced in a safe, lawful, humane and ethical manner.



Global Organic Textile Standard (GOTS)

Kitex Garments Limited is certified for compliance to GOTS, the worldwide leading textile processing standard for organic fibres, including ecological and social criteria, backed up by independent certification. It ensures organic status of textiles, from harvesting of the raw materials, through environmentally and socially responsible manufacturing up to labelling in order to provide a credible assurance to the end consumer. This certification enables Kitex Garments Limited to supply certified organic garments to customers worldwide.



Supplier Compliance Audit Network (SCAN)

SCAN is an industry trade association that provides a systematic approach whereby mutually acceptable global compliance standards are achieved in reducing audit and operational redundancy for common supply chain stakeholders while maintaining confidentiality.



Global Security Verification

Kitex Garments Limited is rated as 'Low Risk' by GSV for compliance to Customs Trade Partnership against Terrorism (C-TPAT) and Border

Security requirements laid out by the government of United States. 'Low Risk' is GSV's highest possible rating and assures Governments,

Manufacturers and Retailers that the supply chain operates in a secure and efficient manner.



Supplier Qualification Program (SQP)

International retailers, brands and buyers are demanding more effective ways to evaluate supplier manufacturing performance through improved transparency and more reliable, open benchmarking processes. At Kitex we have adopted Supplier Qualification Program (SQP) standards to meet world-class benchmarking.

Manufactured Capital

PRODUCTS

The Company specializes in knitted garments for infants, toddlers, boys and girls. For children’s garments, the sizes range from Preemie (Premature baby) to 6X (6 years). Its range includes organic as well as conventional clothing. A broad range of products manufactured by the Company in the infant garments are as follows.

Products

- Body suits
- Sleepsuits.
- Sleepwear & SNP.
- Rompers & Skirts
- Tops & Dresses
- Baby Quilts & Bedding
- Burps
- Bibs
- Training Pants & Jackets.



Global Accreditations Related to Product Safety and Quality



Consumer Product Safety Commission (CPSC)

The safety of products is a major concern among retailers worldwide. Governments worldwide have framed policies and standards that seek to ensure the safety of products sold in their countries. In the US, Consumer Product Safety Commission (CPSC) has laid down strict standards that must be adhered to by brands, retailers, manufacturers and importers. In the EU, REACH standards have gained acceptance.



Oeko-Tex

Kitex Garments Limited is certified 'Class-I' for compliance to Oeko-Tex Standard 100 standards. Class-I is the strictest standard for chemical product safety and is an assurance that products so produced are safe for infants.



HIGG Index – Facility Environmental Module

Kitex Garments Limited measure facility’s environmental impact & sustainability – from water use, to waste management, to chemical product safety and energy use – in order to show customers, the progress our factory is making. We use the Higg Index to benchmark ourselves and make more sustainable choices when it comes to Supply Chain.



INTELLECTUAL CAPITAL

Intellectual capital is the value of a company’s employee knowledge, skills, business training, or any proprietary information that may provide the company with a competitive advantage. It is the sum of employee expertise, organizational processes, and other intangibles that contribute to a company’s bottom line.

Intellectual Capital

HOW WE CREATE INTELLECTUAL VALUE



UN SDG Linkages



Key Drivers	Key Initiatives / Strategy	Outcomes	Value Created
Technologization / automation of garment manufacturing.	Before acquiring technology, the Company works with garment technology companies to customise the automated machines to create unique processes.	One of the best infant garment manufacturing unit in the world – a preferred source by world’s leading garment and retail brands.	Faster co-creation of process and product value with suppliers and customers.
Lean approach / increased controlled on the value chain for increased quality and cost efficiencies.	Opened a world class design studio in New Jersey in the month of April 2017.	Increased production in the recent years without adding manpower.	A reliable partner in the clients’ supply chain.
Ever increasing demand for product quality, timely delivery, and reliability.	Global experts as part of the Company’s manufacturing and design team.	Increased brand equity among customers.	
Customers expect design / process agility since USA being the dominant market.	Enterprise IT backbone.	Marque clients – based on the international standards/quality.	

Reduction in cost along with increase in efficiency.

Intellectual Capital

INTELLECTUAL CAPABILITIES

High end infant garment manufacturing comes with years experience, research and knowledge gained while improving processes which are not easily replicable. The Company has gained a global advantage with respect to its unique processes, IT enabled technologies implemented and senior management team which comes with multiple years of experience in infant garment manufacturing. Our team includes global experts heading its manufacturing, design and technology operations.

Global Experts Heading Technology and Manufacturing:

Mr. Donnie Hodge

President & COO, Kitex USA LLC

Mr. Donnie Hodge is an accomplished executive with 40 years experience in Apparel Industry. Mr. Hodge's previous executive positions include COO of Gerber Childrenswear LLC, President and COO of Knights Apparel Inc., Sr. VP Strategic Planning and Executive member of JP Stevens and its successor West Point Stevens. With his understanding of business dimensions like operations, management, manufacturing, marketing and supply chain, he has helped to orchestrate the advancement of these companies. He is also a regular guest speaker at business schools across USA.

Mr. Christian Strahm

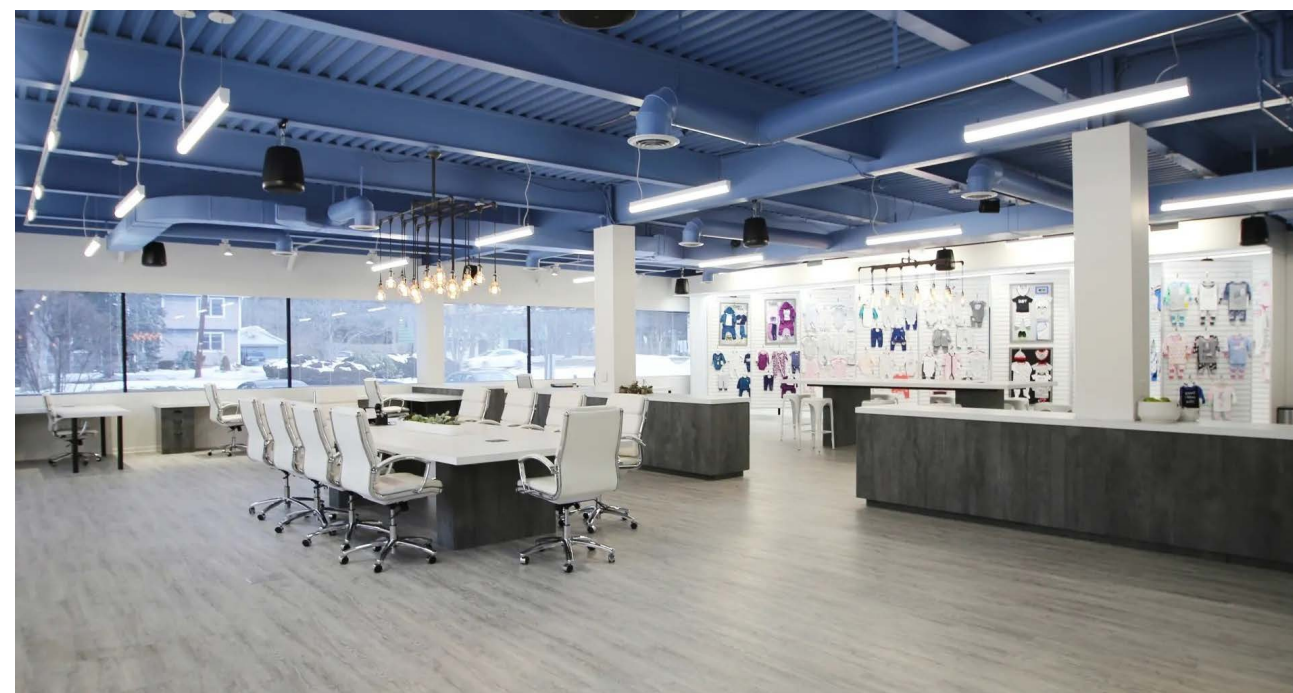
Vice President Manufacturing, Kitex Garments Limited

Mr. Christian Strahm has been associated with Kitex since 2009 and bring to his position a well established background in technology, production, quality and process engineering. A mechanical engineer by qualification with 45 years of global experience in engineering, Mr Strahm is the founder of Santex AG and Strahm Textile Systems AG in Switzerland. He is also dignified winner of Branco Weiss prize and Switzerland's Entrepreneur of the Year Award.



The Company does not rely on out-sourcing of fabrics as it produces its own fabrics. It also has a large embroidery and screen-printing (chest printing) setup, and thereby having control over the processes and ensures that client's needs are met according to regulatory as well as varying design, quality and seasonal requirements. Some of our unique capabilities are as below.

- Used German technology machines for fabric dyeing that can provide advanced open width tensionless processing, computerized mixing & dispensing of dyes, chemicals & printing pastes and cold pad batch technology. It helps to provide colour consistency and repeatability. The machine has current capacity of 26,000 kg / day
- World's largest bleaching machine with continuous bleaching and OB chamber. It's peroxide based non chlorine bleaching with efficient use of water, steam and chemical
- Digital Light Exposing- Screen Engraving machines
- Japanese and German machines used for knitting with consistent weight and less defects
- Robotized Yarn-Dyeing Machine from Italy which has features of robotized loading & handling of yarn, HTHP horizontal package dyeing, Automatic hydro extractor, radio frequency robotized dryer that can provide high level of precision, excellent colour matching and less lot to lot variations
- Computer - Aided-Design (CAD), plotting and grading for enhancing speed of spreading
- Computerized automated cutting machines that enable faster & precision cutting



Brand and Reputation



Apart from the corporate brand Kitex with its global brand reputation, the Company launched its own brand 'Little Star' in the US market few years ago.



The Company is in partnership with Lamaze Organic Baby-Wear. Lamaze Organic Baby-wear offers a full range of styles including bodysuits, coveralls, pants, sets, sleepwear and accessories.



NATURAL CAPITAL

Environmental capital, also called 'natural capital', is defined as indispensable resources and benefits, essential for human survival and economic activity, provided by the ecosystem.

Natural Capital

OUR RESPONSE TO CLIMATE CHANGE



Waste Disposal

It is the policy of the Company to segregate the scraps/waste items by the concerned departments/ sections with bundle tags in the source location itself according to the nature of the waste material. These items are first segregated as "Biodegradable" and "Non-Bio Degradable" items and reprocess or disposed in accordance with the norms. Materials disposed are handed over to the "Scrap Contractors" after verifying their credentials on strict environmental terms and conditions laid down by the Company..

Biological wastes produced at the facility are utilized and converted into biogas which is used in the Company's hostel kitchens as cooking fuel.



Water

By using advanced water purification and conservation mechanisms, the Company is getting closer to its dream of "zero discharge" plant.

Effluent Treatment

The fully-automated highly advanced effluent treatment plant (ETP) and sewage treatment plant (STP) in the Company ensures that the treated water meets European standards and can be reused. Effluent treatment is done through a biological treatment plant, ensuring minimum impact on the environment. Effluents are treated to international standards before they are discharged. The water so discharged is used for irrigating the horticulture plantation in the factory.

Rainwater Harvesting

At Kitex, rainwater is collected, purified and used for various manufacturing processes. Rainwater collected from rooftops is directed to trenches located at all four corners of the factory. It is then made to pass through a water treatment plant, which filters, purifies and treats the water and made suitable for appropriate use.



Energy

Heat Recovery Systems

The Company has invested in Heat Recovery Systems (HRS) with an objective of increasing its process efficiencies and thus decreasing the fuel and energy consumption. Reduction in thermal and air pollution, equipment size and thereby reduction in auxiliary energy consumption are the indirect benefits of HRS.

Energy Efficient Machines & Equipments

The state of the art sewing machines in the plant comes with advanced technology which helps in reduced power and compressed air consumption. The Company's state-of-the-art bleaching and dyeing machines consume considerably less water than the conventional machines. Energy consumed by the machines is only half of what is consumed by normal machines. Machines with higher power consumption have been fitted with variable frequency drive to reduce power consumption.

Advanced Fully Automated Boiler:

Kitex is in the process of commissioning a highly advanced fully automated boiler. This new type of boiler is a single combustion source for steam and thermal oil and requires less space compared to two separate systems. Since it is automated, it also helps in reducing the manpower. Once installed, it is expected to save energy on account of higher boiler efficiencies of upto 85%. Heat recovery systems on the boiler would ensure that energy is saved and operating costs are reduced.

Other Initiatives:

- LED Lamps
- Ozone friendly refrigeration and ACs.

Also Read Safe Drinking Water and Water Security on Page 44



Natural Capital

HOW WE CREATE NATURAL VALUE

Kitex Garments remains committed to conducting its business in an environmentally responsible manner by constantly updating the environment friendly process technology, preserving natural resources and managing the waste and waste disposal.

UN SDG Linkages



Periodic Assessments	Compliance	Energy Efficient Technology
Established environment objectives and targets and periodical internal assessments to minimize the impact on the environment.	Ensure compliance with all regulatory applicable requirements such as the Pollution Control Board.	Promote improvements in energy efficiency and resources through technology upgradation.

Natural Resources	Minimizing Impact	Stakeholder Involvement
Conserve natural resources such as water, energy and other raw materials by promoting pollution prevention, recycling and reuse.	Use manufacturing processes and packaging that minimize adverse effect on the environment.	Ensure all employees (Uniform fond size with other boxes), suppliers, contractors and vendors act in accordance with our environmental initiatives of the Company.



HUMAN CAPITAL

Human capital is the stock of skills, habits, knowledge, social and personality attributes. It is the ability to perform the given organisational tasks so as to progress on the professional goal as well as to contribute to the value creation model of the Company.

Human Capital

EMPLOYEE WELFARE

Employee Accommodation

Company provides a well furnished and hygienic dormitory facility for the outstation female staff. Hostel has a qualified welfare officer and a female security personnel to ensure the welfare and safety of the inmates round the clock. The dormitory comes with all amenities.



Canteen

A well equipped and fully automated canteen facility with steam cooking and automated food processing facilities caters to the food requirements of the inmates round the clock. Regional cuisines are provided to the inmates as per their taste to make them feel at home.



Medical support

A well equipped specialty clinic has been set up inside our premises for instant medical support to the staff. In addition to this a special general physician and qualified nurses are available in the premises during working hours and on call on a 24x7 basis to cater to any medical emergencies. Immediate medical attention is given to the workers falling sick. In case of emergencies, ambulance is available to take the sick to the hospital.



Recreation

Each block is provided with two plasma televisions to cater to the varying linguistic needs of the inmates. Recreational activities are arranged for boosting the morale and mental health of employees. Workers can relax themselves by involving in indoor and outdoor games such as caroms, chess, shuttle, etc. We also provide prayer hall facility for the workers. A separate waiting room is arranged for the visitors.

On Sundays and holidays the hostel inmates are provided with facilities for shopping in nearest cities with transportation and support. To meet the religious needs of the inmates, transports are being provided in the morning and evening to nearby places of worship.





Human Capital

HOW WE ENSURE EMPLOYEE WELFARE

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. The Company is giving direct employment to 4644 employees. The Company endeavours to be an 'Employer of Choice' by fostering an environment of aspirational goal setting, continuous improvement, in addition to health and safety, and corporate responsibility.

UN SDG Linkages



Particulars	Works Committee	Health and Safety Committee
Composition	14-15 members along with HOD representatives of HR/Welfare/Compliance	14-15 members along with HOD representatives of HR/Welfare/Compliance
Issue that are handled	Work related issues like works overload, harassment from superior etc.....	Health and safety related issue
Committee Meeting	Once in every month	Once in every month

Grievance Committee	Canteen Committee	Prevention of Harassment and Abuse Committee
14-15 members along with HOD representatives of HR/Welfare/Compliance	14-15 members along with HOD representatives of HR/Welfare/Compliance	14-15 female members with one NGO staff with the experience in social work.
General working issues	Canteen related issues	Harassment and abuse to female workers.
Once in every month	Once in every month	Once in every month

FINANCIAL CAPITAL

Despite the challenges as an outcome of the pandemic, the Company continues to maintain its healthy financial status on all key parameters. The Company's financial capital continue play the pivotal role in creating value for its customers, suppliers, employees, banks, shareholders and communities.

Turnover

In FY21, turnover declined to ₹ 46,549.28 lakhs from ₹ 78,357.54 lakhs in FY20 ie., a 40.59 % decrease over the previous financial year. The year on year revenue decrease is due to the pandemic related disruptions in our key markets as well as international logistic coming to an almost standstill. But we could able to maintain the profitability of the Company at 18% margin. Your Company took abundant caution in executing orders.

Expenses

During the year raw material costs have been contained at 42% of turnover, similar proportion in previous year. Employee benefit expenses also has been maintained at about 16.59%, same as in previous year, by restructuring and rationalisation measures taken by the Company in view of the pandemic situation.

Other expenses were lower at 17.80% of turnover in current year compared to 20.92% during previous year, made possible with cost optimisation initiatives taken in manufacturing and other overheads.

Interest cost has been contained at ₹ 253.95 lakhs during the year down from ₹ 702.49 lakhs during the previous year. Depreciation and Amortisation has come down to ₹ 2,310.44 lakhs from ₹ 2,645.23 lakhs.

Profit

Earnings Before Interest Tax Depreciation and Amortisation (EBIDTA) for FY21 was ₹ 11,052.83 lakhs compared to ₹ 17,664.84 lakhs for FY20, representing 23.74% and 22.54% of the turnover during the respective years. Higher EBIDTA margin had been achieved with stricter control over the costs.

Profit Before Tax (PBT) was ₹ 8,484.44 lakhs and ₹ 14,317.12 lakhs during the years FY21 and FY20 respectively. Decrease in PBT is optically steeper as FY20 had a higher Other Income (mainly of forex gain) of ₹ 3,643.12 lakhs versus ₹ 114.28 lakhs in FY21.

Capex

Capex additions during the year was significantly reduced compared to last year. Since we put Capex investments on hold to preserve monetary resources during the pandemic period.

Debt and Liquidity

The Company does not have any term loans as at March 31, 2021 and also as at March 31, 2020. Further, aided by recovery of trade receivables and other cash inflows, the Company brought down the working capital borrowing to NIL as on 31.3.2021 from ₹ 9,612.57 lakhs as on 31.3.2020. Our liquidity position (cash and bank balances) increased to ₹ 15,057.32 lakhs from ₹ 10,654.94 lakhs between the two balance sheet dates.

Corporate Social Responsibility (CSR)

Kitex has been following the motto of 'enriching people through caring' cherished by our founder, late M.C Jacob, and has been conducting various CSR programmes to help the communities. Accordingly the Company spent an amount of ₹ 312.98 lakhs on CSR initiatives though the mandate for the year is ₹ 253.90 lakhs only.

Dividend

Kitex is confident of its financial stability and Board has recommended paying a dividend of ₹ 1.50 per share, repeating the dividend rate of last year.

Outlook

"Kitex Garments Limited Strategic road map 2025" continues to guide our journey in near future, though with a pause in 2020-21 in terms of business expansions. Demand for infants' garments is expected to be strong in our target markets and the Company would take appropriate steps with the approval of shareholders.

FINANCIAL HIGHLIGHTS

(Rupees in Lakhs)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Income										
Sales	31,199.88	31,698.33	44,221.00	51,109.59	54,581.67	54,590.13	55,725.42	60,680.46	73,920.98	45,538.83
Other Income	634.82	402.51	1,334.36	1,342.34	1,981.66	199.77	267.07	2,246.01	4,436.56	1,010.45
Total	31,834.69	32,100.85	45,555.36	52,451.94	56,563.33	54,789.90	55,992.49	62,926.47	78,357.54	46,549.28

(Rupees in Lakhs)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Expenditure										
Cost of Raw Materials Consumed	17,491.24	16,126.71	23,477.44	20,978.53	20,976.48	21,096.16	25,404.54	28,280.74	31,706.18	19,524.90
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(265.83)	389.11	118.23	(21.54)	29.72	(1,575.74)	(3,735.78)	(3,644.54)	439.95	(38.17)
Employees benefits expense	3,780.74	4,376.44	5,697.16	7,450.07	8,361.72	9,182.86	9,851.37	10,508.83	12,148.57	7,725.77
Finance costs	1,760.69	1,147.20	1,061.59	1,916.41	1,375.67	926.68	581.18	388.00	702.49	253.95
Depreciation and amortization expense	686.64	862.13	968.00	2,132.94	2,127.31	2,036.28	2,340.14	2,726.25	2,645.23	2,310.44
Other expenses	4,370.40	4,795.17	5,414.40	5,828.78	6,586.93	8,853.55	10,802.12	11,648.18	16,398.00	8,287.95
Total	27,823.88	27,696.76	36,736.83	38,285.19	39,457.83	40,519.79	45,243.57	49,907.46	64,040.42	38,064.84
Profit Before Tax	4,010.82	4,404.08	8,818.53	14,166.75	17,105.50	14,270.11	10,748.92	13,019.01	14,317.12	8,484.44
Current Tax	1,235.00	1,485.00	2,536.00	4,217.00	6,094.00	5,312.70	3,978.82	4,873.46	4,074.00	2,581.77
Deferred Tax	64.26	(18.60)	545.65	98.00	(198.00)	(296.67)	(232.13)	(233.54)	(654.44)	(87.53)
Profit After Tax	2,711.56	2,937.68	5,736.88	9,851.75	11,209.50	9,254.08	7,002.23	8,145.55	10,897.56	5,990.20
Capital	475.00	475.00	475.00	475.00	475.00	475.00	665.00	665.00	665.00	665.00
Earnings per equity share	5.71	6.18	12.08	20.74	23.60	19.48	10.64	12.22	16.21	9.01

₹ **46,549** Lakhs
Income

₹ **8,484** Lakhs
Profit Before Tax

₹ **5,990** Lakhs
Profit After Tax

Social Capital

AREAS OF SOCIAL INTERVENTION

The Company undertake CSR activities through registered society viz., Twenty20 Kizhakkambalam Association which was set up by group of people in the year 2012. The Company's responsibility towards society is focused on developing communities in Kizhakkambalam panchayat.



Housing



Infrastructure development



Agriculture



Food Security



Education and Skill Development



Good Health & Wellness



Livelihood Development



Safe Drinking Water



Other Areas of Social Intervention

SOCIAL CAPITAL

At Kitex social capital is our relationship with people living around our facility and how we co-create value for making them advance in their individual, family and social aspirations.

Note: The Twenty 20 impact shown in terms of activities and numbers are cumulative over the years for which the company has been contributing under its CSR outlay.



Social Capital

OUR APPROACH FOR CREATING SOCIAL CAPITAL

Adding social value is ingrained in Kitex Garments business model. Since its inception the Company had been interacting with the community around Kizhakkambalam and providing health, education and skills development services to those who needed it most. The Board of Directors, management and all the employees follows the philosophy of ‘Building Better Tomorrows’.

UN SDG Linkages



Inputs	Key Initiatives / Strategy
The founding social values of the Company and belief of the main promoters in the trusteeship concept.	In the year 2014, the Company further consolidated its CSR programme through Twenty20 Kizhakkambalam Association - a society incorporated for focused development of Kizhakkambalam.
Our vision 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”.	Through rural appraisal mapping projects are identified in consultation with the community, by gauging their basic needs. Also on a consensus and in discussion with the village panchayat, and other influential personnel in society and community.

Outcomes	Value Created
Transformed Kizhakkambalam Panchayat with respect to living standards, public facilities, infrastructure, health, education, skill development and employment.	The Panchayath where the Company is located has been transformed into one of the best location in terms of living standards, employments, public infrastructure, education and healthcare.
Revamping the natural resources and wasteland for productive usage in agriculture and irrigation.	For more details of the value created over the years, please read the following pages.

Social Capital

HOUSING & INFRASTRUCTURE DEVELOPMENT



Housing

The Company introduced housing scheme 'Ente Veedu Scheme' (Meaning My House) in the year 2016 and since then over 1000 houses have been constructed/renovated /repaired at various locations of Kizhakkambalam. This includes 72 luxury villas under the name "God's Villas". The Houses constructed are provided with proper sanitation, drainage and electricity. Toilets were also constructed for over 300 families in the panchayat.

Twenty 20 Impact

72

God's Villas

963

Houses Fully Constructed

864

Houses Repaired/Restored

227

House Electrification

311

Toilets

Infrastructure

Your company is developing the basic infrastructure in and around kizhakkambalam panchayat by broadening the existing roads, development of new roads, side protection on both sides of the road, improving drainage facilities, scientific rain water harvesting and other allied activities. It has installed street light posts for upgrading to LED lights, thereby conserving the energy for the future.

Twenty 20 Impact

42 KMs

Road Widened

1512

Gates, Walls*

58 Roads

14 Main Roads & 44 Interior Roads were constructed under BMBC Taring standards

26

Bridges reconstructed

56

Interior Road paved with tiles

* For families who gave land to road widening free gate and compound walls were constructed

Social Capital

AGRICULTURE



Kerala is known as a consuming society with most of the agriculture produces required for the population coming from the neighbouring states. Due to various socio-political and economic reasons the agriculture lands were converted for housing or were abandoned. Against the background the Company through Twenty 20 Association could create a role model in agriculture self-sustenance in Kizhakkambalam through community farming and farmer support programmes. It includes participative and group farming with the full cooperation of farmers in Kizhakkmbalam. Barren- abandoned lands were converted into cultivatable lands and many those who had abandoned farming are today cultivating grains, fruits and vegetables through the Company's agriculture initiative. Over 1000 acres of land today are under cultivation.

Agriculture produce from the farmers are purchased by Twenty 20 and sold through the Association's Food Security Stores.

Twenty 20 Impact

1,000 Acres

Paddy Cultivation

200 Acres

Vegetable Cultivation

8 Acres

Fodder Grass Cultivation

3,30,000+

Free Distribution of Fruit/Nut/Edible leaf Bearing Tree Sapling

Agriculture Machinery

The association provides free farm machinery support for farmers and in the community farming through its own fleet of agriculture machineries

5

Tractors

2

Harvesters

6

Trillers

Note: The Twenty 20 impact shown in terms of activities and numbers are cumulative over the years for which the company has been contributing under its CSR outlay.

Social Capital

FOOD SECURITY, EDUCATION AND SKILL DEVELOPMENT



Food Security

The Company has been ensuring all essential food supplies in the panchayat through the Twenty 20 Super Market at subsidised rates. Food stuff including cereals, pulses, egg, fish, meat, bakery and vegetables are made available for a moderate price ranging from 50% to 80% discounted rates. To those who are extremely poor and those who have contributed land for road widening are given free supply of food stuff from the market.

Under the food security programme free food kits to people who are below poverty line, egg and milk to women and children are provided.

Twenty 20 Impact

1,515 Families

(Free food stuff as they donated land for road widening)

350 Families

Free food stuff based on the poverty index

1,600

Mothers & children are provided with free supply of egg and milk

Education and Skill Development

Twenty 20's modernisation and empowerment initiatives for the education sector touch upon critical aspects of this area. The association over the years have renovated classrooms, provided education aids such as furniture, note books, school bags, school buses, computer labs for schools and many anganwadis and schools in the panchayat are under renovation. Scholarships are being provided for bright students from economically backward families.

Twenty 20 Impact

40

Anganwadies renovated / under renovation

3

Government Schools under modernization / renovation

900

School students being benefited

5

Schools were given school buses

Social Capital

GOOD HEALTH AND WELLNESS



At the outset of Twenty 20, the association has been active in ensuring good health and wellness among all in the panchayat. Medical camps touching upon various critical, chronic areas of health and possible therapeutic interventions have been the focus of various health camps organised. The association has also ensured availability of a ambulance 24 x 7 in the Panchayat.

Twenty 20 Impact

5,000 People

benefited from the Mega Health Camp

16 People

Have been receiving free kidney dialysis treatment

500 People

Attended Initial Cancer Screening Camp and those who have been diagnosed are being given assistance in treatment and their wellbeing

52 People

Have been receiving free cardiovascular treatments

1,000 People

Were given free spectacles through the eye check-up camps

1,000 People (Others)

Have been receiving free medical assistance / aids

2,000 People

Free monthly supply of medicines

Note: The Twenty 20 impact shown in terms of activities and numbers are cumulative over the years for which the company has been contributing under its CSR outlay.

Social Capital

COVID 19 - RELIEF INITIATIVES

Food Security Programme

Your Company extended distribution of essential food materials including vegetables at very moderate subsidized prices to those poor and needy families to ensure quality food with low rate we had started food security market. Food kits were supplied to the poor patients in the panchayat. Twenty 20 Food Security Market supplied essential food items at a discounted rate of 80%. Over 30,000 families were provided with pineapple and Tapioca during pandemic period.



Health Care Initiatives

At the outset of the pandemic outbreak, free medicines were distributed and follow up medical facilities were extended on a regular basis to the needy. It has incurred an expenditure of ₹ 28.16 lakhs under this head. The following are the key initiative which we undertook in the panchayat during the pandemic.

- Homeo preventive medicine (Arsenic Album-30) distributed in 5 panchayats like Aikaranad, Kunnathunad, Kizhakkambalam, Mazhuvannoor and Vengola which is also considered as the best immunity booster
- 1.24 lakhs of sanitizer bottles distributed in above panchayats
- Around 15 lakhs masks were distributed in above Panchayaths
- Health awareness programme were conducted in panchayat including pandemic caution posters and notice were published
- Continuing with the program of good health to all in Kizhakkambalam, the Company extends its ambulance services to the needy on demand at the shortest time at free of cost.



₹ **32** Lakhs

Total outlay for health initiatives in FY21

Social Capital

LIVELIHOOD DEVELOPMENT



One of the key initiatives of the Company through Twenty 20 Association is creating self employment opportunities for sustaining livelihood. To ensure regular income from agriculture and animal husbandry the Company in the recent years initiated many projects. Through free distribution of poultry birds, goats and aqua culture has resulted in few hundred families able to have a regular income.

Twenty 20 Impact:

2,000 Families
Malabari breed Goats to 2000 families

273 Families
Dairy Farmers were provided with a financial assistance of ₹ 5,000/- each

500 Families
5 goats each loafing sheds

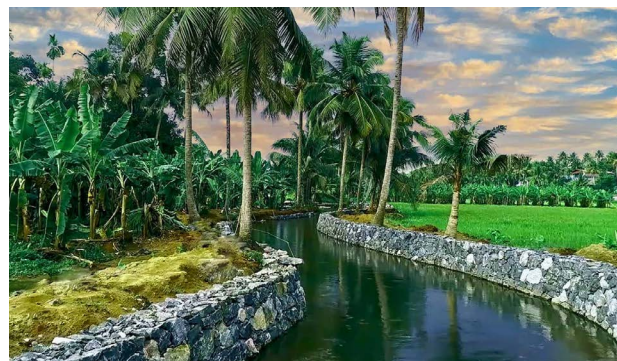
113 Families
2 cows each

2,200 Families
Poultry Farming

Note: The Twenty 20 impact shown in terms of activities and numbers are cumulative over the years for which the company has been contributing under its CSR outlay.

Social Capital

SAFE DRINKING WATER AND WATER SECURITY



Unplanned constructions and destruction of the environment and natural water bodies are leading to depleting ground water levels and contamination of the existing water bodies. Clean and abundant availability of water is essential for sustaining lives. As part of the water conservation initiatives Twenty 20 has been taking up restoration of water bodies like ponds wells and canals. Many abandoned wells were cleaned and restored while many new wells were constructed.



The water conservation structures like check dams, rain water harvesting pits, and farm ponds were constructed and renovated with the participation and contribution of the local community. These initiatives helped in increasing the water availability for drinking, irrigation as well as for animals and plants.

The programme also focuses on supply of drinking water to some of the backward colonies located in and near the factory premises at Kizhakkambalam.

Twenty 20 Impact

2 Lakhs Ton
Mud and water weeds removed for cleaning the water bodies

17 KM
Canal walls constructed

35 Dams
Check Dams

11
Ponds were renovated

723
Wells constructed

568
Wells Renovated

32
Water Tanks

632
Families received water connections

Social Capital

OTHER AREAS OF SOCIAL INTERVENTION

Public Utility

Public utility and its quality and availability is the most essential item for supporting the basic quality and comfort of life in India. The country especially the state of Kerala lack most of these services. The Company through Twenty 20 has initiated scores of activities to revamp the public utility centres and services in the panchayat. New construction, maintenance and renovation of these public centres includes waiting sheds, bus stands, post office, places of worships etc.



Enhanced Lifestyle

In today's every changing economic social expectations, every individual aspires to have many household facilities and utilities and over the years more than luxury, these have become essential part of the life. Twenty 20 has been helping the citizens of the panchayat to meet their aspiration through discounted sales and free distribution of household items. This includes distribution of electrical and electronic gadgets, cooking utensils and two wheelers. Over the years more than 11,000 families have received benefits from the association's lifestyle enhancement initiatives.



Services and Aids

The state of Kerala in the recent years has been receiving unprecedented impacts of the climate change in the form of floods. During such extraordinary times the Company through the association has been reaching the much needed essentials to all those who are impacted not only in the panchayat but also in the neighbouring areas. The association had organised relief camps, distribution of food and medical aids, drinking water etc.



Note: The Twenty 20 impact shown in terms of activities and numbers are cumulative over the years for which the company has been contributing under its CSR outlay.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Sabu M. Jacob – Chairman & Managing Director
Mr. Benni Joseph – Independent Director
Mr. C P Philipose – Independent Director
Prof. E.M Paulose – Independent Director
Mr. K L V Narayanan – Non Exe. Director
Mrs. Sindhu Chandrasekharan – Executive Director
*Mrs. Sumi Francis – Independent Director
*Appointed w.e.f 13.11.2020

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Benni Joseph, Chairman
Prof. E.M Paulose, Member
Mr. C P Philipose, Member

NOMINATION AND REMUNERATION COMMITTEE

Prof. E.M Paulose – Chairman
Mr. Benni Joseph – Member
Mr. K L V Narayanan – Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. K L V Narayanan – Chairman
Mr. Sabu M Jacob – Member
Mrs. Sindhu Chandrasekharan – Member
Mr. Benni Joseph – Member

CSR COMMITTEE

Mr. Sabu M Jacob – Chairman
Mr. Benni Joseph – Member
Mr. K L V Narayanan – Member
Mr. C P Philipose – Member

SHARE TRANSFER COMMITTEE

Mr. Sabu M Jacob – Chairman
Mr. C P Philipose – Member
Mrs. Sindhu Chandrasekharan – Member

CHIEF FINANCIAL OFFICER

Mr. Bobby Michael

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Mithun B Shenoy

MANAGEMENT TEAM

Mr. Sabu M Jacob – Chairman & Managing Director
Mr. Donnie Hodge – President and COO, Kitex USA LLC
Mr. Christian Strahm – Vice President – Manufacturing
Mr. Harkishan Singh Sodhi – Vice President (Business Operations)
Mr. Bobby Michael – Chief Financial Officer (CFO)

INDEPENDENT STATUTORY AUDITORS

M/s. MSKA & Associates, Chartered Accountants, Chennai

INTERNAL AUDITORS

M/s. K Venkitachalam & Aiyer & Co., Chartered Accountants, Kochi

SECRETARIAL AUDITORS

M/s. SVJS & Associates, Company Secretaries, Kochi

INCOME TAX CONSULTANTS

M/s. Varma & Varma, Chartered Accountants, Kochi

BANKER

State Bank Of India
ICICI Bank
HDFC Bank

SHARE TRANSFER AGENTS

M/s. Cameo Corporate Services Limited
Subramanian Building No. 1, Club House Road,
Chennai 600002, Tamil Nadu
Tel: 044-28460390, Fax: 044-28460129
E-mail: investor@cameoindia.com

REGISTERED OFFICE & FACTORY

Kitex Garments Limited
(CIN: L18101KL1992PLC006528)
P. B. No. 5, Kizhakkambalam - 683562, Alwaye, Kochi, Kerala
Phone: 91 484 4142000, Fax: 91 484 2680604
Website: www.kitexgarments.com,
E-mail: sect@kitexgarments.com
Grievance Redressal Division: investor@kitexgarments.com

LISTED IN STOCK EXCHANGES:

BSE Limited, Mumbai
The National Stock Exchange of India Limited, Mumbai

MANAGEMENT DISCUSSION & ANALYSIS

I. ECONOMY

Global Economy

The global economy was impacted by CoVID-19 pandemic in the year 2020 which infected close to 19 crores people and caused the death of approximately 40 lakhs people worldwide by April 2021. Manufacturing sector and service sectors like tourism, business travel, traditional retail, and entertainment sectors were significantly impacted during the initial months but proactive measures by various governments across the globe helped various economies recovering from the impact. However the employment and social impacts are far reaching. As per World Bank's January report, it was mentioned that the global gross domestic product shrank by 4.3% in the year 2020, the sharpest contract in the decade which is over 2.5 times more than during the global financial crisis of 2009. The pandemic clearly hit the developed economies the hardest, given that the strict lockdown measures that many countries in Europe and several states of USA imposed early during the outbreak. Global trade in goods and services is estimated to have declined by 7.6% in 2020, a slightly smaller contraction than during the global financial crisis.

Global Economy while going forward

The International Monetary Fund (IMF) in its world economic outlook update for January 2021 edition has promulgated the global economy to grow at 5.5% in 2021 and 4.2% in 2022. Most of the developed countries announced fiscal outlays representing 80% of total fiscal stimulus provided by the governments across the globe of which USA, Japan and Germany had provided 50% of total stimulus package. Post to the lockdown period in the early stage of pandemic and the anticipated vaccine-powered recovery in the second half of 2021, trade has been reviving led by China and other Asian countries that were successful in controlling the spread of the virus and experienced the faster than expected rebound in economic activities. As per World Bank, the emerging markets and developing countries experienced a relatively less severe contraction of 2.6% in 2020 and is projected to grow by 5% in 2021. On the back of China's quick and robust recovery (GDP growth forecast of 7.9 % in 2021), the East Asian economies are supposed to grow by 7.5% in 2021.

County	Year 2019	Year 2020		Year 2021	
		Pre-CoVID forecast	Revised estimate	Pre-CoVID forecast	Revised forecast
China	6.00	6.00	2.30	5.80	8.20
EU	1.30	1.00	-7.20	1.50	4.20
USA	2.20	1.70	-3.40	1.80	5.1
India	4.20	5.80	-8.00	6.50	11.50
World	2.80	3.30	-3.50	3.30	5.50

Data source: IMF World Economic Outlook update, January 2021

Indian Economy

The IMF's World Economic Outlook for the month January 2021 has updated that India's growth would be 11.5% in the year 2021 followed by moderate down turn of 6.8% in the year 2022. Strict measures in form of lockdowns and other containment efforts slashed domestic consumption without halting the spread of the disease, despite drastic fiscal and monetary stimulus. Finance Minister at centre presented the Economic Survey for FY 2020-21 highlighted that a V shaped recovery in Indian economy due to the mega vaccination drive, robust recovery in service sector along with significant growth in consumer spending and investment. We have also witnessed rally in Indian stock exchanges along with support for Atmanirbar Bharat mission which itself is a positive sign for our economy. Also economy is expected to be rebounded by resurgence of power demand, rail freight, GST collections etc. As per IMF, India is set to become the fast growing economy in next 2 years.

Real GDP would be a growth of 11% in FY 2021-22 and the nominal GDP is to grow by 15.4%, the highest since independence. The recovery path would entail a growth in real GDP by 2.4% over the absolute 2019-20 levels implying that the economy would take 2 years to achieve and go past the pandemic situation.

II. INDUSTRY STRUCTURE & DEVELOPMENT

Indian Textile Sector

The Indian textile industry is one of the largest in the world with a large unmatched raw material base and manufacturing strength across the value chain. It is the 2nd largest manufacturer and exporter of textiles and garments in the world, after China. The share of textile and clothing in India's total exports stands at a significant 12 % (2018-19). India has a share of

5 % of the global trade in textiles and apparel. It is also the fifth-largest exporter of textiles spanning apparel, home and technical products. The industry employees are about 45 million workers including 3.5 million handloom workers. Superior quality and mostly favourable policies are the key drivers of this sector. The uniqueness of the industry lies in its strength both in the hand-woven sector as well as in the capital intensive mill sector. Traditional sectors like handloom, handicrafts and small scale power-loom units are the biggest source of employment for millions of people in rural and semi urban area and also contribute to more than 75% of total textiles production in the country.

The textile industry contributes to 7% of industry output in value terms, 2% of India's GDP and to 12% of the country's export earnings. The textile industry is one of the largest sources of employment generation in the country with over 45 million people employed directly, and another 60 million people in allied sectors, including a large number of women and rural population. The sector has perfect alignment with Government's key initiatives of Make in India, Skill India, Women Empowerment and Rural Youth Employment. In keeping with goal of making India's development inclusive and participative, the Government's central focus has been on increasing textile manufacturing by building the best-in-class manufacturing infrastructure, upgradation of technology fostering innovation, enhancing skills and traditional strengths in the textile sector.

Global Infantswear Sector

According to a report published on business wire, the Global Baby Apparel Market size is expected to reach \$207.1 billion by 2026, rising at a market growth of 8.8% CAGR during the forecast period. Baby clothing includes apparel like outerwear, nightwear, innerwear, socks, and tights that are designed for babies. The clothes are characterized according to the age of the child. Infant wear mainly includes clothing for infants who belong to the age group of less than 12 months, whereas toddler wear refers to apparel or clothing for those children who are aged between 1-3 years.

Shifting lifestyle of the people, increasing women working population has resulted in more awareness among the population about the proper presentation of their babies. Therefore, baby apparel market is growing significantly. As the demand for new styles is continuously increasing, product innovation is being done to develop new styles and it has become a key success for the baby apparel manufacturers.

Increasing awareness about the safety and comfort of the baby is likely to be a key factor for the market growth in the coming years. In addition to it, parents are focused not only on easy and comfortable baby dressing but also on a style according to the latest fashion trends. These consumer trends are expected to play a major role in expanding the market scope of numerous baby apparel variants over the forecast period.

Covid Impact

In the year 2020, the COVID-19 pandemic quickly became a global health and economic crisis of unprecedented proportions. The following are the impact of CoVID-19 pandemic in textile and apparel sector:

- **Manufacturing shutdown**

The Industry faced a complete shutdown for around 2-3 months while few manufacturers who dedicated their production systems for PPE manufacturing. The Company has also grabbed the said opportunity. But most of the units operated at sub-optimal utilisation levels for several months.

- **Logistics suspended**

Logistics were suspended on account of pandemic affected the entire value chain. India's April and May 2020 net trade were around 50% lower month-on-month compared to that of the previous year.

- **Cancelled orders**

Due to the uncertainty across the market, international and domestic buyers cancelled or suspended their orders adding to the woes of the industries

- **Slump in physical retail sales**

Lockdown across the country resulted in slump in the retail sales of apparel for atleast 4-5 months. Moreover, the festive and wedding season sales were also deeply affected.

- **New consumer trends emerged**

India's e-commerce sector shown a steep rise in the year 2020 for sale of apparels. Work from Home drove the demand for casual wear apparels over formals.

Data released by the International Labor Organization (ILO) estimates a loss of 17% of working hours, equivalent to 495 million full-time jobs, in the second quarter of 2020 (ILO 2020b). Manufacturing, especially the garment industry in lower and middle-income countries, is among the four sectors deemed at high risk of job losses and decreased working hours due to COVID-19 disruptions. These job losses, furthermore, are likely to disproportionately impact workers especially women as the garment sector employees a large number of women. The impact is likely to continue for few more quarters and the recovery is subject to the complete containment of the pandemic.

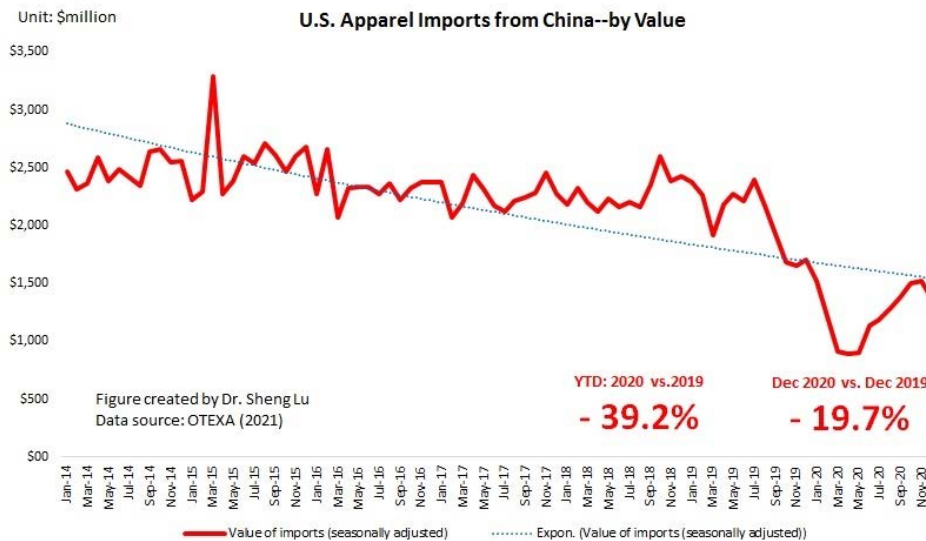
Emerging Trends – 1. US Imports

According to a study and based on available data, done by Dr. Sheng Lu, Associate Professor, Department of Fashion & Apparel Studies, University of Delaware, updated in February, 2021 the overall outlook of US apparel imports in 2021 is hopeful but remains far from uncertain. Key finding of the study are as below.

The apparel imports were on a downward trend since the outbreak of the pandemic and continue upto December, 2021. The substantial drop of U.S. apparel imports in December 2020 has altered the recovery trajectory.

Emerging Trends – 2: China

U.S. fashion brands and retailers continue to reduce their “China exposure” in the year 2020. For example, both the HHI index and market concentration ratios (CR3 and CR5) suggest that **apparel sourcing orders are gradually moving from China to other Asian countries.** Measured by value, only 23.7% of U.S. apparel imports came from China in 2020, a new record low in the past ten years (was 29.7% in 2019 and 33% in 2018).



The data presented by Dr. Sheng Lu confirms the concern that some non-economic factors negatively affect China’s prospect as an apparel sourcing destination. For example, the reported forced labour issue related to Xinjiang, China, and a series of actions taken by the U.S. government (such as the CBP withhold release orders) have significantly affected U.S. cotton apparel imports from China. Measured by value, only 15.4% of U.S. cotton apparel came from China in 2020, compared with 22.2% in 2019 and 28% back in 2017. While China’s total textile and apparel exports to the US dropped by 30.7% in 2020, China’s cotton textiles and cotton apparel exports to the US went down more sharply by nearly 40%.

This becomes very significant as all the leading MNC retailers and garment manufacturers subject the supplier to various social, quality and security auditing.

Emerging Trends – 3: Birth Rate in USA

The American birth rate fell for the sixth consecutive year in 2020, with the lowest number of babies born since 1979, according to a new report. Some 3.6 million babies were born in the US in 2020 - marking a 4% decline from the year before, found the US Centres for Disease Control and Prevention (CDC) National Centre for Health Statistics. The slump was seen across all recorded ethnicities and origins, according to the findings. The national picture mirrors a decline in births seen worldwide, a trend some experts say has been accelerated by the ongoing coronavirus pandemic.

Experts say the country’s tumbling birth rate is closely linked to the average age of American mothers. Women are becoming mothers later in life - a phenomenon tied to increases in educational attainment, growing labour force participation and delays in marriage. Despite the low birth-rates in most part of the world, high quality infant apparel market is expected to keep its upward trend based on the growing consciousness of partners on safe a quality cloths, increasing ecommerce and online purchase, increasing disposable income in developing countries, and MNC retailers and brands increasing its foot prints across the world.

III. OPPORTUNITIES AND THREATS

The Board of Directors of the Company have listed out the Strength, Challenges, opportunities and Threats affected the company, the details of which are as given below:

Strengths/ Opportunities

- With increase in infants and considering various factors like growing trend of nuclear family system, increased spending on children and better focus on this segment by organised players, the Infantswear segment will grow in coming years.
- Distribution network globally drives the brand closer to consumers through our buyers.
- Operates a vertically integrated manufacturing facility which helps in ensuring quality of products, operational flexibility and optimized operating expenses and fully automatic robotized yarn dyeing with Advanced Relaxed Open-width (German) Tensionless processing.
- Growth in organized Infantswear retail provides a greater opportunity for branded play.
- Changing trends and brand consciousness making consumers more aspirational and discerning
- The increasing need to serve consumers at their doorstep provides a big opportunity to the e-commerce business.
- The Company has a global and culturally diversified Management Team driving growth across geographies.
- Responsible manufacturing practices:
 - o Biological effluent treatment at international standards treated effluents are re-used by the Company in toilets and irrigation for internal horticulture.
 - o Generation of bio-gas from the biological wastes produced. The gas is then used for cooking.
- Workplace Conditions Assessment (WCA) program - Sustainable and ethical practices for work place people, products and environment.
- Assurance of product safety with following practices and policies in place:
 - o Purchase of dyes and chemicals from approved list of international suppliers.
 - o Strict small parts pull testing at production stage.
 - o Stringent broken needle policy.
 - o Metal detection scanning for all products before being packed.

Challenges/ Threats

- Few international Infantswear brands have commenced operations in India realizing that India is likely to emerge as one of the largest Infantswear manufacturing hub in the world in the coming year.
- The overall closure of markets, malls and high streets in the beginning of pandemic last year due to lockdown which is expected to affect the business, is considered short threat.
- A prolonged lockdown due to COVID-19 in many parts where the Company operates can have a significant impact on its business. Consumer will be cautious in purchase of clothing for their children due to CoVID-19 pandemic.

IV. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The Company is engaged in the business of manufacturing garments and there is no separate reportable segment.

V. OUTLOOK

Since company is in Infantswear business, we expect that business will grow in good pace and there is also a possibility of getting new good order from existing/ new buyers from across globe considering trade war between US and China. We are continuously monitoring the current situation to grab the opportunities and also ready to face any challenges.

VI. RISK & RISK MITIGATION

Your Company continues to strengthen its robust Risk Management Framework and the same was reviewed by the Audit Committee periodically. The Committee focuses on ensuring that risks promptly identified initially and a mitigation plan is developed and monitored periodically to ensure that risks are being addressed accordingly. The Committee operates with following objectives especially related to risks:

- Identify and highlight risks affecting the company.
- Facilitate discussion around risk prioritization and mitigation. The company's approach in addressing business risks includes periodical review of such risks and thereby mitigating it effectively.
- Provide a framework to assess risk capacity and appetite; develop systems to warn when the appetite is getting breach.

Your company believes that managing risk helps in maximizing return. Some of the risks that the company is exposed to are:

- **FINANCIAL RISKS:** The Company's policy is to actively manage its foreign exchange risks within the framework laid down by the Company's forex policy approved by the Board. Given the interest rate fluctuations, your Company has adopted a prudent and conservative risk mitigation strategy to minimize financial and interest cost risks.
- **COMMODITY PRICE RISKS:** The Company is exposed to the risk of price fluctuations of raw materials as well as finished goods. The company proactively manages these risks through forward booking, inventory management and proactive vendor development practices. Your company's reputation for quality, product differentiation coupled with the existence of a powerful brand image with a robust design and marketing network in US mitigates the impact of price risk on finished goods.
- **REGULATORY RISKS:** The Company recognized its risks attached to various statutes, laws and regulations. The company is mitigating these risks through regular review of legal compliances carried out through our internal as well as external compliance audits by our customers.
- **HUMAN RESOURCE RISKS:** Retaining the existing talent pool and attracting new talent are the major risks affecting the company. We have initiated various measures including rolling out of strategic talent management systems, training and integration of learning and development activities. Our company has collaborated with various agencies like Integrated Skill Development Scheme (ISDS), Kudumbashree which helps to identify, nurture and groom labour talents within all states of India to prepare them for future business leadership.
- **STRATEGIC RISKS:** Emerging businesses, capital expenditure for capacity expansion etc are normal strategic risks faced by your company. However, your Company has well-defined processes and procedures for obtaining approval for investments in new businesses and capacity expansions.

VII. 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 Messrs. K Venkitachalam Aiyer & Co, Chartered Accountants to conduct Internal Audit during the year 2020-21

VIII. REVIEW OF OPERATIONS

On standalone basis, your company reported a turnover of ₹ 46,549.28 lakhs ie., a 40.59 % decrease over the previous financial year. The year on year revenue decrease is due to the pandemic related disruptions in our key markets as well as international Logistic coming to an almost standstill. But we could able to maintain the profitability of the Company at 18% margin. Your company took abundant caution in executing orders. The operating profit stood at ₹ 8,484.45 lakhs compared with ₹ 14,317.12 lakhs in the previous year. The net profit for the year was ₹ 5,990.20 lakhs as against ₹ 10,867.39 lakhs reported in the previous year. The EPS from continuing operations for the reporting year was ₹ 9.01 as against ₹ 16.34 reported in the previous year. During the initial months of the lock down commenced from March, 2020 the production, operations and inputs supplies were impacted however it has been completely restored post lock down. The management has taken due care in adhering to cost control measures, as a result of which operational costs and freight expenses has significantly reduced. Your Company was able to maintain descent profitability despite the pandemic disrupting the operations. Due to the disruptions in the company's main markets like US and UK, the production quantity of the infant garments got reduced. Stepping into FY 2022, the demand for our products is picking up.

On consolidated basis, total revenue for the financial year under review was ₹ 45,970.11 lakhs as against ₹ 77,839.77 for the previous financial year, a dip of 40.94%. Profit before tax was ₹ 7,892.33 lakhs and net profit after tax was ₹ 5,427.26 lakhs for the financial year under review as against ₹ 13,786.82 lakhs and 10,337.09 lakhs for the previous year.

IX. HUMAN RESOURCES/ INDUSTRIAL RELATIONS

Human Resources (HR) of the Company plays vital role in managing, guiding and motivating the company's workforce. In this pandemic situation, it's our responsibility to take precaution not only to manage the present crisis situation, but also to protect our workforce. The Company is also cautious in grabbing emerging opportunities in Infantswear sector and also maintain stakeholder's value at the maximum. The Company during CoVID-19 pandemic has implemented various measures to protect employees from such situation, the details of which is as below:

Employees staying at the company's accommodation are permitted to work at the registered office & factory. We have been taking utmost care in following safety standards as prescribed by the government like office sanitizations, strictly enforcing

social distancing for all personnel, installation of hand sanitizing machine, dispensers, use of masks and other protective measures to prevent the spread of CoVID-19, in our office and factory premises. Employees also being monitored with the help of contactless infrared thermometer and anyone suffering from fever or not wearing mask are not permitted to enter the office premises. Connectivity through VPN access has been made available to the officers who have been working from home. We have utilised various ways to conduct the meetings digitally. All activities relating to account closing, reconciliation of accounts and payments have been made seamlessly during lockdown period.

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 has designed and implemented performance management system of employees that helps in achieving its goals. The Company is giving direct employment to 4644 employees. Industrial relations are cordial and satisfactory.

X. DETAILS OF SIGNIFICANT CHANGES IN KEY RATIOS:

Ratios	Financial Year	
	FY 2021	FY 2020
Return on net worth	11.54%	16.14%
Current ratio	7.45%	3.25%
Interest coverage ratio	45.3%	21.38%

XI. 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.



Kitex Garments Limited

(CIN: L18101KL1992PLC006528)

Regd. Office: P. B. No. 5, Kizhakkambalam, Alwaye - 683562, Kochi, Kerala

Phone: 91 484 4142000, Fax: 91 484 2680604

Website: www.kitexgarments.com, E-mail: sect@kitexgarments.com

NOTICE

Notice is hereby given that the 29th Annual General Meeting of the Members of Kitex Garments Limited will be held on Tuesday, September 7, 2021 through Video Conferencing (VC)/ Other Audio Visual Means (OAVM) at 11.00 A.M. (IST) to transact the following business: -

ORDINARY BUSINESS

1. Adoption of Accounts – Standalone & Consolidated

To receive, consider and adopt audited financial statements (including the consolidated financial statements) of the Company for the year ended March 31, 2021 together with the Report of the Board of Directors and Independent Auditors report thereon.

2. Declaration of Final Dividend

To declare a final Dividend of ₹ 1.50 per equity share for the financial year ended March 31, 2021 and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT a dividend of ₹ 1.50/- (Rupees One Rupee Paise Fifty only) per equity share of Re. 1/- (Rupee one) each fully paid-up of the Company, as recommended by the Board of Directors, be and is hereby declared for the financial year ended March 31, 2021 and the same be paid out of the profits of the Company.”

3. Appointment of a Director retiring by rotation

To appoint a director in place of Mrs. Sindhu Chandrasekharan (DIN: 06434415), who retires by rotation as director and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mrs. Sindhu Chandrasekharan (DIN: 06434415), who retires by rotation at this meeting, be and is hereby appointed as a Director of the Company.”

SPECIAL BUSINESS

4. Appointment of Mrs. Sumi Francis (DIN: 08950675) as an Independent Director:

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and all other applicable provisions of the Companies Act, 2013 (the ‘Act’) and the Companies (Appointment and Qualification of Directors) Rules, 2014 made thereunder (including any amendment, variation, statutory modifications or re-enactment(s) thereof for the time being in force) read with Schedule IV of the Act and Reg 16 (1) (b), 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, (“SEBI Listing Regulations”) and subject to the provisions of its Articles of Association and based on recommendation of the Nomination & Remuneration Committee of Directors and the Board of Directors of the Company, Mrs. Sumi Francis (DIN: 08950675), who was appointed as an Additional Director of the Company with effect from November 13, 2020 and who holds office upto the date of this Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as a Non-Executive Independent Director of the Company, not liable to retire by rotation and hold office for a period of 5 (five) consecutive years from November 13, 2020 to November 12, 2025.

“RESOLVED FURTHER THAT any Director and/or the Company Secretary of the Company be and is hereby authorized to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto”.

5. Approval for Material Related Party Transactions with Kitex Childrenswear Limited

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

“RESOLVED THAT pursuant to Section 188 and other applicable provisions of the Companies Act, 2013 and the Companies (Meeting of Board and its Powers) Rules, 2014 including any modifications or amendments or clarifications thereon, if any,

and pursuant to Regulations 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time read with Company's policy on materiality of and dealing with Related Party transaction and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, approval of the shareholders be and is hereby accorded to the Board of Directors of the Company to enter into a contract(s)/ Transaction(s)/ arrangement(s) with Kitex Childrenswear Limited, a related party within the meaning of Sec 2(76) of the Act and Reg 2(1)(zb) of Listing Regulations, for such transactions as given in the explanatory statement on such terms and conditions as Board may deem fit, upto a maximum aggregate amount of ₹ 300 Crores (Rupees Three Hundred Crores only) in each financial year for a period of 3 years w.e.f FY 2022-23, provided that contract(s)/ Transaction(s)/ Arrangement(s) so carried out shall at all times be in the ordinary course of Company's business and also at arms length basis."

"RESOLVED FURTHER that the Board of Directors of the company and/or the Audit Committee as may be applicable from time to time be authorized to settle any question, difficulty or doubt that may arise with regard to giving effect to the above Resolution; sign and execute necessary documents and papers on an ongoing basis and to do and perform all such acts, deeds and things as may be necessary or in its absolute discretion deem necessary, proper, desirable and to finalize any documents and writings in this regard."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers conferred on it by or under this resolution to Audit Committee of Directors of the Company or to any one or more Directors of the Company as it may consider appropriate in order to give effect to this resolution."

6. Approval for Material Related Party Transactions with Kitex USA LLC

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

"RESOLVED THAT pursuant to Section 188 and other applicable provisions of the Companies Act, 2013 and the Companies (Meeting of Board and its Powers) Rules, 2014 including any modifications or amendments or clarifications thereon, if any, and pursuant to Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time read with standard listing agreement entered with the Stock Exchanges and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary approval of the shareholders be and is hereby accorded to the Board of Directors to enter into a contract(s)/ Transaction(s)/ arrangement(s) with KITEX USA LLC a related party within the meaning of the aforesaid law, on such terms and conditions as may be mutually agreed upon, upto a maximum amount of ₹ 600 Crores (Rupees Six Hundred Crores only) in each financial year from the financial year 2022-23 for a period of 3 years, however that contract(s)/ Transaction(s)/ Arrangement(s) so carried out shall at all times be in the ordinary course of Company's business and also at arms length basis."

"RESOLVED FURTHER that the Board of Directors of the company and/or the Audit Committee as may be applicable from time to time authorized to settle any question, difficulty or doubt that may arise with regard to giving effect to the above Resolution; sign and execute necessary documents and papers on an ongoing basis and to do and perform all such acts, deeds and things as may be necessary or in its absolute discretion deem necessary, proper, desirable and to finalize any documents and writings in this regard."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers conferred on it by or under this resolution to Audit Committee of Board of the Company in order to give effect to this resolution."

By Order of the Board of Directors of

Kitex Garments Limited

Sd/-

CS. Mithun B Shenoy

Company Secretary & Compliance officer

(ICSI M. No. FCS 10527)

Kizhakkambalam
June 29, 2021

Notes:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular nos. 14/2020 and 17/2020 dated April 8, 2020 and April 13, 2020 respectively, in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19", circular no. 20/2020 dated May 5, 2020 in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)" and Circular no. 02/2021 dated January 13, 2021 in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)" (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 in relation to "Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 – Covid-19 pandemic" and circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 in relation to "Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 due to the CoVID -19 pandemic" (collectively referred to as "SEBI Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the MCA Circulars and SEBI Circulars, the AGM of the members of the Company is being held through VC / OAVM. The registered office of the Company shall be deemed to be the venue for the AGM.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Attendance Slip and Proxy Form are not annexed to this Notice.
3. A statement pursuant to Section 102(1) of the Act, relating to the Special Business to be transacted at the AGM is annexed hereto.
4. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
5. Since the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.
6. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM are also annexed to this Notice.
7. In terms of the provisions of Section 152 of the Act, Mrs. Sindhu Chandrasekharan, Executive Director retires by rotation at the Meeting. The Nomination and Remuneration Committee and the Board of Directors of the Company recommend her re-appointment.

Mrs. Sindhu Chandrasekharan is interested in the Ordinary Resolution set out at Item No. 3 of the Notice with regard to her re-appointment. Save and except the above, none of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the Ordinary Business set out under Item Nos. 1 to 3 of the Notice.
8. The Register of Members and Share Transfer Books of the Company will remain closed from September 01, 2021 to September 7, 2021 (both days inclusive).
9. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition and re-lodged transfers of securities. Further, SEBI vide its circular no. SEBI/HO/MIRSD/RTAMB/ CIR/P/2020/236 dated December 2, 2020 had fixed March 31, 2021 as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, M/s. Cameo Corporate Services Limited ("Cameo") at Subramanian Building No. 1, Club House Road, Chennai - 600002, Tamil Nadu, Tel: 044-28460390 Fax: 044-28460129 investor@cameoindia.com for assistance in this regard. Members may also refer to Frequently Asked Questions ("FAQs") on Company's website <http://www.kitexgarments.com/faq/>

DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE:

10. In compliance with the MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the 29th Annual General Meeting along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website www.kitexgarments.com, websites of the Stock Exchanges, i.e., BSE Limited and The National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.

11. For receiving all communication (including Annual Report) from the Company electronically:
 - a) Members holding shares in physical mode and who have not registered/ updated their email address, Bank particulars, Residential status or request for transmission of shares including its changes etc. with the Company, are requested to register/ update the same by writing a request letter to the Company with details of folio number and attaching a self-attested copy of PAN card, passbook/ cancelled cheque etc. at sect@kitexgarments.com or to Share Transfer Agent of the Company "Cameo".
 - b) Members holding shares in electronic form are advised to send their request for updating items including changes, to their Depository Participant. The Company or its Registrar and Share Transfer Agent cannot act on any such requests received directly from the members holding shares in electronic form.
12. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
13. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. September 7, 2021. Members seeking to inspect such documents can send an email to sect@kitexgarments.com.
14. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC. Corporate Members intending to authorize their representatives to participate and vote at the meeting are requested to send a certified copy of the Board resolution/ authorization letter to the Company's email id: sect@kitexgarments.com.

FINAL DIVIDEND PAYMENT

15. If the final dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend subject to deduction of tax at source (TDS) will be made on or before September 30, 2021 as under:
 - i. To all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively "Depositories", as of end of day on August 31, 2021;
 - ii. To all Members in respect of shares held in physical form after giving effect to valid transmission or transposition requests lodged with the Company as of the close of business hours on August 31, 2021.

UNCLAIMED DIVIDEND & IEPF RELATED INFORMATION

16. Members who have not encashed the dividend warrants for the financial year ended 2014-15 and/or any subsequent years are requested to write to the Company giving necessary details along with claimant's proof of identity and address. In this connection, the company has placed the names of such persons who has not claimed dividend since FY 2014-15 in the website of the company and the shareholders can view the details at www.kitexgarments.com
17. 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 Share Transfer Agent of the Company "Cameo" at their registered mail id investor@cameoindia.com. Those holding shares in De-mat form are requested to update their records with DPs in this respect.
15. As per provisions of Section 124 of Companies Act, 2013, the amount of dividends remaining unclaimed for a period of seven years are required to be transferred along with shares held in those folios to the Investor Education and Protection Fund. Accordingly, the dividend declared for all the financial years ended upto March 31, 2014 had been transferred to Investor Education and Protection Fund (IEPF) established by Central Government. Details of dividends so far transferred to the IEPF Authority are available on the website of IEPF Authority and the same can be accessed through the link www.iepf.gov.in.
16. The details of unpaid and unclaimed dividends lying with the Company as on March 31, 2021 are uploaded on the website of the Company under the main head "investors relations" and can be accessed through the link www.kitexgarments.com. Details of unpaid and unclaimed dividends up to March 31, 2021 are also uploaded on the website of the IEPF Authority and can be accessed through the link: www.iepf.gov.in.

Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has, during financial year 2021-22, transferred to the IEPF Authority all shares in respect of which dividend had remained unpaid or unclaimed for seven (7) consecutive years or more as on the due date of transfer, i.e., June 19, 2021. Details of shares so far transferred to the IEPF/ Authority are available on the website of the Company under main head "investors relation" and the same can be accessed through the link: <https://www.kitexgarments.com/>

The said details have also been uploaded on the website of the IEPF Authority and can be accessed through the link: www.iepf.gov.in. Members may note that shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back from the IEPF Authority.

17. Details of dividend declared for the financial years from 2014-15 onwards are given below:

Financial Year	Declared on	Dividend yield	Amount paid per equity share (₹)	Due date for transfer to IEPF
2014-15	04.06.2015	125%	₹ 1.25	09.07.2022
2015-16 (Interim)	30.10.2015	75%	₹ 0.75	04.12.2022
2015-16 (Final)	10.06.2016	75%	₹ 0.75	16.07.2023
2016-17 (Interim)	31.10.2016	75%	₹ 0.75	06.12.2023
2016-17 (Final)	19.06.2017	75%	₹ 0.75	24.07.2024
2017-18 (interim)	04.11.2017	75%	₹ 0.75	09.12.2024
2017-18 (Final)	28.07.2018	75%	₹ 0.75	01.09.2025
2018-19 (final)	28.08.2019	150%	₹ 1.50	02.10.2026
2019-20 (Interim)	11.02.2020	150%	₹ 1.50	18.03.2027

18. The Company had released an Advertisement dated March 20, 2021 in National Daily viz., Business Line and Regional language daily viz., Chandrika for transferring unpaid/ unclaimed dividend and unclaimed shares of the Company to Investor Education and Protection Fund (IEPF) Account as per Section 124(6) of the Companies Act, 2013. The Company had also sent individual communication dated March 17, 2021 to the concerned shareholders whose dividend remains unpaid or unclaimed for a period of Seven (7) consecutive years since 2014, at their registered address and shares are liable to be transferred to IEPF account under the aforesaid Rules, for taking appropriate action(s) by the shareholder concerned. The Complete details of unpaid or unclaimed dividends and shares due for transfer are available on the website of the Company i.e., www.kitexgarments.com.
19. For any communication, the shareholders may also send requests to the Company's investor e-mail IDs: investor@kitexgarments.com or sect@kitexgarments.com

THE INSTRUCTIONS FOR REMOTE E-VOTING/E-VOTING AND ATTENDING AGM THROUGH VC/ OVAM ARE AS UNDER:

20. Voting through electronic means:

- a) In compliance with provisions of Section 108 of the Companies Act, 2013 and the Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time together with relevant clauses in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide Members the facility to exercise their right to vote at the 29th Annual General Meeting by electronic means and the business may be transacted through e-voting services provided by the Central Depository Services (India) Limited (CDSL).
- Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.
- In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.
- b) In terms of SEBI circular no SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to aforesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi/ Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/ Easiest is https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting Menu. On clicking the E voting menu, the user will be able to see his/her holdings along with links of the respective e-Voting service provider i.e. CDSL/NSDL/KARVY/LINK INTIME as per information provided by Issuer/ Company. Additionally, we are providing links to e-Voting Service Providers, so that the user can visit the e-Voting service providers' site directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi./Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in www.cdslindia.com home page or, click on https://evoting.cdslindia.com/Evoting/EvotingLogin. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the E Voting is in progress.
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com/. Select "Register Online for IDeAS "Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

- c) The facility for e-voting will also be made available during the AGM and the Shareholders attending the AGM who have not cast their vote by remote e-voting shall be eligible to vote through the e-voting system during the AGM. The Shareholders who have cast their vote by remote e-voting may also attend the AGM but shall not be entitled to cast their vote again.

“Remote e-voting” means the facility of casting votes by a Member using an electronic voting system from a place other than venue of a general meeting.

- d) The remote e-voting period commences on Saturday, September 4, 2021 at 9:00 A.M. and ends on Monday, September 6, 2021 at 5:00 P.M. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on Tuesday, August 31, 2021 (“the cut-off date”) may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- e) The voting rights of the Shareholders shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on the cut-off date i.e. August 31, 2021 and a person who is not a Member as on the cut-off date should treat this Notice for information purpose only. In case of joint holders, only such joint holder who is named first in the order of names will be entitled to vote.
- f) The Board of Directors of the Company has appointed Mr. Vincent P.D., Managing Partner, M/s SVJS & Associates, Company Secretaries, Kochi as Scrutinizer to scrutinize the remote e-voting process and e-voting during the AGM in a fair and transparent manner.
- g) Members have an option to vote either Remote e-voting (availing the services provided by CDSL) OR by e-voting at the time of AGM. If members have cast their vote through remote e-voting, then they should not cast their vote at the meeting but they can attend meeting. However, if a member has voted through Remote e-voting and has again voted at the meeting, then the voting done through Remote e-voting shall prevail and voting done at the meeting shall be treated as invalid. Members attending meeting through VC/ OAVM who have not already cast their vote by remote e-voting shall be able to exercise their right at the time of AGM.
- h) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at <https://www.evotingindia.com/> under help section or write to Mr. Rakesh Dalvi, Manager with email id: helpdesk.evoting@cdslindia.com and contact Helpdesk: 18002005533/ 022-22723333.
- i) Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

A. LOGIN METHOD FOR EVOTING AND JOINING VIRTUAL MEETINGS FOR PHYSICAL SHAREHOLDERS AND SHAREHOLDERS OTHER THAN INDIVIDUAL HOLDING IN DEMAT FORM

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on “Shareholders/ Members” tab.
- (iii) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in De-mat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

- (vi) If you are a first time user follow the steps given below:

For Shareholders holding shares in Demat Form other than individual and Physical Form

PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none">Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
DOB# or Dividend Bank Details#	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none">If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in De-mat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the de-mat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN to choose <KITEX GARMENTS LIMITED> to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xviii) Note for Non-Individual Shareholders & Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate and custodians respectively
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they should create compliance user using the admin login and password. The Compliance user would be able to link the depository account(s)/ folio numbers on which they wish to vote.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company, if voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

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

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

- For Physical shareholders:- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id: investor@cameoindia.com & sect@kitexgarments.com.
- For Demat shareholders:- please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company/RTA email id: investor@cameoindia.com & sect@kitexgarments.com.

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

1. Only those persons who are Members of the Company as on the cut-off date i.e. August 31, 2021 will be able to attend the AGM through VC/OAVM and a person who is not a Member as on the cut-off date should treat this Notice for information purpose only.
2. Members will be able to attend the AGM through VC/ OAVM at the CDSL e-Voting system. Members may access the same at <https://www.evotingindia.com> under shareholders/ members login by using the remote e-voting credentials. The link for VC/ OAVM will be available in shareholder/ members login where the EVSN of Company will be displayed.
3. Facility of joining the AGM through VC/OAVM shall be opened 30 minutes before the time scheduled for the AGM and shall be kept open throughout the proceedingsof AGM. The facility will be available for Members on first come first served basis.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience
5. For better experience, we recommend that you join the session with high-speed wired internet connectivity. This prevents Wi-Fi dropouts and speed issues.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/ Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Members who would like to express their views/ ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to AGM mentioning their name, demat account number/ folio number, email id, mobile number at sect@kitexgarments.com. Those members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

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

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

DECLARATION OF VOTING RESULTS

18. The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting and make not later than 2 days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman and/or Director or a person authorized by him in writing who shall counter sign the same.
19. The results shall be declared forthwith upon receipt of the Scrutinizer's Report. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.kitexgarments.com, its Notice Board and on the website of CDSL and communicated to the stock exchanges where shares of the Company are listed.

GENERAL INSTRUCTIONS

20. All documents, transfers, dematerialization requests and other communications in relation thereto should be addressed directly to the Company's Registrar & Share Transfer Agents.
21. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Registrar and Share Transfer Agent (RTA)
22. Pursuant to Section 72 of the Companies Act, 2013, members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination, pursuant to Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, are requested to send their requests in Form No. SH-13 to the RTA of the Company. Further, members desirous of cancelling/varying nomination pursuant to Rule 19(9) of the Companies (Share Capital and Debentures) Rules, 2014, are requested to send their requests in Form No. SH-14 to the RTA of the Company. These forms will be made available on request.

PARTICULARS OF DIRECTORS WHO ARE PROPOSED TO BE RE-APPOINTED/ APPOINTED AT THE MEETING ARE GIVEN BELOW.

A. MRS. SINDHU CHANDRASEKHARAN

Name of Director	Mrs. Sindhu Chandrasekharan
Date of Birth	01.06.1969; 52 years of age
Qualification	Science Graduate
Experience in specific functional areas	Ms. Sindhu Chandrasekharan joined Kitex Group in April 1995 and later on inducted into Kitex Garments Limited in the year 1997. She has been holding various positions and presently holding the post of Manager (Finance). Ms. Sindhu Chandrasekharan has been handling the Treasury Management of the company for a quite long period. Ms. Sindhu Chandrasekharan is instrumental in maintaining a perfect cash management system in the company during her tenure.
Directorship held in other Companies	<ul style="list-style-type: none">· Kitex Garments Limited as Whole Time Director· Kitex Herbals Limited as Director· Kitex Infantswear Limited as Director· Kitex Babywear Limited as Director· Kitex Kidswear Limited as Director· Kitex Knits Limited as Director· Kitex Littlewear Limited as Director· Kitex Socks Limited as Director· Kitex Packs Limited as Director
Details of terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid and the remuneration last drawn	Refer the Directors Report
Date of first appointment on the Board	16.03.2015
Relationship with other Directors, Manager and other Key Managerial Personnel of the company	Nil

number of Meetings of the Board attended during the year and other Directorships	Refer the Directors Report.
Chairman/member of the Committee of the Board of Directors of this Company	Refer the Directors Report
Committee Membership in other Companies	Kitex Infantswear Limited: Chairperson of Audit Committee and Member of Nomination and Remuneration Committee
Shareholdings in the Company	Nil

B. MRS. SUMI FRANCIS

Name of Director	Mrs. Sumi Francis
Date of Birth and age	21.06.1981; 40 years of age
Qualification	Post Graduate Diploma in Business Administration (PGDBA)
Experience in specific functional areas	Worked in Educational, Insurance and manufacturing sectors over 10 years in Savoy Global, Kitex Garments Limited (worked in Kitex Garments Ltd from the year 2003 till 2007) to name a few, where she independently handled the Operations, Social Compliance, HR department in the senior management level.
Directorship held in other Companies	Nil
Details of terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid and the remuneration last drawn	Refer the Directors Report
Date of first appointment on the Board	13.11.2020
Relationship with other Directors, Manager and other Key Managerial Personnel of the company	Nil
Number of Meetings of the Board attended during the year and other Directorships	Refer the Directors Report.
Chairman/member of the Committee of the Board of Directors of this Company	Refer the Directors Report.
Committee Membership in other Companies	Nil
Shareholdings in the Company	Nil

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF COMPANIES ACT, 2013**Item No. 4**

Pursuant to Section 161 (1) of the Companies Act, 2013 and Articles of Association of the Company, Mrs. Sumi Francis (DIN: 08950675) was appointed as an Additional Director at the Board Meeting held on November 13, 2020. Mrs. Sumi Francis worked in Educational, Insurance and manufacturing sectors over 10 years in Savoy Global, Kitex Garments Limited (worked in Kitex Garments Ltd from the year 2003 till 2007) to name a few, where she independently handled the Operations, Social Compliance, HR department in the senior management level. She is commerce graduate from M. G. University, Kottayam (Kerala) and Post Graduate Diploma holder in Business Administration from Mount Carmel Institute of Management, Bangalore (Karnataka).

The Board based on the experience/ expertise declared by Mrs. Sumi, is of the opinion that she has the requisite qualification to act as an Independent Director of the Company. In terms of Section 161(1) of the Companies Act, 2013, Mrs. Sumi would hold office upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member proposing candidature of Mrs. Sumi for the office of Independent Director of the Company.

Mrs. Sumi is not disqualified from being appointed as director in terms of Section 164 of the Companies Act, 2013 and her consent to act as director has been received by the Company.

The Company has received a declaration from Mrs. Sumi that she meets the criteria of Independence as prescribed both under sub-section (6) of Section 149 read with schedule IV of the Companies Act, 2013 and under Reg 16 (1) (b) of SEBI (Listing Obligations

and Disclosure Requirements) Regulations, 2015. In the opinion of the Board, Mrs. Sumi fulfills the conditions for her appointment as an Independent Director as specified in the Act and the SEBI regulations. Mrs. Sumi is independent of the management and possesses appropriate skills, experience and knowledge.

Your Board of Directors deliberated and decided that owing to the rich and varied experience, Mrs. Sumi's association would be of immense benefit to the Company and it is desirable to avail services of Mrs. Sumi as an Independent Director. Accordingly, on the recommendation received from the Nomination and Remuneration Committee, the Board recommends the resolution for the appointment of Mrs. Sumi as an Independent Director for a term of 5 (five) years from November 13, 2020 to November 12, 2025 for the approval of the shareholder of the Company.

Mrs. Sumi Francis does not hold by herself or for any other person on a beneficial basis, any shares in the company as per declaration given by her.

The copy of the draft letter for appointment of Mrs. Sumi as Independent Director of the Company would be made available, for inspection by the members without payment of any fee, at the Registered Office of the Company between 11.00 AM and 1.00 P.M. on all working days up to the date of the Annual General Meeting.

This Statement may also be regarded as a disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

None of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in this resolution except Mrs. Sumi Francis.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the members.

Item No. 5

Your Company is involved in the business (selling) of processed fabrics to M/s. Kitex Childrenswear Limited, (hereinafter referred to as "the KCL") an unlisted company which is also promoted by Mr. Sabu M Jacob who is also the Managing Director of this company. Your company also takes on rent and also rent out some portion of the factory premises to KCL and also engages KCL for undertaking special job work contracts. The sale of processed fabrics and Job work contracts dependent on the requirement of both the Companies for its products from time to time and the ability to supply such specified Childrenswear by these companies. During the course of its business, KCL also sells its products to other companies.

Your company has noted that M/s. Kitex Childrenswear Limited fall under the category of a related party of the Company in terms of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as notified and amended from time to time. The provisions of this regulation read with Policy on Related Party Transactions approved and notified by the Board of Directors of the Company consider a transaction with a related party material if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the Annual consolidated turnover of the company as per the last audited financial statements of the Company. Further, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time require all material related party transactions to be approved by the shareholders through an ordinary resolution and the related parties shall abstain from voting on such resolutions.

The Company envisages that the transactions entered into with M/s. Kitex Childrenswear Limited whether individually and/or in aggregate would exceed the stipulated threshold limit of 10% of consolidated annual turnover of the Company as per the latest audited financial statements of the Company during a financial year under review. The company therefore requires the approval of the shareholders by an ordinary resolution for entering into such transaction(s)/ Contract(s)/ arrangement(s) with M/s. Kitex Childrenswear Limited upto a maximum amount as mentioned in the resolution in each financial year from the FY 2022-23 for a period of 3 years.

Although approval of the shareholders would not be required under the provisions of Section 188 of the Companies Act, 2013 and the rules made thereunder and as amended from time to time due to the reason that transactions with related party are in the ordinary course of business and at the arms length basis, the same is being sought as an abundant precautionary measure.

All related parties shall abstain from voting on this resolution.

The relevant information is as follows:

1.	Name of the related parties	Kitex Childrenswear Limited (KCL)
2.	Name of the Director or KMP who is related	Mr. Sabu M Jacob
3.	Nature of relationship	Mr. Sabu M. Jacob is the Chairman & Managing Director of Kitex Garments Limited (KGL) and is also the Managing Director of KCL. He is the promoter for both the companies. He is holding 99.69% shares in KCL along with his wife.

4.	Monetary Value	The estimated aggregate contract value for the matters proposed in the resolution shall not exceed ₹ 300 Crores for KCL in each financial year for 3 consecutive years.
5.	Nature, material terms and particulars of arrangements	Purchase and sale of Processed Textiles, job work contracts, also takes on rent and rent out some portion of the factory premises to KCL by the company as these are dependent on the requirement of both companies for its products from time to time and the ability to supply of specified material by these companies. However such transactions would be in the ordinary course of the company's business and at the arm's length basis.
6	Any advance paid or received for the arrangement if any	As per industry norms, custom and uses.
7	Tenure of Contract	3 years w.e.f. FY 2022-23
8	Any other information relevant or important for the members to take a decision on the proposed resolution	Nil

The Audit committee and the Board of the Directors of the Company have considered these proposed arrangements and limits at their meeting held on June 29, 2021 have approved the proposed arrangements with the Related Party M/s. Kitex Childrenswear Limited and have also decided to seek approval of shareholders by way of ordinary resolution pursuant to section 188 of the Companies Act 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time.

Mr. Sabu M. Jacob together with his relatives and directors of the company who directly hold in aggregate of 9,49,829 equity shares (99.99%) of the Kitex Childrenswear Ltd (Mr. Sabu M. Jacob: 946960 shares, Mrs. Renjitha Joseph: 2850 shares, Mrs. Sindhu Chandrasekharan: 19 shares) are concerned or interested in the ordinary resolution under Agenda Item no. 5.

Relevant documents in respect of the said items would be made available, for inspection by the members without payment of any fee, at the Registered Office of the Company/ electronically (as per MCA circulars in light of CoVID-19 pandemic) between 11.00 AM and 1.00 P.M. on all working days up to the date of the Annual General Meeting.

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

The Directors/ Key Managerial Personnel or their relatives are concerned or interested, to the extent of their shareholding in the Company, if any, in the resolutions set out at item no. 5 of the accompanying notice.

Item No. 6

Your Company sells garments consisting of Baby suits, Sleepwear, Rompers, Burps, Bips and Training Pants to M/s. Kitex USA LLC (hereinafter referred to as "the KUL") a company registered in Delaware, USA under laws of that country having a joint investment of 50:50 by the Company together with M/s. Kitex Childrenswear Limited (KCL), an unlisted Company which is promoted by Mr. Sabu M. Jacob who is also its Managing Director. The sale of baby garments/ investments dependent on the requirement of both the Companies for its products from time to time and the ability to supply such specified Childrenswear by this company to its clients. During the course of its business, KUL has been selling its products to other companies.

Your company has noted that M/s. Kitex USA LLC falls under the category of a related party of the Company in terms of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as notified and amended from time to time. The provisions of this regulation read with Policy on Related Party Transactions approved and notified by the Board of Directors of the Company consider a transaction with a related party as material if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the Annual consolidated turnover of the company as per the last audited financial statements of the Company. Further, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time require all material related party transactions to be approved by the shareholders through an ordinary resolution and the related parties shall abstain from voting on such resolutions.

The Company envisages that the transactions entered into with M/s. Kitex USA LLC whether individually and/or in aggregate would exceed the stipulated threshold limit of 10% of consolidated annual turnover of the Company as per the latest audited financial statements of the Company during a financial year under review. The company therefore requires the approval of the shareholders by an ordinary resolution for entering into such transaction(s)/ Contract(s)/ arrangement(s) with M/s. Kitex USA LLC upto a maximum amount as mentioned in the resolution in each financial year from the FY 2022-23 for a period of 3 years.

Although approval of the shareholders would not be required under the provisions of Section 188 of the Companies Act, 2013 and the rules made thereunder and as amended from time to time due to the reason that transactions with related party are in the ordinary course of business and at the arms length basis, the same is being sought as an abundant precautionary measure.

All related parties shall abstain from voting on this resolution.

The relevant information is as follows:

1. Name of the related parties	Kitex USA LLC (KUL)
2. Name of the Director or KMP who is related	Mr. Sabu M Jacob
3. Nature of relationship	Mr. Sabu M. Jacob is the Chairman & Managing Director of the Kitex Garments Limited (KGL) and the Managing Director of Kitex Childrenswear Limited (KCL). He is the promoter for all these companies. KGL and KCL jointly invested in KUL in the proportion of 50:50.
4. Monetary Value	The estimated aggregate contract value for the matters proposed in the resolution shall not exceed ₹ 600 Crores for KUL in each financial year for 3 consequent years w.e.f. FY 2022-23
5. Nature, material terms and particulars of arrangements	Purchase and sale of Garments by the company as these are dependent on the requirement of both companies for its products from time to time and the ability to supply of specified material by theses companies. Also the company pays sales commission to KUL based on its turnover based on mutual agreement. However such transactions would be in the ordinary course of the company's business and at the arm's length basis.
6. Any advance paid or received for the arrangement if any	As per industry norms, custom and uses.
7. Tenure of Contract	3 years w.e.f. FY 2022-23
8. Any other information relevant or important for the members to take a decision on the proposed resolution	Nil

The Audit committee and the Board of the Directors of the Company have considered these proposed arrangements and limits at their meeting held on June 29, 2021 and have approved the proposed arrangements with the Related Party M/s. Kitex USA LLC and have also decided to seek approval of shareholders by way of ordinary resolution pursuant to section 188 of the Companies Act 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time.

Mr. Sabu M. Jacob together with his relatives and directors of the company who directly don't hold any shares in Kitex USA LLC.

Relevant documents referred to in the Notice and the Statement are available for inspection by the Members at the Registered Office of the Company/ electronically (as per MCA circulars in light of CoVID-19 pandemic) from 11 am to 5 pm on all working days from the date of dispatch of the Notice till the last date for voting.

The Board recommends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the members.

The Directors, Key Managerial Personnel of the Company or their relatives are concerned or interested in this resolution to the extent of their shareholding if any, in the Company, in the resolutions set out at item no. 6 of the accompanying notice.

By Order of the Board of Directors of
Kitex Garments Limited

Sd/-

CS. Mithun B Shenoy

Company Secretary & Compliance officer
(ICSI M. No. FCS 10527)

Kizhakkambalam
June 29, 2021

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Twenty Ninth Annual Report of the Company together with the audited financials statements for the financial year ended March 31, 2021.

1. CORPORATE OVERVIEW

Your company is into exports of cotton garments especially Infantswear. The Company exports its products to United States and European Markets.

2. FINANCIAL HIGHLIGHTS

As mandated by the Ministry of Corporate Affairs, your company has prepared the financial statement (both standalone and consolidated) for the year ended March 31, 2021 as per Indian Accounting Standard ('IND AS') notified under Sec 133 of the Companies Act, 2013 read with notification no. G.S.R. 111(E) dated 16.02.2015 as amended from time to time.

The Standalone and consolidated financial performance of the Company for the financial year ended March 31, 2021 is summarized below:

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
Sales and other Income				
Revenue from operations	45,538.82	73,920.98	45,538.82	73,920.98
Other Income	1,010.46	4,436.56	431.29	3,918.79
Total Revenue	46,549.28	78,357.54	45,970.11	77,839.77
Profit Before Interest and Depreciation	11,048.82	17,664.83	10,456.71	17,134.54
Less: Finance Charges	253.95	702.49	255.59	702.49
Depreciation	2,310.44	2,645.23	2,310.44	2,645.23
Net Profit Before Tax	8,484.44	14,317.12	7,892.33	13,786.82
Less: Provision for Tax	2,494.24	3,449.73	2,465.07	3,449.73
Net Profit After Tax	5,990.20	10,867.39	5,427.26	10,337.09
Share Of Profit/ (Loss) Of Associates	-	-	-	-
Net Profit after share of profit of Associates	5,990.20	10,867.39	5,427.26	10,337.09
Balance of Profit brought forward	42,151.22	35,775.33	38,773.88	33,011.04
Balance available for appropriation	48,153.77	46,556.31	44,213.49	43,208.03
Dividend paid on Equity Shares	-	1995.00	-	1995.00
Tax on Dividend	-	410.09	-	410.09
Transfer to General Reserve	2,000.00	2,000.00	2,000.00	2,000.00
Surplus carried to Balance Sheet	46153.77	42,151.22	42,213.49	38,802.94

3. FINANCIAL PERFORMANCE

The Company continues to maintain its market leadership in Infantswear across US markets during the year under review. But during the pandemic situation, turnover was affected due to disruptions in international Logistics and abundant caution applied in executing orders.

Your Company continued to build good relationship with our customers. The quality in our products is a prime motto of our business. At Kitex, people are highly devoted towards the operations and are also partners in growth. During the year under report, there was a sustained focus to increase strength of your company and sharpen competitive advantages with a view towards long term value creation.

STANDALONE PERFORMANCE

On standalone basis, your company reported a turnover of ₹ 46,549.28 lakhs i.e., a 40.59 % decrease over the previous financial year. The year on year revenue decrease is due to the pandemic related disruptions in our key markets as well as international Logistic coming to an almost standstill. But we could able to maintain the profitability of the Company at 18% margin. Your company took abundant caution in executing orders. The operating profit stood at ₹ 8,484.44 lakhs compared with ₹ 14,317.12 lakhs in the previous year. The net profit for the year was ₹ 5,990.20 lakhs as against ₹ 10,867.39 lakhs reported in the previous year. The EPS from continuing operations for the reporting year was ₹ 9.01 as against ₹ 16.34 reported in the previous year. During the initial months of the lock down commencing from March, 2020 the production, operations and inputs supplies were impacted however it has been completely restored post lock down. The management has taken due care in adhering to cost control measures, as a result of which operational costs and freight expenses has significantly reduced. Your Company was able to maintain descent profitability despite the pandemic disrupting the operations. Due to the disruptions in the company's main markets like US and UK, the production quantity of the infant garments got reduced. Stepping into FY 2022, the demand for our products is picking up.

CONSOLIDATED PERFORMANCE

On consolidated basis, total revenue for the financial year under review was ₹ 45,970.11 lakhs as against ₹ 77,839.77 for the previous financial year, a dip of 40.94%. Profit before tax was ₹ 7,892.33 lakhs and net profit after tax was ₹ 5,427.26 lakhs for the financial year under review as against ₹ 13,786.82 lakhs and 10,337.09 lakhs for the previous year.

During the year under review, your company received orders confirmations from major infant garment buyers viz., Gerber Childrenswear LLC, Carters, Buy-Buy Baby, Ross Stores, Amazon, Target, Sam's Club, Oshkosh and Walmart who can contribute major part of your Company's turnover in coming years. On an average, the Company manufactures 6 lakhs pieces of infant's apparel per day and dispatches as a whole container to clients in US. The order position has improved now and we expect turnover to revive in the coming months. Also, the company has taken all possible cost drive measures. CoVID-19 pandemic has impacted various future plans of the company. During the month of April & May, 2020, your company utilized the opportunity by supplying Personal Protective Equipment (PPE) kits to International hospital and other organizations for which US FDA license was obtained for the same and this was carried out by the company without any additional investment in the existing infrastructure. The company could generate an additional income from the sale of PPE Kits.

There have been no material changes or commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this report except below:

COVID-19 GLOBAL PANDEMIC

Except for few days during initial lock down, production was not disrupted and even during lock-down time, factory was functional in manufacturing of PPE kits on a limited capacity in compliance with the directives/orders issued by the relevant authorities. Amidst this pandemic, your company has adhered to the various mandated norms and regulations to change the way of working to ensure a safer working environment for the employees. The financial results for the year ended March 31, 2021 were impacted by disruptions owing to COVID 19. The Company has made an assessment of the recoverability and carrying values of its assets comprising property, plant and equipment, inventories, receivables and other current/ non-current assets as of 31 March 2021 and on the basis of evaluation, has concluded that no material adjustments are required in the financial results. The Company is taking all the necessary steps and precautionary measures to ensure smooth functioning of its operations and to ensure the safety and well-being of all its employees. The pandemic has re-engineered our working strategy and on the way ahead, digitalization will come as prime important in business world. Your company has brought in following changes during pandemic situation in the case of customer engagement:

- Ø Weekly Production updates were shared with the Buyer followed up with online conference calls & meetings.
- Ø Physical Factory audits changed to online Audits.
- Ø Inspections were conducted online with Buyer quality & Third Party Audits.
- Ø All factory certifications audits were conducted by third party thru online meetings.
- Ø Strict COVID health & Hygiene protocols are being followed at the Production Facility for workers Health & Safety.
- Ø Training & Motivating staff during these times.

4. PERFORMANCE HIGHLIGHTS OF SUBSIDIARY & ASSOCIATE COMPANY

• ASSOCIATE COMPANY

As on March 31, 2021, the Company has an Associate Company. Kitex USA LLC being an Associate Company with joint investment between the Company and Kitex Childrenswear Limited to support and facilitate design for US Market customers. The Associate Company markets the licence brand "Lamaze" and Own Brand "Little Star" Infantswear in US and Canada.

Your company has also sold products worth ₹ 26,031.14 Lakhs to its Associate during the reporting period.

• **SUBSIDIARIES**

During the year under review, the company has 6 wholly owned subsidiaries viz., Kitex Littlewear Limited, Kitex Babywear Limited, Kitex Socks Limited, Kitex Packs Limited, Kitex Knits Limited and Kitex Kidswear Limited.

Further, pursuant to the provisions of Sec 136 of the Act, audited financial statements in respect of subsidiaries are available on the website of the Company www.kitexgarments.com.

A Report on the salient features of the financial statements of Subsidiaries/ Associate Companies/ Joint Ventures prepared in form AOC-1 is provided as **Annexure A**.

There are no companies which have ceased to be its Subsidiaries, joint ventures or associate companies during the year under review.

The Company has adopted the policy for determining material subsidiaries in term of Reg 16(1)(c) of Listing Regulations as amended from time to time and may be accessed on the company's website www.kitexgarments.com.

The Consolidated Financial Statements of the Company along with its Subsidiaries and Associate prepared for the year 2020-21 in accordance with relevant Ind AS issued by ICAI forms part of this Annual Report.

5. **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Sec 134 (5) of the Act, the Board of Directors of the Company hereby state and confirm that:

- (i) in the preparation of the Annual accounts for the year ended March 31, 2021, the applicable accounting standard have been followed along with proper explanation relating to the material departures, if any;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the profit of the Company for the year ended on that date;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis;
- (v) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) that 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.

6. **DIVIDEND, DIVIDEND DISTRIBUTION POLICY AND TRANSFER TO RESERVE**

Your Directors recommend for your approval, final dividend of ₹ 1.50 per share (150 %), subject to the tax for the year ended March 31, 2021 on equity shares of Re. 1/- each fully paid-up. During the year under review, your company transferred a sum of ₹ 2,000 lakhs to the General Reserve on account of future expansions.

The Total outgo on account of dividend inclusive of taxes for FY 2020-21 is ₹ 997.50 lakhs which represents a payout of 16.66 % of the Company's standalone profits.

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, top One Thousand listed entities based on market capitalization are required to formulate a Dividend Distribution Policy. Accordingly, the Board approved and adopted Dividend Distribution policy is available on the Company's Website: viz., www.kitexgarments.com

7. **SHARE CAPITAL**

The paid-up equity share capital as on 31st March, 2021, was ₹ 665.00 lakhs consisting of 6,65,00,000 equity shares of Re. 1/- each fully paid-up.

8. **TRANSFER TO INVESTORS EDUCATION AND PROTECTION FUND**

a. **Transfer of Unpaid Dividend**

Pursuant to the provisions of Sec 124 (5) of the Companies Act, 2013, your Company has transferred ₹ 8,80,641.00 for the financial year 2012-13 to Investors Education Protection Fund (IEPF) on July 4, 2020. This amount was lying unclaimed/ unpaid with the Company for a period of 7 (seven) years after declaration of final dividend for the said FY.

b. Transfer of shares underlying unpaid dividend

The Board of Directors at its meeting held on February 11, 2020, transmitted 2,581 equity shares of the Company into the demat account of the IEPF Authority held with CDSL (DPID/ Client ID: 12047200 – 13676780) in terms of the provisions of Sec 124 (6) of the Companies Act, 2013 read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time.

The equity shares were the shares of 10 shareholders whose unclaimed/ unpaid dividend pertaining to FY 2012-13 had been transferred into IEPF and who had not encashed their dividends for 7 (seven) subsequent financial years. The Company has taken various steps by sending reminders requesting them to encash their dividend so as to reduce the limit of unclaimed dividend before transferring the dues to IEPF. The complete list of such shareholders whose shares were due for transfer to IEPF was also placed in investor's relations section on the website of the Company www.kitexgarments.com.

Further, dividend which has become unclaimed for the last 7 years since 2013-14 must be claimed by the concerned shareholders on or before June 19, 2021 for which Company had sent the reminder letter to them. Since due date for such transfer was elapsed on above date, the company had initiated and completed the process of transfer of such dividend to IEPF Authority on June 19, 2021. The details are provided in the Shareholder information section of this Annual Report and are also available on our website www.kitexgarments.com.

9. CAPITAL EXPENDITURE

As on 31st March, 2021, the Fixed Assets stood at ₹ 27,056.42 lakhs and net fixed assets of ₹ 15,152.51 lakhs. Additions during the year amount to ₹ 518.57 lakhs.

Phase I expansion of ₹ 241 Crores of capital investment for automation, new Plant & Machinery and other amenities was approved by the Board of Directors on April 28, 2017. The Board was informed that company had spent ₹ 25 Crores out of approved limit and hence the balance of ₹ 216 Crores is being carried out for implementation of Strategic Road Map 2025. The Vendor successfully tested the automation. The Board of Director has been taking utmost effort to implement the expansion. New business venture for isolation gowns is about to be ready for implementation.

10. FUTURE PROSPECTS

In the last Board's Report, your Board of Directors had mentioned about investment plan of ₹ 910 crores to be spent over 7 years since 2018 under the theme "Kitex Garments Limited Strategic road map 2025". The said investment shall be from internal accruals and borrowings. Due to CoVID-19 pandemic, Board has put on hold all investment plans. The Board is yet to receive project report for investment in setting up unit for spinning mill, socks, diaper and wet tissue manufacturing. Only diversification which company has been doing is of supply of PPE kits to hospital and other organization without any additional investment and restraining the workforce. Board expects there would be good growth in the infants' apparel business in coming years.

11. CREDIT RATING

During the year under review, ICRA, the Credit Rating Agency maintained the "[ICRA] AA-" rating with stable outlook for the company's long term borrowings and maintained the "[ICRA] A1+" rating for the Company's short term borrowings.

12. QUALITY AND ACCOLADES

Your Company continues to win awards year by year, thus reiterating its credible market position.

13. CHANGE IN THE NATURE OF BUSINESS

During the year under review, there was no change in the nature of the business.

14. LISTING

The Equity Shares of the Company continue to remain listed on BSE Limited and the National Stock Exchange of India Limited.

15. DEPOSIT FROM THE PUBLIC

The Company has not accepted any deposit within the meaning of Chapter V of the Companies Act, 2013 and the Rules framed thereunder.

16. EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2021 is available on the website of the Company at the link www.kitexgarments.com.

17. SECRETARIAL STANDARD

The Company complies with all applicable secretarial standards.

18. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT BY THE COMPANY

During the year under review, no loan, guarantees and investments pursuant to the provisions of Section 186 of the Act and SEBI (LODR) Regulations, 2015, were made by the Company. However, loans and Investments covered under the provision of the said section are given in the notes to financial Statements.

19. DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review and between the end of the financial year and date of this report, the following are the changes in directors and Key Managerial Personnel of the Company:

- (i) In accordance with Articles of Association, Mrs. Sindhu Chandrasekharan (DIN: 06434415), executive director of the Company will be retiring at the ensuing Annual General Meeting and being eligible, seek reappointment. Item seeking her re-appointment along with her detailed profile has been included in the notice convening the AGM.
- (ii) The Board on the recommendation of the Nomination & Remuneration Committee, subject to the approval of the shareholders, has appointed Mrs. Sumi Francis (DIN: 08950675) as an Independent Director (additional Director) to hold office for a term of five (5) years from November 13, 2020 upto November 12, 2025. Necessary resolution in connection with her appointment is contained in the notice of Annual General Meeting.

There is no change in the Board of Directors & Key Managerial Personnel of your company during the financial year 2020-21 except as mentioned above.

All Independent Directors have given declaration that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Reg 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended from time to time. Based on the confirmation/ disclosure received from the directors, the Non Executive Directors namely Mr. E. M. Paulose, Mr. Benni Joseph, Mr. C. P. Philipose and Mrs. Sumi Francis are treated as independent as on March 31, 2021.

The Company recognizes the importance of a diverse board and believes that it brings new ways of thinking, insights and different perspective on consumer wants and needs. This will help company to retain competitive position in the corporate world.

In the opinion of the Board, the Independent Directors are persons with integrity, expertise and experience in the relevant functional areas. Requirements of online proficiency self-assessment test in terms of Rule 6(4) of The Companies (Appointment and Qualifications of Directors) Rules, 2014 will be complied within the prescribed timeline, if the same is applicable to each of them.

During the year under review, meetings of the Board of Directors and its Committees were held, details of which are set out in the Corporate Governance Report which forms part of this Report.

20. BOARD EVALUATION & FAMILIARISATION PROGRAMME

Having a formalized Board evaluation gives Board Members an opportunity of assessing their own performance and brings out the importance of the contributions of individual directors. It is a mechanism by which Board members candidly reflect on how well the Board is meeting its responsibilities.

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual Directors pursuant to the provisions of the Companies Act, 2013 as well as SEBI (LoDR) Regulations, 2015.

With the objective of evaluating the performance of Directors, Nomination and Remuneration Committee has formulated a structured questionnaire after taking into consideration the various aspects viz., composition of the Board and its committees, Board's function, its culture, quality and timely flow of information, frequency of meetings, execution and performance of specific duties, obligations and governance.

Board has carried out an annual performance evaluation of its own performance, the performance of various committees of the Board, Individual Directors and the Chairman based on adopted questionnaire. A note on the familiarizing programme adopted by the Company for the orientation and training of the Directors and the manner in which the Board evaluation process undertaken in compliance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in the Corporate Governance Report which forms part of this Report.

Further, the Independent Directors of the Company met on February 10, 2021 to review the performance of the Non-executive directors, Chairman of the Company and the access of the quality, quantity and timeliness of flow of information between the Company management and the Board to effectively perform their duties. The details of familiarization program conducted for Independent Directors of your Company are available on your Company's website www.kitexgarments.com.

21. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

The Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided in Section 178(3) of the Act is available on our website www.kitexgarments.com. We affirm that remuneration paid to the directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company.

Some of the salient features of which are as follows:

1. To regulate the appointment and remuneration of directors, key managerial personnel and the senior management personnel;
2. To identify persons who are qualified to become directors as per the criteria/ Board skill matrix identified by the Board;
3. To ensure proper composition of Board of Directors and Board diversity;
4. To ensure that level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, key managerial personnel and senior management and their remuneration involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to Company's working and its goals.

22. BOARD COMMITTEES

Detailed composition of the mandatory Board committees namely Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, CSR Committee, Stakeholders Relationship Committee, its number of meetings held during the year under review and other related details are set out in the Corporate Governance Report which forms part of this Report.

There have been no situations where the Board has not accepted any recommendation of the Audit Committee.

23. EMPLOYEES' STOCK OPTION SCHEME

The Company has not granted any Employee Stock Option within the meaning of section 62 (1) (b) of the Companies Act, 2013 read with its Rules framed thereunder and respective SEBI regulations.

24. CORPORATE SOCIAL RESPONSIBILITY

Your Company believes in touching some of the important aspects of human life. Even before commencement of Companies Act, 2013, it has embarked on the journey of social change through inclusive growth, dedicated to the cause of future and future generations. The Company implements CSR directly to society of Kizhakambalam Panchayat in which it operates and efforts are revolved around several projects relating to Social Empowerment and Welfare, Infrastructure Development, Sustainable Livelihood, and Health Care during the year under review. These projects are in accordance with Schedule VII of the Act and its CSR policy.

The brief report of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure B** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. For other details regarding the CSR Committee, please refer to the Corporate Governance Report, which is a part of this report. The Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company are available on your Company's website www.kitexgarments.com

25. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report on the operations of the Company, as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, forms an integral part of this Report.

26. BUSINESS RESPONSIBILITY REPORT

As required under Regulation 34 of the Listing Regulations, the Business Responsibility Report is provided in a separate section and forms part of the Annual Report.

27. CORPORATE GOVERNANCE

A separate section on parameters of statutory compliance evidencing the standards expected from a listed entity have been duly observed and a report on Corporate Governance as well as certificate from company secretary in practice confirming compliance with the requirements of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 forms part of this Report.

28. VIGIL MECHANISM

The Company has a Vigil Mechanism to report concern about unethical behavior, actual or suspected fraud or violation of Company's code of conduct by the Directors and employees. The vigil mechanism is disclosed in the website of the company viz., www.kitexgarments.com

29. RELATED PARTY TRANSACTIONS

All transactions or arrangement entered into with the related parties for the year under review were on arm's length basis and in the ordinary course of business. Hence the provisions of Section 188 of the Companies Act, 2013 and the Rules made thereunder are not attracted. Accordingly, the disclosure of Related Party Transactions as required under Section 134 (3) (h) of the Companies Act, 2013 in Form AOC 2 is enclosed as **Annexure C**.

The company has developed a framework through Standard Operating Procedures for the purpose of identification and monitoring of such Related Party Transactions. All Related Party Transactions were placed before the Audit Committee as also to the Board for approval. Omnibus approval was obtained on a yearly basis for transactions which are of repetitive nature. Transactions entered into pursuant to omnibus approval are audited by the Risk Assurance Department and a statement showing the details of all Related Party Transactions are placed before the Audit Committee and the Board for review and approval on a quarterly basis.

None of the Directors has any pecuniary relationship or transactions vis-à-vis the Company.

The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company viz., www.kitexgarments.com.

30. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has an effective internal control and risk-mitigation system, which are constantly assessed and strengthened with new/ revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The Internal and operational audit is entrusted with M/s. K. Venkitachalam Aiyer & Co, a firm of Chartered Accountants. The main thrust of Internal Audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal financial control systems w.r.t. the financial statements and suggests improvements to strengthen the same. The Company has a robust Management Information System, which is an integral part of the control mechanism.

The Audit Committee of the Board of Directors, Independent Auditors and the Core Committee Heads have periodically been appraised the significant internal audit observations and the corrective actions have been taken. The Audit Committee places a key role in providing assurance to the Board of Directors. In order to maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee.

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

The information on conservation of energy, technology absorption and foreign exchanges earnings and outgo pursuant to Section 134 (3) (m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (accounts) Rules, 2014 as amended from time to time is annexed as **Annexure - D** and forms an integral part of this Report.

32. BUSINESS RISK MANAGEMENT

Your Company continues to strengthen its robust Risk Management Framework and the same was reviewed by the Audit Committee periodically. As per latest listing regulations, top 1000 listed entities based on market capitalization has to constitute Risk Management Committee. Accordingly Board of Directors at its meeting held on May 28, 2021 has constituted the Committee, the details of which have been covered in the Corporate Governance Report forming part of the report. The Committee meets for focused interaction with business, identifying and prioritizing strategic, operational risk and formulating appropriate mitigation strategies and conducting frequent review of the progress on the management of the identified risk. The Committee also constituted the Risk Management policy for assessing the risks connected to the company and also minimization procedures. Your company believes that managing risk helps in maximizing return. The company's approach in addressing business risks includes periodical review of such risks and thereby mitigating it effectively. The risk management framework is reviewed periodically by the Board and the Audit Committee. Some of the risks that the company is exposed to are:

- **FINANCIAL RISKS:**

The Company's policy is to actively manage its foreign exchange risks within the framework laid down by the Company's forex policy approved by the Board. Given the interest rate fluctuations, your Company has adopted a prudent and conservative risk mitigation strategy to minimize financial and interest cost risks.

- **COMMODITY PRICE RISKS**

The Company is exposed to the risk of price fluctuations of raw materials as well as finished goods. The company proactively manages these risks through forward booking, inventory management and proactive vendor development practices. Your company's reputation for quality, product differentiation coupled with the existence of a powerful brand image with a robust design and marketing network in US mitigates the impact of price risk on finished goods.

- **REGULATORY RISKS**

The Company recognized its risks attached to various statutes, laws and regulations. The company is mitigating these risks through regular review of legal compliances carried out through our internal as well as external compliance audits by our customers.

- **HUMAN RESOURCE RISKS**

Retaining the existing talent pool and attracting new talent are the major risks affecting the company. We have initiated various measures including rolling out of strategic talent management systems, training and integration of learning and development activities. Our company has collaborated with various agencies like Integrated Skill Development Scheme (ISDS), Kudumbashree which helps to identify, nurture and groom labour talents within all states of India to prepare them for future business leadership.

- **STRATEGIC RISKS**

Emerging businesses, capital expenditure for capacity expansion etc are normal strategic risks face by your company. However, your Company has well-defined processes and procedures for obtaining approval for investments in new businesses and capacity expansions.

33. AUDITORS

33.1. INDEPENDENT AUDITORS

As per the provisions of Section 139 of the Companies Act, 2013, MSKA & Associates, Chartered Accountants, (FRN 105047W) have been appointed as Independent Auditors of the company for a period of 5 (Five) years in the AGM of the Company held on July 28, 2018.

Further the report of the Independent Auditors along with notes to financial statements is enclosed to this Annual Report. The Auditors' Report does not contain any qualification, reservation, disclaimer or adverse remarks.

33.2. SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has re-appointed M/s. SVJS & Associates, Practicing Company Secretaries, Kochi to conduct the Secretarial Audit for the financial year 2020-21. The Audit Report issued by the Secretarial Auditors for the said FY form part of this Report and is set out in **Annexure – E** which is self-explanatory.

33.3. INTERNAL AUDITORS

M/s. K. Venkitachalam Aiyer & Co, Chartered Accountants continue to be the Internal Auditors of your company for the financial year 2020-21.

34. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There were no significant and material orders passed by the Regulators/ courts except as mentioned in corporate governance report which forms part of this report, which would impact the going concern status of your company and its future operations during the period under review.

35. ENVIRONMENT AND SAFETY

The Company is conscious of the importance to environmental friendly and safe operations. The company's policy requires conduct of operations in such a manner so as to ensure safety of all concerned, compliance of environmental regulations and preservation of natural resources.

As required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition and redressal) Act, 2013, the Company has formulated and implemented a policy on prevention of sexual harassment at the workplace with a mechanism of lodging complaints. The following is a summary of sexual harassment complaints received and disposed off during the reporting period:

- No. of complaints received: Nil
- No. of complaints disposed off: Nil
- No. of complaints pending: Nil

The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Act. The Company has filed Annual Report for the year ended December 31, 2020 under the Act with District officer.

36. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Your Company believes that its manpower is an asset for the company and enjoys strong brand image as a preferred and caring employer. The ongoing focus is on attracting, retaining and engaging talent with the objective of creating a robust talent pipeline at all levels. Value-based HR programmes have enabled your Company's HR team to become strategic partners for the business. Your company laid stress to build a women-friendly workplace by introducing various initiatives for the development of women employees in the organization. Your Company has focused on internal talents and nurtures them through the culture of continuous learning and development, thereby building capabilities for creating future leaders. Your company's initiatives like a hiring freeze at some levels, robust talent review, career development conversations and best-in-class development opportunities, which will help to enhance the employees experience at your Company. The Company's Human Resources plays a critical role in your Company's talent management process.

The Disclosure as required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure – F** and forms a part of this report.

Information relating to remuneration of Directors under Section 197 read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been given in **Annexure G** to the Director's Report.

37. GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- Neither the Managing Director nor the Whole-time Directors of the Company received any remuneration or commission from any of its subsidiaries;
- There were no frauds reported by the auditors under provisions of the Companies Act, 2013;
- Issue of equity shares with differential rights as to dividend, voting or otherwise;
- There were no revisions in the financial statements;
- Issue of share (including sweat equity shares) to employees of the Company under any scheme as permitted under any provision of Companies Act, 2013.
- Company is not required to maintain cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013.
- No application has been made under the Insolvency and Bankruptcy Code; hence the requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year alongwith their status as at the end of the financial year is not applicable; and
- The requirement to disclose the details of difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, is not applicable.

38. ACKNOWLEDGEMENTS

Your Directors thank various Central and State Government Departments, Organizations and Agencies for the continued help and cooperation extended by them. The Directors also gratefully acknowledge all stakeholders of the Company viz. customers, members, dealers, vendors, banks and other business partners for the excellent support received from them during the year. The Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to the Company.

For and on behalf of the Board of
Kitex Garments Limited

Sd/-

Sabu M. Jacob

Chairman and Managing Director
(DIN: 00046016)

June 29, 2021
Kizhakkambalam

ANNEXURE – A

TO THE DIRECTOR'S REPORT

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ ASSOCIATE COMPANIES/ JOINT VENTURES

(Form AOC-1)

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in lakhs)

Sl. No.	1	2	3	4	5	6
Name of the subsidiary:	Kitex Littlewear Ltd	Kitex Babywear Ltd	Kitex Knits Ltd	Kitex Socks Ltd	Kitex Packs Ltd	Kitex Kidswear Ltd
The date since when subsidiary was acquired:	25.09.2018	29.10.2018	29.10.2018	29.10.2018	29.10.2018	17.10.2018
Reporting period for the subsidiary concerned, if different from the holding company's reporting period:	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021
Reporting currency	INR	INR	INR	INR	INR	INR
Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	NA	NA	NA	NA	NA
Share capital:	100.00	10.00	10.00	10.00	10.00	100.00
Reserves & surplus:	(306.82)	(38.59)	(80.49)	(58.56)	(47.21)	(144.96)
Total assets:	3,374.67	391.40	1,035.02	643.98	676.45	1,712.73
Total Liabilities:	3,374.67	391.40	1,035.02	643.98	676.45	1,712.73
Investments:	-	-	-	-	-	-
Turnover:	9.72	-	-	-	-	2.85
Profit before taxation:	(275.82)	(34.43)	(76.32)	(54.39)	(43.03)	(108.13)
Provision for taxation:	-	-	-	-	-	-
Profit after taxation:	(275.82)	(34.43)	(76.32)	(54.39)	(43.03)	(108.13)
Proposed Dividend:	-	-	-	-	-	-
Extent of shareholding (in %)	100%	100%	100%	100%	100%	100%

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations: Nil
- Names of subsidiaries which have been liquidated or sold during the year: Nil

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(Amount in Lakhs)

Sl. No.	Name of Associates/Joint Ventures	KITEX USA LLC
1	Latest audited Balance Sheet Date	31.03.2021
2	Date on which the Associate or Joint Venture was associated or acquired	04.04.2015
3	Shares of Associate/Joint Ventures held by the company on the year end	
	i. No.	4250210.09 shares
	ii. Amount of Investment in Associates/Joint Venture	2776.24
	iii. Extend of Holding %	50%
4	Description of how there is significant influence	More than 20% of total share capital held by the Company
5	Reason why the associate/ joint venture is not consolidated	Not applicable
6	Net-worth attributable to Shareholding as per latest audited Balance Sheet	(506.72)
7	Profit / Loss for the year	
	i. Considered in Consolidation	-
	ii. Not Considered in Consolidation	NA

- Names of associates or joint ventures which are yet to commence operations: NIL
- Names of associates or joint ventures which have been liquidated or sold during the year: Nil

For **Kitex Garments Limited**

Sd/-
Sabu M. Jacob
 Chairman & Managing Director
 (DIN: 00046016)

Sd/-
Benni Joseph
 Director
 (DIN: 01219476)

Sd/-
CA. Boby Michael
 Chief Financial Officer

Sd/-
Mithun B Shenoy
 Company Secretary
 (ICSI M No. FCS 10527)

June 29, 2021
 Kizhakkambalam

ANNEXURE – B

TO THE DIRECTOR'S REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES – 2020-21

(As per Rule 8 (1) of Companies (Corporate Social Responsibility policy) Rules, 2014)

1. Brief outline of the company's CSR policy

The Company, since its inception believed in the guiding principle "Caring the Community" and as a responsible corporate, it always believes in improving the quality of life of communities interfacing with the Company. We have served disadvantaged communities in and around our factories premises directly or through Twenty20 Kizhakkambalam Association through its focus on Eradicating Hunger and Poverty, Education and Skill Development, ensuring good Health & Wellness, Environment Sustainability and making available Safe Drinking Water and contributed towards national causes. We have also been successful in inspiring stakeholders in participating in our CSR journey. The Projects undertaken has been a hall mark and much appreciated by the community and was within the broad framework of Schedule VII of the Companies Act, 2013.

Our vision 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".

Our CSR policy includes:

- Ø To pursue a corporate strategy that enables realization of the twin goals of shareholders' value enhancement and societal value creation in a mutually reinforcing and synergistic manner.
- Ø 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.
- Ø 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.
- Ø 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.
- Ø 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.
- Ø 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.

Details of CSR activities undertaken in the current year are available in our web link: www.facebook.Twenty20Kizhakkambalam. Further details of Company's CSR policy is available in www.kitexgarments.com

2. Composition of the CSR Committee

Kitex Garments Limited has set up Corporate Social Responsibility Committee (CSR Committee) as per the requirement of the Companies Act, 2013. During the year, the Committee met 2 times viz., July 29, 2020 and November 13, 2020. The members of the CSR Committee as on March 31, 2021 are:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Sabu M. Jacob	Chairman – Non Independent, Executive	2	2
2	Mr. K.L.V. Narayanan	Member - Non-Independent, Non - Executive	2	2
3	Mr. Benni Joseph	Member - Independent, Non-Executive	2	2
4	Mr. C. P. Philipose	Member- Independent, Non-Executive	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: <http://www.kitexgarments.com/wp-content/uploads/2021/06/Board-Member.pdf> & http://www.kitexgarments.com/wp-content/uploads/2021/07/CSR-policy_final_290621.pdf
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). NA
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

(Amount in ₹)

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	2018-19	2,76,86,140	-
2	2019-20	4,21,98,074	-
3	2020-21	59,08,181	-
Total		7,57,92,395	-

6. Average net profit of the company as per section 135(5) : ₹ 1,26,95,02,295

7. (a) 2% of average net profit of the company as per section 135(5) : ₹ 2,53,90,045

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year : Nil

(d) Total CSR obligation for the financial year (7a+7b-7c) : ₹ 2,53,90,045

8. (a) CSR amount spent or unspent for the financial year

(Amount in ₹)

Total Amount spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
3,12,98,226	-	-	-	-	-

(b) Details of CSR amount spent against ongoing projects for the financial year: **NIL**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Sec 135 (6) (in ₹).	Mode of Implementation - Direct (Yes/No)	Mode of Implementation- Through Implementing Agency	
				State	District						Name	CSR Registration number.
Total												

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/No).	(5) Location of the project.		(6) Amount spent for the project (in ₹).	(7) Mode of implementation-Direct (Yes/ No).	(8) Mode of implementation-Through Implementing Agency	
				State.	District.			Name.	CSR Registration number.
1	Healthcare	Healthcare	Yes	Kerala	Ernakulam	28,16,122	Yes	-	-
2	Road Development	Road Development	Yes	Kerala	Ernakulam	2,81,53,194	No	Twenty20 Association	CSR00003631
3	Agriculture	Agriculture	Yes	Kerala	Ernakulam	2,72,628	Yes	-	-
4	Food	Food	Yes	Kerala	Ernakulam	56,282	Yes	-	-
TOTAL						3,12,98,226			

(d) Amount spent in Administrative Overheads : Nil

(e) Amount spent on Impact Assessment, if applicable : Nil

(f) Total amount spent for the Financial Year (b+c+d+e) : 3,12,98,226

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹)
i	Two percent of average net profit of the company as per section 135(5)	₹ 2,53,90,045
ii	Total amount spent for the Financial Year	₹ 3,12,98,226
iii	Excess amount spent for the financial year [(ii)-(i)]	₹ 59,08,181
iv	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
v	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135(6) (in ₹)	Amount spent in the Reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹).	Date of transfer.	
1.	2018-19	-	-	-	-	-	-
2.	2019-20	-	-	-	-	-	-
3.	2020-21	-	-	-	-	-	-
TOTAL		-	-	-	-	-	-

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in ₹).	Amount spent on the project in the reporting Financial Year (in ₹).	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project Completed/ Ongoing.
1.	-	-	-	-	-	-	-	-
TOTAL		-	-	-	-	-	-	-

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): **NIL**
- Date of creation or acquisition of the capital asset(s).
 - Amount of CSR spent for creation or acquisition of capital asset.
 - Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
 - Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). – Not Applicable. The Company has spent the required amount.

June 29, 2021
Kizhakkambalam

Sd/-
Sabu M. Jacob
Managing Director
& Chairman of CSR Committee
(DIN: 00046016)

Sd/-
Benni Joseph
Member
CSR Committee
(DIN: 01219476)

ANNEXURE – C

TO THE DIRECTOR'S REPORT

PARTICULARS OF CONTRACTS/ARRANGEMENTS WITH RELATED PARTIES

(Form No. AOC-2)

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 –Form for disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto]

1. Details of contracts or arrangements or transactions not at arm's length basis: **Not applicable**
 - a. Name(s) of the related party and nature of relationship:
 - b. Nature of contracts/arrangements/transactions:
 - c. Duration of the contracts / arrangements/transactions:
 - d. Salient terms of the contracts or arrangements or transactions including the value, if any:
 - e. Justification for entering into such contracts or arrangements or transactions:
 - f. Date(s) of approval by the Board:
 - g. Amount paid as advances, if any:
 - h. Date on which the special resolution was passed in general meeting as required under first proviso to section 188:
2. Details of material contracts or arrangement or transactions at arm's length basis

Sl. No	Name of Related Party	Nature of Relationship	Duration of Contract	Salient Terms ⁽¹⁾	Amount (In Lakhs)
Nature of Contract or arrangement					
Revenue from Sale of goods and services (including expenses recovered)					
1	Kitex Childrenswear Limited	Enterprises owned or significantly influenced by key management personnel or their relatives	ongoing	Based on Transfer Pricing Guidelines	7114.96
2	Kitex Limited				728.09
3	Anna Aluminum Company (P) Ltd.				-
Purchases of goods and services (including reimbursements)					
4	Kitex Childrenswear Limited	Enterprises owned or significantly influenced by key management personnel or their relatives	ongoing	Based on Transfer Pricing Guidelines	2390.47
5	Kitex Limited				667.49
6	Anna Aluminum Company (P) Ltd.				216.87
Donation					
4	Twenty 20 Kizhakkambalam Association	Enterprises owned or significantly influenced by key management personnel or their relatives	ongoing	Based on Transfer Pricing Guidelines	630.00
Corporate Social Responsibility Activities					
	Twenty 20 Kizhakkambalam Association	Enterprises owned or significantly influenced by key management personnel or their relatives	ongoing	Based on Transfer Pricing Guidelines	281.53

Sl. No	Name of Related Party	Nature of Relationship	Duration of Contract	Salient Terms ⁽¹⁾	Amount (In Lakhs)
Revenue from services (including expense recovered)					
	Kitex Littlewear Limited	Enterprises owned or significantly influenced by key management personnel or their relatives	ongoing	Based on Transfer	278.49
	Kitex Kidswear Limited		ongoing		108.67
	Kitex Knits Limited		ongoing	Pricing Guidelines	75.38
	Kitex Socks Limited		ongoing		53.50
	Kitex Packs Limited		ongoing		42.10
	Kitex Babywear Limited		ongoing		33.60
Sales commission paid					
15	Kitex USA LLC	Enterprises owned or significantly influenced by key management personnel or their relatives	ongoing	Based on Transfer Pricing Guidelines	211.50
Sales - Ready Made Garments					
16	Kitex USA LLC	Enterprises owned or significantly influenced by key management personnel or their relatives	Ongoing	Based on Transfer Pricing Guidelines	26,031.14

Note

(1) *Appropriate approvals have been taken for related party transaction. Advances paid if any have been adjusted against billing wherever applicable.*

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

Sd/-

Sabu M. Jacob
Chairman & Managing Director
(DIN: 00046016)

June 29, 2021
Kizhakkambalam

ANNEXURE – D

TO THE DIRECTOR'S REPORT

PARTICULARS OF ENERGY CONSERVATION, RESEARCH AND DEVELOPMENT TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

(Particulars pursuant to the Rule 8(3) Companies (Accounts) Rules, 2014)

A. Conservation of Energy

i. Steps taken for conservation of energy:

Your Company continually took necessary steps to absorb and adopt the latest technologies and innovations in the Garment Industry. Some of the steps undertaken are:

- a) All Yard Lighting Luminaire of the Premises have been changed from 400W Metal Halide to 100W LED.
- b) Motors of AHUs and Chiller Unit are now controlled and operated with VFD, thus achieving ample saving in energy cost.
- c) Replacing of all Motors which are re-wound more than 3 times with new one.
- d) Conducting periodical "Awareness/Orientation classes to the technicians, workers and other concerned to pass on a clear message on the importance of preserving energy and to take manual steps to switch off light and power wherever it is not required.
- e) All 13W PL Lamps of Toilet Blocks were replaced with 5W LED Lamps. Similarly 14W CFL of Gents Hostel were replaced with 7W LED.
- f) For Pneumatic Lines of compressed air system, "Floor wise Valve" control has been introduced so as to control air supply and to achieve reduced usage of compressor.
- g) Conducting periodical "Thermal imaging" on Switch Gears, Bus Bars and Cable termination to understand loose connection, if any, and thereby avoiding chances overheating and insulation failures.
- h) Installed "Solar Water Heating System" for 'Canteen use' and thereby dependency on usage of LPG and other sources of Heating is reduced.
- i) Steps were initiated to use "Canteen Waste" for the generation of 'Bio gas'
- j) Decision is taken to procure only energy efficient Motors whenever requirement for new Motors or replacing existing Motors are coming.
- k) Steps were initiated to switch off Electric Lamps on areas where adequate natural light is available during day time.
- l) Usage of water is restricted/regulated by closing respective valves at different intervals. This is being carried-out without creating any difficulty for the end user.
- m) Variable frequency drive in major utility equipment to reduce power consumption
- n) Using Building management system wherein AC is functioning under software control. With this technology, substantial reduction of electricity usage can be achieved.

These measures have also led to better pollution control, reduced the impact on environment, reduced maintenance time and cost, improved hygienic condition and consistency in quality and improved productivity.

ii. The steps taken by the Company for utilizing alternative source of energy.

Your company has taken steps for up-gradation and modernization of various machines in phased manner. The Company also replaces old plant and machinery in the processing unit and steps are taken to modernization of various operations including installation of robotic machines for handling very specialized work/activities.

Your Company have conducted the possibility of generating and using "Renewable sources of Energy" on a large scale for our 3 Units, particularly for "Processing Division". But as per feasibility study of outside agency, the roof structure of the Processing Unit is not capable of withstanding "Dead Load" of Solar Panels, unless and until it is reinforced/modified properly. According to the observation of the professional agencies, who had conducted study on the suitability of "Roof" for the generation of solar power, the available area on the building is equivalent to that of 2500 kWp worth power.

Since modification of the roof structure requires "Plant Shut Down" for weeks together and it is practically not possible to think on it due to extremely tight production schedules, the idea for generating alternative source of energy is dropped for the time being. The only option left out is to take necessary precautionary measures to make the roof structurally strong to accommodate "Dead Load" of Solar Panels when we construct new building/ factory sheds.

iii. **Capital investment on energy conservation equipment:** NIL

iv. **Total Energy consumption and energy consumption per unit of production**

POWER & FUEL CONSUMPTION	Year Ended 31.03.2021	Year Ended 31.03.2020
Electricity		
a) Purchased		
Units (KWH)	14377669 units	19163254 units
Total Amount (₹)	9,91,77,384	13,29,51,398
Cost/Unit (₹/ KWH)	6.90	6.94
b) Own generation Through Diesel Generator		
Units (KWH)	213094 units	116571 units
Total Amount(₹)	55,12,267	27,47,164
Cost/Unit (₹ / KWH)	25.87	23.57
Fuel		
a) Furnace Oil		
Quantity (KL)	1555 KL	2331 KL
Total Amount(₹)	5,14,97,634	7,50,42,145
Cost/Unit (₹ KL)	33,117	32,193
b) Firewood		
Quantity (MT)	12257 MT	19090 MT
Total Amount(₹)	3,45,65,147	5,22,35,123
Cost/Unit (₹ MT)	2,820	2,736
c) Diesel		
Quantity (KL)	26.26 KL	70 KL
Total Amount(₹)	20,27,053	49,12,690
Cost/Unit (₹ KL)	77,192	70,181

B. Technology Absorption

i. **The efforts made towards technology absorption**

In addition to product and raw material development which continues to be strengthened, Research and Development activities on fashion designing are carried out on on-going basis. Absorbing technologies with state of art machineries like automated cutting machine, automated fabric inspection machines, etc., the quality of the products and efficiency of the systems have been substantially improved. By applying those technologies, the cost of production was under control. During the last three financial years, the Company has not imported any technology. The nature of activities of the Company does not warrant any exclusive R&D department.

The Company has been using Austrian imported machinery "Loop Steamer" from last financial year onwards for reactive printed fabric finishing. The Machinery is designed to facilitate the dyes fixation in a continuous process on to the printed fabric with tension less loop formation, in single web or double strand operation methods. Its thermo-cure technology enables to obtain excellent quality of finishing results of printed fabrics in brilliant colours while saving a lot of energy. Multiple applications like saturated steam, super-heated steam and hot air polymerizing are some added advantages of the machine.

ii. **The benefits derived like product improvement, cost reduction, product development or import substitution**

The benefits derived from automation has increased the production and capacity utilization. By delivering better and quality products, repeat orders have been placed by customers due to consistency in quality.

Loop steamer machinery's thermo-cure technology enables to obtain excellent quality of finishing results of printed fabrics in brilliant colours while saving a lot of energy. Multiple applications like saturated steam, super-heated steam and hot air polymerizing are some added advantages of the machine. PLC touch screen control enables easy and

quick adjustments on machine with low noise. With value addition in fabrics, the machinery is highly efficient in steam consumption and easy maintenance.

iii. **In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year)**

The details of technology imported	The year of import	Whether the technology has been fully absorbed	If not fully absorbed, areas where absorption has not taken place and reasons
------------------------------------	--------------------	--	---

NIL

iv. **Expenditure incurred on research and development**

No specific expenditure of recurring or capital nature is involved in technology absorption, adoption and innovation directly.

C. **Foreign exchange Earnings and Outgo:**

(₹ in lakhs)

Sl. No.	Particulars	2020-21	2019-20
1	Earnings on account of Exports	33,751.72	58,881.36
2	Outgo on account of Imports & Expenditure	2,948.09	7,246.80

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

Sd/-

Sabu M. Jacob

Chairman & Managing Director
(DIN: 00046016)

June 29, 2021
Kizhakkambalam

ANNEXURE – E

TO THE DIRECTOR'S REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2021

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

To
The Members
Kitex Garments Limited
P.B.No. 5, Kizhakkambalam
Alwaye, Ernakulam -683562, Kerala

We, SVJS & Associates, Company Secretaries, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kitex Garments Limited [CIN: L18101KL1992PLC006528]** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, 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, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31.03.2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2021 according to the provisions of:

- i) The Companies Act, 2013(the Act) and the Rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings as applicable;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
 - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (e) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to the extent applicable.
- vi) The Management has identified and confirmed the following law as specifically applicable to the Company:
 1. The Textiles (Development and Regulation) Order, 2001

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

- (i) Secretarial Standards 1 and 2 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.

As informed, the Company has responded appropriately to notices received from various statutory/regulatory authorities including initiating actions for corrective measures, payment of penalties etc., wherever necessary.

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 following observations:

Owing to the various difficulties imposed on account of the Covid-19 pandemic, the Independent Woman Director was appointed on 13.11.2020 instead of 01.04.2020 as per the requirement of proviso to Regulation 17 (1) (a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further, the Company has received a Show Cause Notice under Section 139 (1), Section 173 (3) and Section 118 of the Companies Act, 2013 from the Registrar of Companies dated 09.03.2021. The Company has submitted replies to these notices with necessary clarifications on 21.04.2021.

We further report that:

Subject to the aforesaid, 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.

There were no dissenting views on any decisions of the Board, as recorded in the Minutes of Board meetings.

We further report that, as represented by the Management and relied upon by us, there are adequate systems and processes in the Company commensurate with size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We 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. Merger / amalgamation / reconstruction;
- iv. Foreign technical collaborations.

The Company has, at its Annual General Meeting held on 30.09.2020, passed a special resolution under Section 180 of the Companies Act, 2013, approving powers to borrow upto ₹ 500 crores or the aggregate of the paid up capital, free reserves and securities premium of the Company, whichever is higher and creation of charges in respect thereof.

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

For **SVJS & Associates**
Company Secretaries

Sd/-

CS.Vincent P. D.

Managing Partner

FCS: 3067

CP No: 7940

UDIN: F003067C000563871

Kochi
29.06.2021

Annexure A

ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

To
The Members
Kitex Garments Limited
P.B.No. 5, Kizhakkambalam
Alwaye, Ernakulam -683562, Kerala

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of the secretarial records is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to express an opinion on these records, based on our audit.
2. During the audit, we have followed the audit practices and processes as were appropriate, to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of management. Our examination was limited to the verification of the procedures and compliances on test basis.
6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March 2021 but before the issue of the Report.
7. We have considered actions carried out by the Company based on independent legal/professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.
8. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **SVJS & Associates**
Company Secretaries

Sd/-

CS.Vincent P. D.
Managing Partner
FCS: 3067
CP No: 7940

UDIN: F003067C000563871

Kochi
29.06.2021

ANNEXURE – F

TO THE DIRECTOR'S REPORT

Details pertaining to Remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl.No.	Particulars	Name of Directors/ KMP	
1	The ratio of the remuneration of each director to the median remuneration of the employees of the company excluding Managing Director for the financial year	Mr. Sabu M. Jacob, Chairman & Managing Director	310.83 : 1
		Mr. Benni Joseph, Independent Director	1.91 : 1
		Mrs. Sindhu Chandrasekharan, Executive Director	7.99 : 1
		Prof. E. M. Paulose, Independent Director	0.38 : 1
		Mr. K L V Narayanan, Non Executive Director	1.49 : 1
		Mr. C. P. Phillipose, Independent Director	1.49 : 1
		Mrs. Sumi Francis, Additional Director (Independent Director)\$	NA
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Mr. Sabu M. Jacob, MD	No increase
		Mr. Benni Joseph, Independent Director	30.95%
		Prof. E. M. Paulose, Independent Director	No increase
		Mr. K L V Narayanan, Non Executive Director	26.47%
		Mr. C. P. Phillipose, Independent Director	34.38%
		Mrs. Sumi Francis, Additional Director (Independent Director)\$	Not applicable
		Mrs. Sindhu Chandrasekharan, Executive Director	No increase
		Mr. Bobby Michael, Chief Financial Officer	No increase
3	The percentage Increase/ Decrease in the median remuneration of employees	Mr. Mithun B Shenoy, Company Secretary	No increase
			-27.41%
4	The number of permanent employees on the rolls of company		4644
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration		March 31, 2021
		Average increase in remuneration of employees excluding KMP	No increase
		Average increase in remuneration of KMP	No increase
6	Affirmation that the remuneration is as per the remuneration policy of the company.	Remuneration paid during the year ended March 31, 2021 is as per the Remuneration policy of the Company	

\$ Sumi Francis joined the company as Additional Director (Independent Director) w.e.f. November 13, 2020.

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

Sd/-

Sabu M. Jacob

Chairman & Managing Director

(DIN: 00046016)

Kizhakkambalam
June 29, 2021

ANNEXURE – G TO THE DIRECTOR'S REPORT

PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AS AMENDED

Sl. No.	Name	Age	Qualification	Nature of employment	Designation	Date of Commencement of employment	Experience (Years)	Gross Remuneration (Amount in ₹)	Previous Employment/ Designation	the percentage of equity shares held in the Company	whether any such employee is a relative of any director or manager of the company
1	Mr. Sabu M. Jacob	59	Graduate	Employee	Managing Director	16.08.1993	38	4,47,15,450	Executive Director – Kitek Limited	33.11%	No

The Particulars of top ten employees in terms of remuneration drawn as required under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 shall be provided to the shareholders on request.

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

Sd/-
Sabu M. Jacob
Kizhakkambalam Chairman & Managing Director
(DIN: 00046016)

June 29, 2021

CORPORATE GOVERNANCE REPORT

“Corporate Governance is concerned with the way corporate entities are governed, as distinct from the way business within those companies is managed. Corporate governance addresses the issues facing Board of Directors, such as the interaction with top management and relationships with the owners and others interested in the affairs of the company” - Robert Ian (Bob) Tricker (who introduced the words corporate governance for the first time in his book in 1984)

Your Directors present the Company’s Report on Corporate Governance for the year ended March 31, 2021 in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’) as amended from time to time.

1. COMPANY’S PHILOSOPHY

Kitex Garments’ governance philosophy is based on trusteeship, transparency and accountability. As a corporate citizen, our business fosters a culture of ethical behavior and disclosures aimed at building trust of our stakeholders. The Company’s Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons and Immediate Relatives of Designated Persons & Code of Practices and Procedures for Fair Disclosure of UPSI are an extension of our values and reflect our commitment to ethical business practices, integrity and regulatory compliance.

The Company’s governance framework is based on the following principles:

- Appropriate composition and size of the Board with each member bringing in expertise in their respective domains;
- Availability of information to the members of the Board and Board Committees to enable them to discharge their fiduciary duties;
- Timely disclosure of material operation and financial information to the stakeholders;
- Systems and processes are in place for internal control;
- Communicate externally, in a truthful manner, about how the Company runs internally;
- Have a simple and transparent corporate structure driven solely by business needs; and
- The Management is the trustee of the shareholders’ capital and not the owner.

The Board of Directors is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interest of all stakeholders. The Company continues to focus its resource, strengths and strategies to achieve the vision of becoming Global Leader in Infantswear Garments while uplifting the core values of Quality, Trust, Leadership and Excellence.

A Report on compliance with the principles of Corporate Governance as prescribed by SEBI in Chapter IV read with Schedule V of the Listing Regulations is given below:

2. GOVERNANCE STRUCTURE

The Corporate Governance structure of your company is as follows:

BOARD OF DIRECTORS: The Board is entrusted with ultimate responsibility of the Management, Directors and performance of the Company. The Board also provides leadership, strategic guidance, objective and independent view to the Company’s management while discharging its responsibilities, thus ensuring that the management adheres to ethics, transparency and disclosures.

BOARD COMMITTEES: The Board has constituted the following committees viz., Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders’ Relationship Committee, Risk Management Committee and Share Transfer Committee. Each of the said committees has been mandated to operate within a given framework.

2. A. THE BOARD OF DIRECTORS

2. A. 1. COMPOSITION AND CATEGORY OF DIRECTORS

The Board of Directors consists of eminent individuals from Industrial, Managerial, Technical and Financial background. The company is managed by the Board of Directors in co-ordination with the Senior Management Team. The strength and composition of the Board is reviewed from time to time so that it remains aligned with statutory as well as business requirements.

As on March 31, 2021 the Company has a judicious combination of Executive and Non-executive Directors with one Independent Woman Director on the Board. Of the total 7 Directors, 2 are Executive Directors, 4 are Independent Directors and 1 is Non-executive Director. The Chairman of the Board is an Executive Director.

Details of each member of the Board along with number of Directorship/ Membership as on March 31, 2021 are given below:

Sl. No.	Name	Date of Appointment	Category of Director	Directorship in other Indian Public Limited Companies (excluding KGL)	No. of Board Committees in which Chairman/ Member (Excluding KGL)		Directorship in other listed entity (Category of Directorship)	No of shares or convertible Instruments
					Chairman	Member		
Executive and promoter Directors								
1	Mr. Sabu M Jacob (DIN 00046016)	27.04.1994	Promoter/ Exe. Chairman & MD	9	-	-	-	2,20,15,606
2	Ms. Sindhu Chandrasekharan (DIN 06434415)	16.03.2015	Executive Director (Woman Director)	8	1	1	-	-
Non Executive Independent Directors								
3	Mr. Benni Joseph (DIN 01219476)	12.01.2015	Non-Executive Independent Director	7	2	-	-	-
4	Prof. E M Paulose (DIN 03563106)	12.01.2015	Non-Executive Independent Director	1	-	2	-	140
5	Mr. C P Philipose (DIN 01125157)	10.06.2016	Non-Executive Independent Director	-	-	-	-	1240
6	Mrs. Sumi Francis (DIN: 08950675)	13.11.2020	Non-Executive Independent Director	-	-	-	-	-
Non Executive Non Independent Director								
7	Mr. K.L.V. Narayanan (DIN 01273573)	04.04.2013	Non-Executive Director	3	-	1	Victory Paper & Boards (India) Ltd. (Executive Director)	-

Notes:

- 1) Directorship exclude Private Limited Companies, Foreign Companies and Section 8 Companies
- 2) Chairmanship/ Membership in Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee in Indian Public Limited Companies other than M/s. Kitex Garments Limited are considered for this purpose. Members of the Board of the Company do not have membership of more than ten Board-level Committees or Chairman of more than five such Committees.
- 3) Details of Director(s) retiring or being re-appointed are given in Notice to Annual General Meeting.
- 4) There are no inter-se relationship between our Board Members

2. A. 2. INDEPENDENT DIRECTORS

The Independent Directors fulfill the conditions of Independence specified in Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations. Formal letters of appointment issued to Independent Directors as provided in Companies Act, 2013 are disclosed in the website of the company viz., www.kitexgarments.com. Based on confirmations/ disclosures received from the directors, the Board confirms that the Independent Directors fulfill the conditions specified under Schedule IV of the Companies Act, 2013 and SEBI (LoDR) Regulations, 2015 and are independent of the management.

2. A. 3. BOARD MEETINGS

The Board meets at regular intervals to discuss and decide on business strategies/ policies and review the financial performance of the Company. The Board meetings are pre-scheduled and are circulated to the Directors well in advance to facilitate the Directors to plan their schedules accordingly. In case of business exigencies, the Board's approval is taken through circular resolutions. The Circular resolutions are noted at the subsequent Board Meeting.

The Notice and detailed agenda along with the relevant notes and other material information are sent in advance separately to each Director and in exceptional cases tabled at the meeting with the approval of the Board. This ensures timely and informed decisions by the Board. The Board reviews the performance of the Company vis-à-vis the budgets/ targets.

In the financial year 2020-21, the Board met 5 times. The meetings were held on June 8, 2020, July 29, 2020, September 14, 2020, November 13, 2020 and February 10, 2021. The interval between two Meetings was well within the maximum period mentioned under Section 173 of the Companies Act, 2013 and Regulations 17(2) of the Listing Regulations.

ATTENDANCE OF DIRECTORS AT THE BOARD MEETINGS AND AT THE LAST ANNUAL GENERAL MEETING

Sr. No	Name of the Directors	No. of Board Meetings attended	Attendance at the AGM held on September 30, 2020
1.	Mr. Sabu M Jacob (Chairman & MD)	5 of 5	Present
2.	Ms. Sindhu Chandrasekharan	5 of 5	Present
3.	Mr. Benni Joseph	5 of 5	Present
4.	Prof. E M Paulose	1 of 5	Leave sought
5.	Mr. C P Philipose	5 of 5	Present
6.	Mr. K L V Narayanan	5 of 5	Present
7.	Mrs. Sumi Francis*	0 of 1	Not Applicable

* Mrs. Sumi Francis joined the Company w.e.f. November 13, 2020.

2. A. 4. FLOW OF INFORMATION TO THE BOARD

The Company provides the information as set out in Regulation 17 read with Part - A of Schedule II of the Listing Regulations, to the Board and the Board Committees to the extent it is applicable and relevant. Such information is submitted either as a part of the agenda papers in advance of the respective meetings by way of presentation and discussions during the Meetings. With the unanimous consent of the Board, all Unpublished Price Sensitive Information (UPSI) is circulated to the Board at a shorter notice before the commencement of the meeting securely.

2. A. 5. POST MEETING MECHANISM

The important decisions taken at the Board/ Board Committee meetings are communicated to the concerned departments. The draft minutes of the Board and its Committees are sent to the members for their comments in accordance with the Secretarial Standards. Thereafter, minutes are entered in the minutes book within thirty days of conclusion of the Meeting after incorporating the comments received from the directors if any.

2. A. 6. BOARD SUPPORT

The Company Secretary attends the Board and Board's Committee Meetings and advises the Board & Board's committee on Compliances with the applicable laws and governance. The management makes sincere efforts to update the information available to the board for decision making by providing all important development related to the Company.

2. A. 7. FAMILIARISATION PROGRAMME FOR DIRECTORS

At the time of appointing a Director, a formal letter of appointment is given to him/ her, which inter alia explains the role, function, duties and responsibilities expected from him as a Director of the Company. The director is also explained

in detail the Compliance required from him/ her under Companies Act, 2013, the Listing Regulations and other various statutes and an affirmation is obtained in this regard. The Chairman and Managing Director also have a one to one discussion with the newly appointed Director to familiarize him with the Company's operations. Further, on an ongoing basis as a part of Agenda of Board/ Committee meetings, presentations are regularly made to the Independent Directors on various matters inter-alia covering the Company's and associates businesses and operations, industry and regulatory updates, strategy, finance, risk management framework, role, rights, responsibilities of the Independent Directors under various statutes and other relevant matters. Plant visits are conducted at regular intervals to familiarize about the production process. The details of the familiarization programme for directors are available on the Company's weblink viz., <http://www.kitexgarments.com/wp-content/uploads/2015/11/FAMLIARISING-PROGRAM.pdf>

2. A. 8. GOVERNANCE CODES

• CODE OF CONDUCT

The Company has adopted a Code of Conduct which is applicable to the Board of Directors and Senior Management of the Company. The Board of Directors and members of the Senior Management Team (one level below the Board of Directors) of the Company are required to affirm annual compliance of this code. The code required directors and senior management team members to act honestly, fairly, ethically and with integrity, conduct themselves in professional, courteous and respectful manner. The Code of conduct is displayed on the Company's Website www.kitexgarments.com

• CONFLICT OF INTERESTS

Each Director informs the Company on an annual basis about the Board and the Committee positions he occupies in other companies including Chairmanships and notifies changes during the year. The members of the Board while discharging their duties, avoid conflict of interest in the decision making process. The Members of Board restrict themselves from any discussion and voting in transactions in which they have concern or interest.

• INSIDER TRADING CODE

The Company had adopted a "Code of Conduct for insider trading" in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended. The code is applicable to designated person (as defined in the code) and immediate relative of designated person who are expected to have access to unpublished price sensitive information relating to the Company. The Company Secretary is the Compliance Officer for monitoring adherence to the said regulation.

The Company has also formulated 'The code of Practices and procedures for fair disclosure of Unpublished Price Sensitive Information' in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 and this code is displayed on the Company's website viz., www.kitexgarments.com

2. A. 9. CHART SETTING OUT THE SKILLS/ EXPERTISE/ COMPETENCE OF BOARD OF DIRECTOR

The Board of Directors along with Nomination & Remuneration Committee (NRC), identifies the right candidate with right qualities, skills and practical expertise/ competencies required for the effective functioning of individual member to possess and also the Board as a whole. The Committee focuses on the qualification and expertise of the person, the positive attributes, standard of integrity, ethical behavior, independent judgement of the person in selecting a new Board member. In addition to the above, in case of independent directors, the Committee shall satisfy itself with regard to the independence of the directors to enable the Board to discharge its functions and duties effectively. The same are in line with the relevant provisions of the Listing Regulations. The NRC has identified the following core skills, expertise and competencies for the effective functioning of the Company which is currently available with the Board:

- a. Finance & Accounting Competence
(Exposure in handling financial management of a large organization along with understanding financial statements)
- b. Leadership quality in running large enterprise
(Expertise in leading well-governed large organization with an understanding of organizational structure and its environment, risk management and emerging local & global trends)
- c. Understanding use of latest technology in textile sector:
(Understanding the use of latest technology across textile sector and ability to anticipate technology driven changes and disruption impacting the business)
- d. Expertise in understanding of changing regulatory framework
(Expertise in handling large public companies with high governance standard and understanding of changing regulatory framework)

- e. Exposure in setting the Business Strategies

(Ability to build up long term business strategies to bring growth in business consistently, profitability, competitively and in a sustainable manner in a diverse business environments and changing economic conditions)

The following are the list of directors who have skills as identified by the Board.

Core skills/expertise/competencies identified by the Board of Directors as required in the context of its business(es) and sector(s)	Names of Directors who have such skills/ expertise / competence
Finance, Law, Management, Administration, Corporate Governance related to the Company's business	Mr. Sabu M. Jacob, Mr. Benni Joseph, Mr. K. L. V. Narayanan, Mr. C. P. Philipose, Mrs. Sindhu Chandrasekharan, Mrs. Sumi Francis and Prof. E. M. Paulose
Technical Operations and knowledge on Production, Processing, Quality and Marketing of Infants apparel	Mr. Sabu M. Jacob, Mr. K. L. V. Narayanan and Mr. C. P. Philipose.
Management, Strategy, Sales, Marketing, Administration Technical Operations related to the Company's business	Mr. Sabu M. Jacob, Mr. K. L. V. Narayanan, Mrs. Sumi Francis and Mr. C. P. Philipose.

2. B. BOARD COMMITTEES

The Board of Directors has constituted Board Committees to deal with specific areas and activities which concern the Company and that requires the detailed discussion. The Board Committees are formed with approval of the Board and function under their respective charters. These committees play an important role in the overall management of day-to-day affairs and governance of the Company. The Board Committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. The minutes of the Committee meetings are placed before the Board for noting.

The Board currently has the following committees:

2.B.1. AUDIT COMMITTEE

Ø COMPOSITION

Audit Committee of the Board of Directors ("the Audit Committee") is entrusted with the responsibility to supervise the Company's Internal Controls and financial reporting process. The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulations 18 of the Listing Regulations. All members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, Economics, Risk and International finance. It functions in accordance with its terms of reference that defines its authority, responsibility and report function. Audit Committee comprised of 3 directors viz., Mr. Benni Joseph, as the Chairman, Prof. E M Paulose and Mr. C P Philipose as members of the Committee.

Ø MEETINGS AND ATTENDANCE

The Audit Committee met four times during the financial year 2020-21. The maximum gap between two meetings was not more than 120 days. The Committee met on July 29, 2020, September 14, 2020, November 13, 2020 and February 10, 2021. The requisite quorum was present at all the meetings. The Audit Committee Chairman was present at the 28th Annual General Meeting of the Company.

Details of attendance of Audit Committee members are given below:

Composition	Mr. Benni Joseph (Chairman)	Prof. E. M. Paulose (Member)	Mr. C. P. Philipose (Member)
No. of Meetings Attended	4/4	1/4	4/4

Mr. Sabu M. Jacob, Chairman & Managing Director, Ms. Sindhu Chandrasekharan, Executive Director and Mr. Bobby Michael, Chief Financial Officer are permanent invitees to the Audit Committee meetings. The Independent Auditors of the Company are also invited to the Audit Committee meeting. The Company Secretary is the Secretary to the Committee.

Ø TERMS OF REFERENCE

- The recommendation of appointment, remuneration and terms of appointment of auditors of the Company.
- Review and monitor the auditors' independence and performance and effectiveness of audit process.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity including any other services rendered by them.
- Reviewing with the management, the annual financial statements and auditor's Report thereon before submission to the Board for approval, with particular reference to:
 - i. Matters required to be included in the Directors Responsibility Statement to be included in the Board Report in terms of Section 134 of the Act.
 - ii. Changes, if any, in accounting policies and practices and reason for the same.
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management.
 - iv. Significant adjustments made in the financial statements arising out of audit findings.
 - v. Compliance with listing and other legal requirements relating to financial statements.
 - vi. Disclosure of any related party transactions.
 - vii. Modified opinion in the draft audit report.
- Reviewing with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing and monitoring the auditors independence and effectiveness of audit process
- Approval or subsequent modification of transactions of the listed entity with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the listed entity wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with Independent auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the whistle blower mechanism.
- Approval of appointment of Chief Financial officer after assessing the qualifications, experience and background etc.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing the utilization of loan and/ or advances from/ investment by the holding company in the subsidiary exceeding ₹ 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on the date of coming into force of this provisions.

The Audit Committee shall mandatorily review the following information:

- management discussion and analysis of financial condition and results of operations.
- statement of significant related party transactions (as defined by the audit committee), submitted by the management.
- management letters/letters of internal control weaknesses issued by the statutory auditors.
- internal audit reports relating to internal control weaknesses.
- the appointment, removal and terms of remuneration of the chief internal auditor and
- statement of deviations:
 - quarterly statement of deviation(s), including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Listing Regulations;
 - Annual statement of funds utilized for the purposes other than those stated in the offer document/ prospectus/ notice in terms of Listing Regulations.

Composition of the Committee is available on Company's website: <http://www.kitexgarments.com>

2.B.2. NOMINATION AND REMUNERATION COMMITTEE

Ø COMPOSITION

The Nomination and Remuneration Committee comprises of 3 non-executive directors. Prof. E. M. Paulose as the Chairman, Shri. Benni Joseph and Shri. K. L. V. Narayanan, as members. The Composition of Nomination and Remuneration Committee is in accordance with the provisions of Section 178 of the Companies Act, 2013 and Reg 19 of the Listing Regulations. The Company Secretary acts as Secretary to the Committee.

Ø MEETING AND ATTENDANCE

The Nomination and Remuneration Committee met three times during the year on July 29, 2020, November 13, 2020 and February 10, 2021. The requisite quorum was present at the meeting. The table below provides the attendance of the Committee members:

Composition	Prof. E M Paulose (Chairman)	Mr. Benni Joseph (Member)	Mr. K L V Narayanan (Member)
No. of Meetings Attended	1/3	3/3	3/3

Ø TERMS OF REFERENCE

Terms of reference of the Committee inter alia consists of

- Formulate criteria for determining qualifications, positive attributes and independence of director and recommend to the Board a policy relating to the remuneration of directors, Key Managerial Personnel and other employees;
- Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- Identify persons qualified to become directors or hold senior management positions and advise the Board for such appointments/ removals where necessary;
- Evaluate the performance of every director;
- Devise a policy on Board diversity;
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors and senior management of the quality required to run the Company successfully;
- ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- Review and implement succession plans for Managing Director, Executive Directors and Senior Management; and
- Recommend to the Board, all the remuneration, in whatever form, payable to Senior Management.

Ø REMUNERATION POLICY

The Board has approved Nomination & Remuneration Policy as recommended by the Nomination and Remuneration Committee which forms part of Directors Report.

A. REMUNERATION TO NON-EXECUTIVE AND INDEPENDENT DIRECTORS

The Non-Executive Directors including Independent Directors are paid sitting fees for each meeting of the Board or Committee of Directors attended by them. They are paid remuneration based on their contribution and current trends. The Board of Directors of the Company on the recommendation of the Nomination and Remuneration Committee decides the remuneration of the Non-Executive Directors. The total amount of Sitting Fees paid to Non-Executive and Independent Directors during the financial year 2020-21 was ₹ 7.60 lakhs. The Non-Executive Director/ Independent Directors do not have any pecuniary relationship or transactions with the Company.

B. REMUNERATION OF EXECUTIVE DIRECTORS

The appointment and remuneration including annual increments if any, of Executive Directors including Chairman & Managing Director and Whole-time Director is governed by the recommendation of the Nomination & Remuneration Committee followed by the approval of Board of Directors and Shareholders of the Company. The remuneration package of Chairman & Managing Director and Whole-time Director comprises of Salary, performance bonus, perquisites and allowances and contributions to Provident fund.

The remuneration policy is directed towards rewarding performance, based on review of achievements. It is aimed at attracting and retaining high caliber talents. Presently, the Company does not have a stock option schemes for its Directors. The Nomination and Remuneration Policy of the Company is displayed on the Company's website www.kitexgarments.com

DETAILS OF REMUNERATION PAID TO DIRECTORS FOR THE YEAR ENDED MARCH 31, 2021

Name of the Director	Term of appointment	Salary	Perquisites	Retiral Benefits	Commission	Others: contribution to PF	Performance Bonus	Total	Stock option granted
Mr. Sabu M Jacob Chairman & Managing Director	5 years from 16.08.2020 to 15.08.2025	1,08,00,000	-	-	3,32,55,558	6,59,892	-	4,47,15,450	-
Ms. Sindhu Chandrasekharan, Executive Director	5 years from 16.03.2020 to 15.03.2025	5,25,001	-	-	-	12,600	6,11,971	11,49,572	-

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, the Board has carried out the annual evaluation of its own performance, its Committees and Directors individually. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its committees, Board culture, execution and performance of specific duties, obligations and governance.

The performance of the Board was evaluated on the basis of various criteria such as composition of the Board, information flow to the board and its dynamism, strategic issues, roles and functions of the Board, relationship with the management, engagement with the Board and external stakeholders and other development areas.

The performance of the Committees was evaluated after seeking the inputs of committee members on the criteria such as understanding the terms of reference, Committee composition, Independence, contributions to Board decisions, etc.

The performance of the individual Directors was evaluated after seeking inputs from all the Directors other than the one who is being evaluated. The evaluation was based on the criteria such as Director's knowledge and understanding of their role, Company's vision and mission, market potential, Director's Commitment, qualification, skill and experience, openness in communication, fulfillment of the independence criteria as specified in these regulations and their independence from the management (in case of Independent Directors) etc subject to the schedule IV of the Companies Act, 2013.

The performance of the Board Chairperson was evaluated after seeking the inputs from all the Directors other than the Board Chairperson, on the basis of the criteria such as Chairperson's role, accountability and responsibilities, promotion of effective relationship and open communication, positive and appropriate working relationship with other executive directors, commitment, etc.

The Board evaluation report was submitted to the Board Chairperson and the Chairperson of Nomination and Remuneration Committee. The Board Chairperson discussed the outcome of evaluation of the individual Directors separately with them in detail.

The evaluation report contains an executive summary of findings and several key recommendations from the evaluation process. The report of the Board evaluation was adopted at the NRC and the Board meetings.

2.B.3. STAKEHOLDERS RELATIONSHIP COMMITTEE

Ø COMPOSITION

The Committee consists of 4 Directors viz., Mr. K. L. V. Narayanan as Chairman, Mr. Sabu M. Jacob, Mr. Benni Joseph and Ms. Sindhu Chandrasekharan as the members. Company Secretary acts as Secretary to the Committee. Mr. Mithun B Shenoy, Company Secretary, is the Compliance officer in accordance with Regulation 6 of Listing Regulations.

Ø MEETING AND ATTENDANCE

The Stakeholders Relationship Committee met once during the year on July 29, 2020. The requisite quorum was present at the meeting. The table below provides the attendance of the Committee members:

Composition	Mr. K.L.V. Narayanan (Chairman)	Mr. Sabu M. Jacob (Member)	Ms. Sindhu Chandrasekharan (Member)	Benni Joseph (Member)
No. of Meetings attended	1/1	1/1	1/1	1/1

Ø TERMS OF REFERENCE

The Stakeholders Relationship Committee oversees the following:

- redressal of security holder's complaints relating to share transfers/ transmission, non-receipt of annual reports, non-receipt of declared dividend, issue of new/ duplicate share certificates, general meeting etc.
- Review of measure taken for effective exercise of voting rights of shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar.
- Review of various measures and initiative taken by the listed entity for reducing quantum of unclaimed dividend and ensuring timely receipt of dividend warrants/ annual Report/ statutory notices to the shareholders by the Company.

Your Company's shares are compulsorily traded in the de-materialized form. To expedite transfers in the physical segment, necessary authority has been delegated to the Share Transfer committee to approve transfers/ transmissions of shares. Details of share transfers/ transmissions approved by the Directors and Officers are placed before the Board.

Status of investor complaints is as below:

No. of investor queries/ complaints received from April 01, 2020 to March 31, 2021	No. of complaints not solved to the satisfaction of shareholders
Nil	Nil

As on March 31, 2021, there was no pending investor complaint.

2.B.4. RISK MANAGEMENT COMMITTEE

In compliance with the provisions of Regulation 21 of the Listing Regulations and other applicable provisions, if any, the Board of Directors had constituted the Risk Management Committee. The Company satisfies the requirement of the Listing Regulations, which states that the majority of Committee shall consist of members of the Board of Directors; senior executives of the Company may be members of the said committee but Chairman of the Risk Committee shall be member of the Board of Directors.

Ø COMPOSITION

The Committee consists of 3 directors viz., Mr. Sabu M. Jacob as Chairman, Mrs. Sindhu Chandrasekharan and Mr. Benni Joseph as the members. Company Secretary acts as Secretary to the Committee.

Ø MEETING AND ATTENDANCE

The Risk Management Committee was constituted as per the provisions of SEBI (LoDR) Amendment Regulations, 2021 dated May 5, 2021. Hence provisions relating meeting of Risk Management Committee shall not be applicable for FY 2020-21.

Ø TERMS OF REFERENCE:

- Ø formulation of a detailed risk management policy and monitoring its implementation and its periodic review;
- Ø the identification, evaluation/assessment, prevention and control of the risks;
- Ø monitoring and reviewing of the risk management plan and such other functions, as it may deem fit;
- Ø determining the cost of risk likely to be and ensuring that adequate financial resources are available for implementing the selected technique;
- Ø measuring and monitoring effectiveness of controls and reviewing and reporting the Risk Management process at appropriate intervals, at least annually;
- Ø review of the appointment, removal and terms of remuneration of the Chief Risk Officer (if any), etc;

2.B.5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)

The Board of Directors of the Company has a Corporate Social Responsibility (CSR) Committee and the terms of reference are in conformity with the provisions of Section 135 read with Schedule VII of the Act and the Rules framed thereunder. The CSR Committee monitors the implementation of CSR projects or programmes undertaken by the Company. The Committee comprises Mr. Sabu M. Jacob as the Chairman, Mr. K. L. V. Narayanan, Mr. Benni Joseph and Mr. C. P. Philipose as the members. The Company Secretary acts as the Secretary to the Committee.

Key Responsibilities of the CSR Committee:

- Formulate, monitor and recommend to the Board CSR Policy and the activities to be undertaken by the Company.
- Recommend the amount of expenditure to be incurred on the activities undertaken.
- Review the Company's performance in the area of CSR.
- Evaluate the social impact of the Company's CSR activities.
- Review the Company's disclosure of CSR matters, including any annual social responsibility report.
- Review the CSR Report, with the Management, before submission to the Board for approval.
- Formulate and implement the BR policies in consultation with the respective stakeholders.
- Establish a monitoring mechanism to ensure that the funds contributed by the Company are spent for the intended purpose only.

The CSR Policy intends to strive for economic development that positively impacts the society at large with minimal resource footprints. The Policy is available on the Company's website at <http://www.kitexgarments.com>.

During the year, the Committee met 2 times viz., July 29, 2020 and November 13, 2020. Attendance at CSR Committee meetings is as below:

Composition	Mr. Sabu M. Jacob (Chairman)	Mr. Benni Joseph (Member)	Mr. K. L. V. Narayanan (Member)	Mr. C. P. Philipose (Member)
No. of Meeting attended	2/2	2/2	2/2	2/2

2.B.6. INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on February 10, 2021 inter-alia to:

- Ø Evaluate performance of Non-Independent Directors and the Board of Directors as a whole;
- Ø Evaluate performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;
- Ø Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors except Prof. E. M. Paulose were present at this meeting due to various pre-occupations.

3. GENERAL BODY MEETING

Location, date and time of the last three Annual General Meetings held:

Sl No.	AGM	Year	Date	Time	Details of special resolutions passed	Location
1	28th	2020	30.09.2020	10.00 A.M.	<ul style="list-style-type: none">Re-appointment of Mr. C. P. Philipose (DIN: 01125157) as an Independent Director for a second termRe-appointment of Mr. Sabu M. Jacob (DIN: 00046016) as Chairman and Managing DirectorApproval to borrow in excess of the paid-up share capital and free reserves of the Company under Section 180(1)(c) of the Companies Act, 2013Approval to create charge/ mortgage over the properties of the Company for the purpose of borrowing in the terms of Section 180(1) (a) of the Companies Act, 2013.	Through Video Conferencing (VC)/ Other Audio Visual Means (OVAM)
2	27th	2019	28.08.2019	10.00 A.M.	<ul style="list-style-type: none">Re-appointment of Mr. Benni Joseph (DIN: 01219476) as an Independent DirectorRe-appointment of Prof. E. M. Paulose (DIN: 03563106) as an Independent Director.Re-appointment of Prof. E. M. Paulose, Independent Director who has attained the age of above 75 years.	Building No. 9/536 A, Kizhakkambalam, Kochi 683 562. Kerala
3	26th	2018	28.07.2018	10.00 A.M.	Nil	

All resolutions as set out in the respective notices were duly passed by the shareholders in the meeting.

EXTRA-ORDINARY GENERAL MEETING (EGM) & NCLT CONVENED MEETING

No Extraordinary General Meeting (EGM) and court convened meeting were held during the last 3 financial years i.e. 2020-21, 2019-20 and 2018-19.

POSTAL BALLOT

No Special Resolution was passed in the last year through postal ballot and at present no Special Resolution is proposed to be conducted through postal ballot. Hence, the provisions relating to postal ballot are not required to be complied with.

4. MEANS OF COMMUNICATION

The Un-audited Quarterly Results are announced within 45 days from the end of the quarter and the Audited Annual Results are announced within 60 days from the end of the financial year as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. The Company provides the information to the stock exchange where shares of the Company are listed. The results are also published in one English newspaper having national circulation and one Malayalam Newspaper.

The Financial Results of the Company are normally published in the following newspapers:

- The Hindu Business Line (English Language)
- Malayala Manorama (Malayalam Language)

The Financial Results and other official news release of the Company are displayed on the Company's website <http://www.kitexgarments.com/>

Disclosure pursuant to various provisions of Listing Regulations, as applicable, are promptly communicated to the stock exchanges where the shares of your Company are listed and are displayed by them on their websites. FAQ giving details about the company and its shares is uploaded on the Company's website.

5. GENERAL SHAREHOLDER INFORMATION:

5.1. ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR 2020-21

Day and Date	Tuesday, September 7, 2021
Time	11.00 A.M
Venue	Through Video conferencing (VC)/ Audio Visual Means (AVM)
Financial Year	April 1, 2020 to March 31, 2021
Book Closure	September 1, 2021 to September 7, 2021
Last date for Receipt of Proxy	Not Applicable since the meeting is done virtually.
E-voting starts	Saturday, September 4, 2021 at 9:00 A.M.
E-Voting ends on	Monday, September 6, 2021 at 5:00 P.M.
Results of E-Voting on	On or before September 9, 2021 at 11:00 AM
Dividend payment date	On or before September 30, 2021

5.2. TENTATIVE CALENDAR FOR FINANCIAL YEAR ENDING MARCH 31, 2022

The Tentative dates for Board Meeting for consideration of quarterly financial results are as follows:

Un-audited Q1 ending June 30, 2021	on or before second week of August, 2021
Un-audited Q2 and half year ending September 30, 2021	on or before Second week of November, 2021
Un-audited Q3 and Nine months ending December 31, 2021	on or before second week of February, 2022
Audited Results for the year ending March 31, 2022	on or before Third week of May, 2022

5.3. DETAILS OF STOCK EXCHANGES WHERE LISTED

Stock Exchanges	Stock Code
BSE Ltd. (BSE)	521248
Corporate Relationship Dept, 1st Floor, New Trading Ring, Rotunda Building, PJ Towers, Dalal Street, Fort Mumbai -400001, Maharashtra	
National Stock Exchange of India Limited (NSE)	KITEX
Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai - 400051, Maharashtra	

Listing fees have been paid for the Financial Year 2021-22.

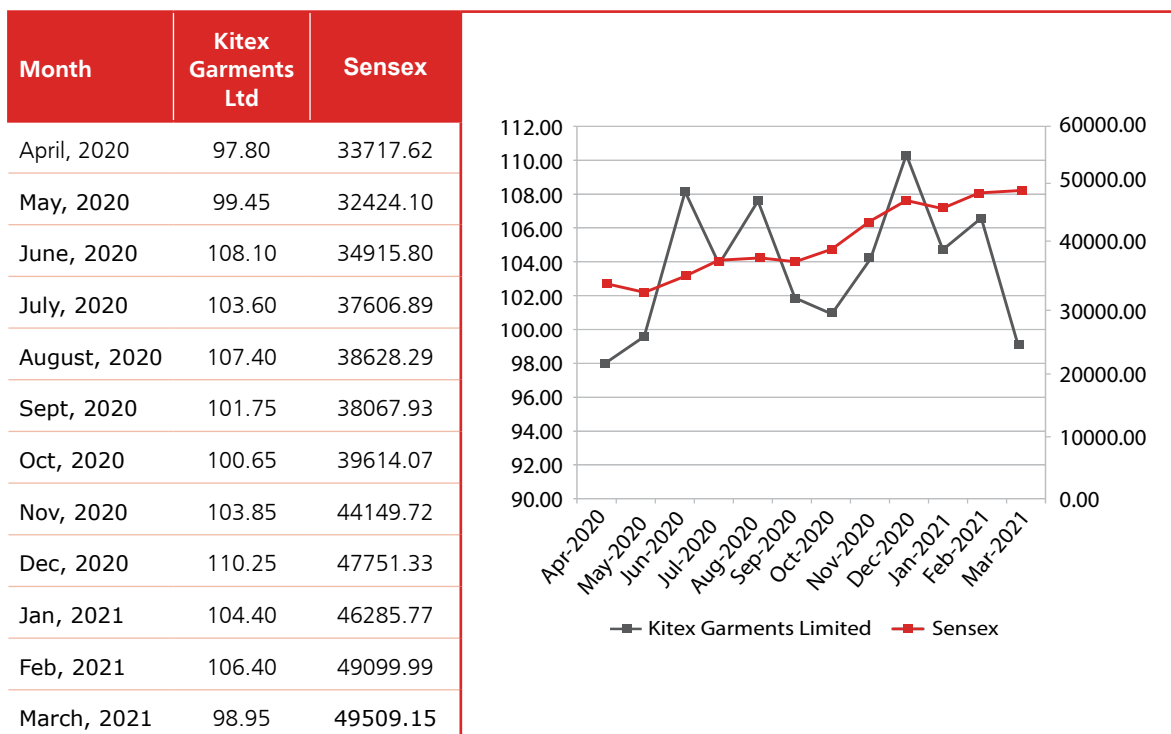
5.4. MARKET PRICE DATA

Market Price and Volume of the Company's Shares of face value of Re. 1 each traded in the major stock exchanges where Company's shares are listed during the financial year 2020-21:

Year (2020-21)	BSE (Amount in ₹)		NSE (Amount in ₹)		Volume (nos.)	
	High	Low	High	Low	BSE	NSE
April	104.85	84.15	104.90	84.20	1,40,085	15,58,792
May	108.20	92.80	108.80	92.70	80,444	12,17,703
June	120.40	99.50	120.60	99.45	2,13,158	39,69,240
July	118.95	103.00	116.85	103.15	1,93,971	22,93,139
August	120.25	97.60	120.00	99.25	3,17,578	52,64,201
September	113.00	97.65	113.50	97.00	2,15,711	23,80,695
October	113.50	100.00	113.50	100.05	3,21,902	32,99,294
November	107.05	97.80	105.85	98.45	2,04,784	24,18,999
December	123.80	99.80	123.80	99.55	6,90,886	87,91,877
January	117.00	101.55	117.90	102.00	3,13,944	32,74,262
February	113.80	102.20	114.70	103.60	3,44,885	26,88,924
March	124.90	96.25	115.70	96.20	4,49,370	39,51,547

Source – Websites: BSE Ltd. (www.bseindia.com) and The National Stock Exchange of India Ltd. (www.nseindia.com)

5.5. A PERFORMANCE CHART SHOWING SHARE PRICE OF THE COMPANY IN COMPARISON WITH BSE SENSEX DURING THE YEAR 2020-21 IS AS BELOW:



5.6. SHARE TRANSFER PROCESS

Trading in equity shares of the Company through recognized stock exchanges can be done only in dematerialized form.

Share Transfer, Transmission and Duplicate issue of Shares in physical form are normally effected within a period of 15 days, 21 days (7 days if the transmission is in de-mat form) and 30 days respectively if receipt of documents complete in all respects. All share transfers are approved by the Share Transfer Committee with Mr. Sabu M Jacob as Chairman, Ms. Sindhu Chandrasekharan, Woman Director and Mr. C P Philipose, Director as members, which meets periodically, thus ensuring smooth processing and completion of dispatch of the share certificates within the aforesaid period from the lodgment of the documents. A summary of transactions so approved by the committee is placed at the Board Meeting held quarterly. The Company obtains a half-yearly certificate from Practicing Company Secretaries as per the requirement of Regulation 40 (9) of Listing Regulations and the same is filed with the Stock Exchanges and available in the website of the Company. In terms of requirements to amendments to Regulation 40 of Listing Regulations w.e.f March 31, 2019, transfer of securities in physical form shall not be processed unless the securities are held in the dematerialized form with a depository.

5.7. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2021

Range	No. of Shareholders	No. of Shares held	% of shareholding
1 and 5000	37351	10055046	15.12
5001 and 10000	206	1500771	2.26
10001 and 20000	75	1067503	1.61
20001 and 30000	21	521179	0.78
30001 and 40000	9	317695	0.48
40001 and 50000	3	128201	0.19
50001 and 100000	15	1073893	1.61
100001 and Above	28	51835712	77.95
Total	37,708	66500000	100.00

5.8. DE-MATERIALIZATION OF SHARES

The Company has entered into a tripartite agreement with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to provide trading of shares in dematerialized form. International Securities Identification Number (ISIN) allotted to the equity shares of the Company is INE602G01020. As on March 31, 2021, 6,52,42,100 equity shares of the company, constituting 98.11% were in dematerialized form.

5.9. CATEGORIES OF SHAREHOLDING AS ON MARCH 31, 2021:

Category	No. of Shareholders	No. of Shares held	% Shareholding
Resident	35,678	2,04,69,140	30.7807
NRI	1,283	11,28,305	1.6967
Corporate Body	175	1,75,98,517	26.4639
Clearing Member	88	1,36,338	0.2050
Foreign National	1	304	0.0004
HUF	473	2,77,165	0.4168
FPI	1	66,965	0.1007
IEPF	1	4,52,271	0.6801
Directors/ Relatives	8	2,63,70,995	39.6557
Total	37,708	6,65,00,000	100.00

5.10. OUTSTANDING GDRS/ ADRS/ WARRANTS OR ANY CONVERTIBLE INSTRUMENTS:

As of March 31, 2021, the Company does not have any outstanding convertible instruments, which are likely to have an impact on the equity of the Company.

5.11. COMMODITY RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

The Company is exposed to the risk of price fluctuation of raw materials as well as finished goods. The Company proactively manages its risk through forward booking Inventory management and proactive vendor development practices. The Company' reputation for quality, product differentiation and service, coupled with existence of powerful brand image mitigates the impact of price risk on finished goods. Business risk evaluation and Management is an ongoing process within the Company. The Assessment is periodically examined by the Board. Disclosure on risks is forming part of Management Discussion and Analysis Report during the period under review.

5.12. PLANT LOCATION: Kizhakkambalam, Aluva, Kochi 683 562

5.13. ADDRESS FOR CORRESPONDENCE

REGISTERED OFFICE	REGISTRAR AND SHARE TRANSFER AGENT
Kitex Garments Limited (CIN: L18101KL1992PLC006528) 9/536 A, Kizhakkambalam, Aluva, Kochi – 683562, Kerala Tel: 0484 4142310, Fax: 0484 2680604	M/s. Cameo Corporate Services Ltd. Subramanian Building No. 1, Club House Road, Chennai 600002, Tamil Nadu Tel No.044-28460390 Fax No.044-28460129
E-mails: sect@kitexgarments.com Website: www.kitexgarments.com	Email: cameo@cameoindia.com website: www.cameoindia.com

5.14. CREDIT RATING

The Company has obtained rating from ICRA during the year ended March 31, 2021.

Instruments	Current Rated Amount	Rating	outlook
Fund-based - Term Loans	Nil	NA	NA
Fund-based - Working Capital Facilities	182.00 Crs	A1+	Reaffirmed
Non-fund Based-Working Capital Facilities	26.50 Crs	A1+	Reaffirmed
Unallocated facilities	34.52 Crs	AA-	Reaffirmed

6. OTHER DISCLOSURE

6. 1. RELATED PARTY TRANSACTIONS

All Related Party Transactions were in the ordinary course of business and on arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. Details of all such transactions placed before the Audit Committee was reviewed and approved through Omnibus approval route. The Board has approved a 'policy on materiality of related party transactions and on dealing with related party transactions' web link of which forms part of Director's report. The policy is available on the website of the Company viz., www.kitexgarments.com. The particulars of contract and arrangement with the Related Parties of your company referred to in Sec 188 (1) of the Companies Act, 2013 in prescribed "Form AoC-2" is appended to the Directors Report.

There were two materially significant transactions with related parties during the financial year, the details are as follows and do not have any potential conflict with the interest of listed entity at large:

Name of the party	Type of transaction	Limits upto which the amounts are approved	Sanction given by Shareholders through
M/s. Kitex Childrenswear Limited	Sale, purchase and service rendered	Rs. 300 Crores each financial year	Annual General meeting held on 28.08.2019
M/s. Kitex USA LLC	Sales of Garments	Rs.600 Crores each financial year	Annual General meeting held on 28.08.2019

6. 2. SUBSIDIARY COMPANIES

The Company has 6 wholly owned subsidiaries during the year under review. The minutes of all the subsidiaries of the Company are placed before the Board of Directors of the Company. The details of the policy for determining "material subsidiaries are made available on the website of the Company viz. http://www.kitexgarments.com/wp-content/uploads/2019/02/KGL_material_subsidiary_Policy.pdf.

6. 3. STATUTORY COMPLIANCE, PENALTY AND STRICTURES

The Company has complied with all the requirements specified under the listing regulations as well as other regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed by either SEBI or Stock Exchanges or any statutory authorities for non-compliance of any matters related to the Capital Market during the last three financial years except as below:

As per proviso to Regulation 17 (1) (a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of directors of the top 1000 listed entities shall have at least one independent woman director by April 1, 2020. Under Standing Operating Procedure (SOP) with respect to non compliance of certain listing regulations, fine was imposed upon the listed entity by the Stock Exchanges for quarter ended 30.06.2020, 30.09.2020 and 31.12.2020. Owing to the various difficulties imposed on account of the Covid-19 pandemic, the Independent Woman Director was appointed on November 13, 2020 instead of April 1, 2020 as per the requirement of proviso to Regulation 17 (1) (a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. We have also filed fine waiver application with both the stock exchanges and the same is pending for taking decision. This unforeseen circumstances arising out of global pandemic are covered within policy for exemption of fines levied as per the provisions of SEBI SOP circular issued by the stock exchanges.

Further the Company has received a Show Cause Notice under Section 139 (1), Section 173 (3) and Section 118 of the Companies Act, 2013 from Registrar of Companies dated March 9, 2021. The Company has submitted replies to these notices with necessary clarifications on April 21, 2021.

6. 4. VIGIL MECHANISM/WHISTLE BLOWER POLICY

Pursuant to Section 177 (9) and (10) of the Companies Act, 2013, and Regulations 22 of the Listing Regulations, the Company has formulated Vigil Mechanism (Whistle Blower Policy) for Directors and employees to report to the management about the unethical behaviour, fraud or violation of Company's Code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provisions for direct access to the Chairman of the audit Committee in exceptional cases. None of the personnel of the company has been denied access to the Audit Committee. The whistle Blower Policy is displayed on the Company's website viz., www.kitexgaments.com

6. 5. DETAILS OF COMPLIANCE WITH THE MANDATORY REQUIREMENTS AND ADOPTION OF THE NON MANDATORY REQUIREMENTS

The Company has fully complied with the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SEBI listing regulations states that the non-mandatory requirements may be implemented as per the discretion of the Company. Details of compliance of non-mandatory requirements are listed below:

- **UN-MODIFIED OPINION IN AUDITORS REPORT**

During the year under review, there are no audit qualifications in the financial statements of the Company. The Company continues to adopt appropriate best practices in order to ensure unqualified financial statements.

6. 6. POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

The policy for determining 'material' subsidiaries is available on the website of the Company at http://www.kitexgarments.com/wp-content/uploads/2019/02/KGL_material_subsidiary_Policy.pdf.

6. 7. POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

The policy on materiality of and dealing with Related Party Transactions is available on the website of the Company at http://www.kitexgarments.com/wp-content/uploads/2019/02/KGL_RPT_policy_140219.pdf

6. 8. DISCLOSURE OF ACCOUNTING TREATMENT

In the preparation of the financial statements, the Company has followed the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable. The Significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements and that the Company has not done a treatment different from that prescribed in the Standard.

6. 9. AUDITORS' REMUNERATION

The total fees for all services paid by Company and its subsidiaries, on a consolidated basis, to the statutory auditors during the year under review and all entities in the network firm/ network entity of which the statutory auditor is a part of are as follows:

Particulars	Amount (₹ In lakhs)
Payment to Statutory Auditors	19.98
Payment to all the entities in the Statutory Auditors network firms	-
Total	19.98

6. 10. UTILIZATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONAL PLACEMENT

During the year under review, the Company has not raised any proceeds by way of preferential issue or qualified institutional placement.

6. 11. CERTIFICATE ON CORPORATE GOVERNANCE

Your Company has obtained certificate affirming the Compliances with these regulations from Practising Company Secretary and forms part of this Report. The Certificate issued for the said FY form part of this Report and is self-explanatory.

6. 12. CERTIFICATE FROM CEO/CFO

The CEO certification of the financial statements for the year has been submitted to the Board of Directors, in its meeting held on June 29, 2021 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations.

6. 13. OBSERVANCE OF THE SECRETARIAL STANDARDS ISSUED BY THE ICSI

The Institute of Company Secretaries of India (ICSI), one of the India's premier professional bodies has issued Secretarial Standards on important aspects like Board Meetings, and General Meetings under series SS-1 and SS-2 which came into force from 1st July, 2015 upon endorsement of the same by Ministry of Corporate Affairs by notification and your company adheres to these standards where ever applicable. The other standards like Payment of Dividend, Maintenance of Registers and Records, Transmission of Shares, Passing of resolutions by Circulation, Affixing of Common Seal and Board's report which are as on date of report Recommendatory in nature are also adhered to voluntarily.

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

The Company has constituted Internal Complaints Committee (POSH Committee) which looks into the complaints raised and resolves the same. The above Committee reports to the Audit Committee and Board. The shareholders may refer necessary disclosures as required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 have been disclosed in Directors' Report. The Audit Committee looks into matters reported on a quarterly basis and track matters to closure as per law.

No personnel have been denied access to the Audit Committee.

7. OTHER USEFUL SHAREHOLDERS INFORMATION

7.1 GREEN INITIATIVE

The Company's philosophy focuses on making the environment greener for the benefit of prosperity. To support the Green Initiative, members (holding shares in electronic form) who have not registered their email addresses, are requested to register the same with their Depository Participants. Members holding shares in physical mode are also requested to register their email ID with the Registrar and Share Transfer Agent of the Company.

7.2 CHANGE IN ADDRESS AND FURNISHING BANK DETAILS

Shareholders holding shares in physical form should notify to the Company's RTA, change in their address with PIN Code number and Bank Account details by written request under the signatures of sole/first joint holder.

Beneficial Owners of shares in de-mat form should send their instructions regarding change of address, bank details, nomination, power of attorney, change in E-mail address, etc., directly to their DP, as the said records are maintained by the DPs.

To prevent fraudulent encashment of dividend warrants, Shareholders, who hold shares in physical form, should provide their Bank Account details to the Company's RTA, while those Shareholders who hold shares in dematerialized form should provide their Bank Account details to their DP, for printing of the same on the dividend warrants.

7.3 REGISTERING OF EMAIL ADDRESS

Shareholders, who have not yet registered their E-mail address for availing the facility of E-communication, are requested to register the same with the Company's RTA (in case the shares are held in physical form) or their DP (in case the shares are held in dematerialized form) so as to enable the Company to serve them fast.

7.4 UNCLAIMED DIVIDEND/SHARES

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, top One Thousand listed entities based on market capitalization are required to formulate a Dividend Distribution Policy. Accordingly, the Board approved and adopted Dividend Distribution policy is available on the Company's Website: viz., www.kitexgarments.com

Pursuant to Section 124(5) of the Companies Act, 2013, the Company has transferred all unclaimed/ unpaid dividends upto the financial year 2013-14 to the Investor Education and Protection Fund as applicable. Details of such unclaimed/ unpaid dividend transferred upto 2013-14 are available on the website of the Company viz., www.kitexgarments.com. Further Section 124(6) of the Companies Act, 2013 mandates transfer of all those shares in respect of which Unpaid or Unclaimed dividend have been transferred by the company to the IEPF.

Members who have either not received or have not en-cashed their dividend warrant(s) for the financial years 2014-15 to 2019-20, are requested to claim the unpaid dividend from the Company before transfer to the above mentioned fund. After transfer of unpaid/unclaimed dividend amount to the IEPF, the same can be claimed subsequently after following the procedure.

Further dividend which has become unclaimed for the last 7 years since 2013-14 must be claimed by the concerned shareholders on or before June 19, 2021 for which Company had sent the reminder letter to them. Since due date for such transfer was elapsed on above date, the company had initiated and completed the process of transfer of such dividend to IEPF Authority on June 19, 2021. The details are provided in the Shareholder information section of this Annual Report and are also available on our website www.kitexgarments.com.

Details of the unclaimed dividend and the last date for claiming the same, prior to its transfer to the IEPF are given below:

Financial year	No. of Members show have not claimed their dividends	Unclaimed dividend as on 31-03-2021	Unclaimed dividend as % to total dividend	Date of declaration	Last dated for claiming the dividend prior to its transfer to IEPF
2014-15	1088	10,38,592.50	2.19	04.06.2015	09.07.2022
2015-16 (interim)	1549	6,45,825.00	1.36	30.10.2015	04.12.2022
2015-16 (Final)	1185	6,46,350.00	1.36	10.06.2016	16.07.2023
2016-17 (Interim)	1201	6,64,140.00	1.40	31.10.2016	06.12.2023
2016-17 (Final)	1203	6,38,173.50	1.34	19.06.2017	24.07.2024
2017-18 (Interim)	1638	9,86,511.75	1.48	04.11.2017	09.12.2024
2017-18 (Final)	963	7,65,427.50	1.15	28.07.2018	01.09.2025
2018-19 (final)	881	11,56,410.00	1.16	28.08.2019	02.10.2026
2019-20 (Interim)	725	11,45,572.50	1.15	11.02.2020	18.03.2027

Summary of equity shares transferred to IEPF account are given below:

Financial year	No. of shareholders whose shares were transferred	No. of shares transferred to demat Account in NSDL	No. of shares transferred to demat Account in CDSL	No. of shares transferred to Demat Account in Physical Form	Unclaimed dividend transferred
2008-09	257	1516	3359	2,44,500	6,06,753.75
2009-10	40	828	1932	12,700	2,77,817.00
2010-11	26	980	175	1,63,000	7,90,103.00
2011-12	38	1333	467	24000	6,68,905.00
2012-13	10	1381	200	1000	8,80,640.80
2013-14	22	550	250	24,500	9,14,555.00

In terms of the said Regulation, voting rights on the equity shares lying in said demat accounts shall remain frozen till the rightful owner claims such shares. Further all corporate benefits in terms of securities accruing on the said shares viz., bonus shares, split etc if any shall also be credited to the said IEPF account.

The Concerned shareholder(s) can claim the dividend and /or shares that have been transferred to IEPF account after complying with the procedure prescribed by the Ministry of Corporate Affairs, Government of India. A brief outline of the procedure for claiming the dividend/shares from IEPF authority is listed for the benefit of the concerned Shareholder(s).

- Ø Submit the duly filled web-form only at www.iepf.gov.in. On successful upload, download the acknowledgement that get generated automatically
- Ø Take a printout of the duly filled form IEPF-5 and the acknowledgement. Submit the same to the Nodal Officer (IEPF) of the Company at its registered office in an envelope marked as "claim for refund from IEPF Authority" along with the following documents:
 - Indemnity in original with claimant's signature
 - Advance Stamped receipt (in original)
 - Copy of Aadhaar Card (for Indian citizens)
 - Copy of Pass-port (for NRIs)
 - Proof of entitlement (Share Certificate/Dividend Warrants etc)
 - Cancelled cheque leaf and
 - Other required documents.
- Ø The Company on receipt of the complete set of documents will submit its verification report tot the IEPF Authority
- Ø Upon submission of the verification report by the Company, the corresponding action will solely be at the discretion of the IEPF Authority.

For more details, the concerned shareholder is requested to refer to the "Refund" section of www.iepf.gov.in.

7.5 DEMAT SUSPENSE ACCOUNT

Regulation 39(4) of the Listing Regulations inter alia requires every listed company to comply with certain procedures in respect of shares issued by it in physical form pursuant to a public issue or any other issue and which remained unclaimed for any reason whatsoever. In terms of the said Regulation, voting rights on the equity shares lying in the said Unclaimed Suspense Account shall remain frozen till the rightful owner claims such shares. Further, all corporate benefits in terms of securities accruing on the said unclaimed shares viz. bonus shares, split, etc., if any, shall also be credited to the said Unclaimed Suspense Account. The Company had sent the reminders to the shareholders whose share certificates were returned undelivered and lying unclaimed. In case your shares are lying unclaimed with the Company, you are requested to claim the same by writing a letter to the Company.

The status of the aforesaid unclaimed shares, as on March 31, 2021 is given below:

Particulars	No. of Shareholders	No. of Shares
Aggregate number of Shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on April 1, 2020	496	632380
Number of Shares transferred in favour of IEPF Authority from the Unclaimed Suspense Account during FY 2020-21	-	-
Number of shareholders who approached listed entity for transfer of shares from suspense account during the FY 2020-21	-	-
Number of Shareholders / legal heirs to whom the shares were transferred from the Unclaimed Suspense Account during FY 2020-21	-	-
Aggregate number of Shareholders and outstanding shares held in the Unclaimed Suspense Account as on March 31, 2021	496	632380

7.6 DISCLOSURES OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATIONS 17 TO 27 AND CLAUSES (B) TO (I) OF SUB-REGULATION (2) OF REGULATION 46:

The Board of Directors quarterly reviews the compliance of all applicable laws. Your company has compliance framework for adherence to the mandatory requirements of Corporate Governance norms as specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations to the extent applicable to the Company and has duly complied with.

7.7 ENCASH DIVIDEND PROMPTLY

The shareholders are advised to encash their dividend promptly to avoid hassles of revalidation or losing right to claim dividend owing to transfer of unclaimed dividends beyond 7 (Seven) years to the Investor Education and Protection Fund.

7.8 QUOTE FOLIO NO. / DP ID NO.

Shareholders/ Beneficial Owners are requested to quote their Folio Nos./ DP ID Nos., as the case may be, in all correspondence with the Company. Shareholders are also requested to quote their E-mail IDs, and Contact number for prompt reply to their correspondence.

DECLARATION – CODE OF CONDUCT

I, Sabu M. Jacob, Managing Director of Kitex Garments Limited, declare that all the members of the Board of Directors and Senior Management have, for the year ended March 31, 2021 affirmed compliance with the Code of Conduct laid down for the Board of Directors and Senior Management in terms of Regulation 26(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For **Kitex Garments Limited**

Sd/-

Sabu M. Jacob

Chairman & Managing Director
(DIN: 00046016)

June 29, 2021
Kizhakkambalam

CERTIFICATE ON CORPORATE GOVERNANCE

To the members of **Kitex Garments Limited**

We have examined the compliance of conditions of Corporate Governance by **Kitex Garments Limited** [CIN: L18101KL1992PLC006528] having its registered office at P.B.No.5, Kizhakkambalam, Alwaye, Ernakulam-683562, for the year ended **31st March, 2021** as stipulated in Regulation 17 to 27 and clause (b) to (i) of Regulation 46 (2), Schedule V and Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

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 above. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2021 *except that the Independent Woman Director was appointed on 13.11.2020 instead of 01.04.2020 as per the requirement of proviso to Regulation 17 (1) (a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, owing to the various difficulties imposed on account of the Covid-19 pandemic.*

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

For **SVJS & Associates**
Company Secretaries

Sd/-

CS.Vincent P. D.

Managing Partner

FCS: 3067

CP No: 7940

UDIN: F003067C000564012

Kochi
June 29, 2021

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To

The Members

Kitex Garments Limited

P.B.No.5, Kizhakkambalam

Alwaye-683562

Kerala

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Kitex Garments Limited** having CIN: **L18101KL1992PLC006528** and having registered office at P.B.No.5, Kizhakkambalam, Alwaye-683562, Kerala (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31st March, 2021** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such Statutory Authority.

Sl. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr.Sabu Meckamkunnel Jacob	00046016	16.08.1993
2.	Mr.Chenakkott Philipose Philipose	01125157	20.07.2015
3.	Mr.Benni Joseph	01219476	12.01.2015
4.	Mr.Kalpathy Lekshmi Venkitanarayanan Narayanan	01273573	04.04.2013
5.	Mr.Erumala Mathew Paulose	03563106	12.01.2015
6.	Ms.SindhuChandrasekharan	06434415	16.03.2015
7.	Ms.Summi Francis	08950675	13.11.2020

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For SVJS & Associates
Company Secretaries**

Sd/-

CS.Vincent P. D.

Managing Partner

FCS: 3067

CP No: 7940

UDIN: F003067C000563968

Kochi
June 29, 2021

CEO'S/ CFO'S CERTIFICATE

I, Bobby Michael CFO of the Company, to the best of my knowledge and belief, certify that:

- a. I have reviewed the financial statements and the cash flow statement for the year ended March 31, 2021 and that to the best of my knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. 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 my 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. I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have disclosed, to the auditors and the Audit Committee, wherever applicable, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to be taken to rectify these deficiencies.
- d. I have indicated to the auditors and the Audit Committee, wherever applicable,
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which I 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.

For **Kitex Garments Limited**

Sd/-

Boby Michael

Chief Financial officer

June 29, 2021
Kizhakkambalam

BUSINESS RESPONSIBILITY REPORT

Your Company has pleasure in presenting Business Responsibility Report (BRR) for the FY 2020-21. The Company foresees to invest the fund effectively for the social and economic development of societies in which Company operates. Our Vision converges on CSR for Kizhakkambalam, where we dream to make this Panchayat the no. 1 in the state of Kerala. The Company targets to develop products and Services centered on driving Customer satisfaction while contributing to the overall objective of community development.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	CIN of the Company	L18101KL1992PLC006528						
2	Name of the Company	Kitex Garments Limited						
3	Registered address	P B No. 5, Kizhakkambalam, Aluva, Kochi Kerala 683 562						
4	Website	www.kitexgarments.com						
5	e-mail id	sect@kitexgarments.com						
6	Financial Year reported	2020-21						
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	<table border="1"> <thead> <tr> <th>Name of the Sector</th> <th>NIC Code</th> </tr> </thead> <tbody> <tr> <td>Garments</td> <td>2650</td> </tr> <tr> <td>Fabrics</td> <td>2650</td> </tr> </tbody> </table>	Name of the Sector	NIC Code	Garments	2650	Fabrics	2650
Name of the Sector		NIC Code						
Garments		2650						
Fabrics	2650							
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Baby Suits, Sleepwear, Rompers, Bibs Burps etc..						
9	Total number of locations where business activity is undertaken by the Company							
	a. Number of International Locations (Provide details of major 5)	Nil						
	b. Number of National Locations	One						
10	Markets served by the Company – Local/ State/ National/ International/	USA and UK						

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	₹ 6,65,00,000
2	Total Turnover (INR)	₹ 465.49 Crores
3	Total profit after taxes (INR)	₹ 59.90 Crores
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	₹ 3.13 Crores (> 2% of Average Net Profit for the last 3 financial years)
5	List of activities in which expenditure in 4 above has been incurred.	<p>The major areas in which the CSR expenditure has been incurred include:</p> <ol style="list-style-type: none"> 1. Health care 2. Agriculture 3. Food 4. Basic infrastructure (Road development) <p>For more details, please refer Directors Report.</p>

SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies?	Yes
2	Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	Yes. The CSR initiative (through Twenty20 Kizhakkambalam Association) is jointly promoted and monitored by the Company along with M/s. Kitex Childrenswear Limited, M/s. Kitex Limited and Anna Aluminum Co Pvt. Ltd, all of them are promoter group companies. The other group entities contribution is less than 50% of the overall contribution made to this initiative.

SECTION D: BR INFORMATION

1	Details of Director/ Directors responsible for BR	
	(a) Details of the Director/ Directors responsible for implementation of the BR policy/policies	
	DIN Number	00046016
	Name	Mr. Sabu M Jacob
	Designation	Chairman & Managing Director
	(b) Details of the BR head	
	Mr. Sabu M Jacob	
	DIN Number (if applicable)	00046016
	Name	Mr. Sabu M Jacob
	Designation	Chairman & Managing Director
	Telephone number	0484 4142000
	e-mail id	sect@kitexgarments.com
2.	Principle-Wise (as per National Voluntary Guidelines) BR Policy/policies	
	P-1 Business should conduct and govern themselves with ethics, transparency and Accountability	
	P-2 Business should provide goods and services that are safe and contribute to sustainability through their life cycle.	
	P-3 Business should promote the wellbeing of all employees	
	P-4 Businesses should respect the interest of, and be responsive towards all stakeholders, specially those who are disadvantaged, vulnerable and marginalized	
	P-5 Business should respect and promote human rights	
	P-6 Business should respect, protect and make efforts to restore the environment	
	P-7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	
	P-8 Business should support inclusive growth and equitable development	
	P-9 Business should engage with and provide value to their customers and consumers in a responsible manner.	

(a) Details of compliance (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for BR	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify?	Y. WRAP (Worldwide Responsible Accredited Production, GSV(Global Security Verification), OEKO-TEX Standard 100 pertaining to Consumer Product Safety Commission by US in Class-1 and GOTS (Global Organic Textile Standard)								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y. It has been signed by appropriate Director and placed before the Board.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Corporate Social Responsibility Policy: http://www.kitexgarments.com/wp-content/uploads/2021/07/CSR-policy_final_290621.pdf Code of conduct: www.kitexgarments.com								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policy has been communicated to key internal stakeholders. The communication is an ongoing process to cover all the internal and external stakeholders.								
8	Does the company have in-house structure to implement the policy/ policies.	Yes, the CSR Committee of the Board of Directors is responsible for the implementation of company's policies.								
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes. CSR Committee of the Board of Directors is responsible for addressing stakeholder concerns related to policies.								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The policy is evaluated internally. The Internal and External Auditors of the Company from time to time monitor the implementation of these policies.								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

Not Applicable

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	The Management along with the Board of Directors periodically assesses the BR performance of the Company every three months.
(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company publishes its Business Responsibility report in their Annual Report which can be viewed from the company's website: www.kitextarments.com or from the facebook page of Twenty20 Kizhakkambalam

SECTION E: PRINCIPLE-WISE PERFORMANCE**Principle 1: Business should conduct and govern themselves with ethics, transparency and Accountability**

1 Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs / Others?	Yes. The company's governance structure guides the organization keeping in mind its core values of Integrity, Commitment and Passion. The Corporate Principles and the Code of Conduct cover the company and its associate companies and are applicable to all its employees.
2 How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	No stakeholder complaints were received during the year on the conduct of the business involving ethics, transparency and accountability.

Principle 2: Business should provide goods and services that are safe and contribute to sustainability through their life cycle.

1 List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	The Company is a responsible corporate citizen and is committed to sustainable development and looks at ways to preserve the environment and manage resources responsibly. The Company understands its obligations relating to social and environmental concerns and risks and opportunities. Accordingly the company has devised the manufacturing processes in these products and systems factoring social and environmental concerns. Your company's manufacturing facility at Kizhakkambalam is certified by WRAP(Worldwide Responsible Accredited Production) GSV(Global Security Verification) OEKO-TEX Standard 100, Global Organic Textile Standard and other standards
2 For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):	
(a) Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?	The Company has worked towards cost optimization, optimization of logistics and reduction in input consumption ratio in the processes and has reduced the consumption of major inputs including energy, water etc by adoption of new techniques and alternate methods.
(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	The Company has put considerable efforts in conservation of energy and reuse water which has resulted in reduced consumption since the previous year. The products of the company are used by diverse consumer all of whom are outside India, hence it is not feasible to measure the usage of water, energy and consumers. For more details, please refer director's report for FY 2021.

3	Does the company have procedures in place for sustainable sourcing (including transportation)?	Yes
	(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	The Company has built up highly integrated horizontal and vertical integration processes in its operations. All the major inputs under the company's control are sourced most efficiently. The internal processes and procedures ensure adequate safety during transportation and optimization of logistics, which in turn help to mitigate climate change. With respect to yarn procurement which is one of the important inputs for the manufacture of garments, the company is continuously increasing the sourcing of yarns from well-known manufacturers who follow best quality and technology. The company is also continuously encouraging yarn manufacturers to install most modern equipments and technology.
4	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?	Yes
	(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	The Company fosters local and small suppliers for procurement of goods and services in the proximity to its plant location. First preference is given to local vendors for input material locally available and also encourages setting up of many ancillary units around its plant in Kizhakkambalam. Through various CSR programs training and technical support are being provided to them to improve and build their capability and to educate and raise their standards.
5	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	The Company follows the principle 3R (Reduce, Recycle and Reuse). It recycles products and waste in the range of around 10% in its factory. Further Waste Water Recycling is also being done at our factory. The company has installed Reverse Osmosis Plant for treating waste Water. More than 10% process has been reused in yarns.

Principle 3 : Business should promote the wellbeing of all employees

1	Please indicate the Total number of employees.	4644
2	Please indicate the Total number of employees hired on temporary/ contractual/ casual basis.	Nil
3	Please indicate the Number of permanent women employees.	2271
4	Please indicate the Number of permanent employees with disabilities	Nil
5	Do you have an employee association that is recognized by management.	No
6	What percentage of your permanent employees is members of this recognized employee association?	Not Applicable
7	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	No cases of child labour, forced labour, involuntary labour, sexual harassment and discriminatory employment were reported during the reporting year. Statutorily, KGL has formed Prevention of Harassment and Abusement Committee where employees can register their complaints against sexual harassment. This is supported by the Prevention of Sexual Harassment Policy which ensures a free and fair enquiry process with clear timelines.

Sl. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
i	Child labour/ forced labour/ involuntary labour	Nil	Nil
ii	Sexual harassment	Nil	Nil
iii	Discriminatory employment	Nil	Nil

8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	Safety Training	Skill Upgradation
	(a) Permanent Employees	100%	100%
	(b) Permanent Women Employees	100%	100%
	(c) Casual/Temporary/Contractual Employees	Nil	Nil
	(d) Employees with Disabilities	Nil	Nil

Principle 4: Businesses should respect the interest of, and be responsive towards all stakeholders, specially those who are disadvantaged, vulnerable and marginalized

1 Has the company mapped its internal and external stakeholders? Yes/No

Yes. The company has identified its internal as well as external stakeholders.

Stakeholders	Medium of Engagements
Government and regulatory authorities	Industry bodies/ forums
Employees	Meetings, newsletters, employee satisfaction survey and trainings
Customers	Customer meets, customer satisfaction survey and web-based portals
Local community	Visits and camps
Investors and shareholders	Investor meets, annual general meeting and annual report
Suppliers	Site visits and personal/ telephonic interactions

2 Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Yes. The Company has identified disadvantaged, vulnerable and marginalized stakeholders through baseline surveys.

3 Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

The Company's endeavors to bring in inclusive growth are channelized through the Twenty20 Association program in which the Company's Chairman & Managing Director, Shri. Sabu M. Jacob is the Chairperson.

Several programmes such as health care, education, infrastructure, safe drinking water and sanitation, sustainable livelihood, self-help groups and income generation programs etc are extended to the people living near the company's manufacturing unit.

The safety of the workers is of utmost importance and a culture of safety is brought in, not just for the Company's employees but also for other stakeholders.

Principle 5: Business should respect and promote human rights

1	Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?	The Company has been following the Human Rights as enshrined in the Constitution of India as the policy which is also made applicable to all its associate companies.
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	NIL

Principle 6 : Business should respect, protect and make efforts to restore the environment

1	Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others.	The company's Policy on Safety, Health and Environment extends to its associate companies. A common guidelines/ frame work for the company is being framed by the Company's sustainability cell, incorporating key point from all of its businesses.
2	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	Yes, the Company is committed to address issues of global warming and reduction of emissions. The company has regularly opted for technology upgradation with the latest state-of-the-art generation technology that reduces energy consumption. Reduction of water consumption is being achieved through reuse, recycle and installation of condensate Pollution Unit.
3	Does the company identify and assess potential environmental risks? Y/N	Yes, the Company regularly assesses the environmental risks emanating from its operations. Environment/Safety management programmes are initiated for the mitigation of identified environment aspects as well as safety hazards. Organization-wide technology standards are developed for assessment of energy, carbon, waster water air emissions, solid waste disposal and also remediation of contaminated sites.
4	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	The Company has undertaken various projects on Clean Development Mechanism (CDM) at its manufacturing Unit. The environmental compliance reports are filed periodically with the respective State Authorities. Company has also made arrangements with local authorities for disposing the ETP sludge to them in the normal course of operation.
5	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Yes, the Company has taken several initiatives on clean technology, energy efficiency, renewable energy etc. Clean Technology: New and latest technology including organic dyes is being used in the processing plant on a pilot scale and initiative to establish production at commercial scale is envisaged. Energy Efficiency: This is a continuous exercise and adoption of energy efficient equipment for new projects, better utilization of waste head from main processing plant as well as ancillary units. Renewable Energy: Currently, feasibility studies are being done to understand the viability of solar energy in production lines at both in processing and garmenting. Please refer to the Board's Report forming part of the Annual Report for Energy conservation initiatives. The same is also available on Company's website: www.kitexgarments.com

6	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes, The emissions/Waste generated by the Company are within the permissible limits given by CPCB/SPCB and are reported on periodic basis.
7	Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	Nil

Principle 7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	The Company is a member of Apparel Export Promotion Council of India
2	Have you advocated/ lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	Yes the broad areas are Economic Reforms, Environment and Energy Issues and Sustainable Business Principles.

Principle 8 : Business should support inclusive growth and equitable development.

1	Does the company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.	Yes. The Company has formulated a well-defined CSR policy which focuses on the following major areas: <ol style="list-style-type: none"> 1. Education 2. Health Care 3. Environment and Livelihood 4. Rural Development 5. Social Empowerment 6. Gender equality 7. Housing & Sanitation
2	Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organization?	The programmes/ projects are undertaken through in-house teams/ Twenty20 Kizhakkambalam Association as well as in partnership with non-governmental organizations and the Local Panchayath to serve areas of community growth and sustainable development.
3	Have you done any impact assessment of your initiative?	Yes. The company has in general conducted impact assessment of its CSR initiatives and has seen positive outcomes and benefits for the people in and around the Company's location at Kizhakkambalam.
4	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.	During the year under review, the Company has spent an amount of ₹ 3.13 Crores on CSR activities mainly on rural development, Health care, food, Agriculture etc and to bring about a social change by advocating and supporting various social campaigns and programmes.
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Yes. The Company has taken steps to ensure that the community initiatives benefit the community. Projects evolve out of the felt need of the communities and they are engaged in the implementation of the welfare driven initiatives, as well. The communities actively partner with the company and take ownership of the projects, eventually as its positive outcome benefits them hugely.

Principle 9: Business should engage with and provide value to their customers and consumers in a responsible manner.

1	What percentage of customer complaints/consumer cases are pending as on the end of financial year.	The Company has a well-defined system of addressing customer complaints. All complaints are appropriately addressed and resolved. However, the Company manufactures garments on private labels, the same is fully adhered to the buyer terms and conditions from time to time.
2	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/ N.A. / Remarks (additional information)	The Company displays product information on the products' label. Since the company is an 100% export oriented unit its products are labeled and packed according to the standards prescribed by those countries like USA and UK
3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	No
4	Did your company carry out any consumer survey/ consumer satisfaction trends?	Yes. consumer satisfaction surveys are being conducted periodically to asses the consumer satisfaction levels. Since the company manufacture garments primarily for private labels the in-house facility is being used for the survey and feedback reviews.

Kitex Garments Limited

Sd/-

Sabu M. Jacob

Chairman and Managing Director
(DIN: 00046016)

June 29, 2021
Kizhakkambalam

INDEPENDENT AUDITOR'S REPORT

To the Members of Kitex Garments Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Kitex Garments Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to the following matters in the Notes forming part of the standalone financial statements for the year ended March 31, 2021:

- a) Note 2.43 which states that the management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2021 and has concluded that there is no impact which is required to be recognised in the standalone financial statements. Accordingly, no adjustments have been made to the standalone financial statements.
- b) Note 2.44 which states that export incentives under Remission of Duties and Taxes on Export Products (RoDTEP) Scheme applicable with effect from January 1, 2021 amounting to ₹ 288.93 lakhs has been recognised on the basis of certain assumptions including previous applicable rates, as the rates are yet to be notified under the said scheme.

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

Inventory: [Refer to Note 2.07 to Standalone financial statements]

The total value of inventory as of March 31, 2021 amounted to ₹ 13,428.93 lakhs representing 16.24% of the total assets (March 31, 2020: 13,032.87 Lakhs, 15.01% of the total assets). Inventories are measured the lower of cost and net realisable value.

The valuation of inventory is dependent on implementing appropriate controls w.r.t valuation. Management applies judgement in identification and determination of obsolete inventories and estimates the appropriateness of requisite provision. Allocation of indirect production costs is also estimated which is manually loaded to inventory cost. We considered this as a Key Audit Matter as these judgements are key elements in the valuation of inventories.

We have performed the following principal audit procedures in relation to Inventory valuation:

- Tested relevant internal controls that the Company uses to ensure proper valuation of inventory, including the procedures for write-down of obsolete inventory and the indirect production costs manually capitalized as inventory.
- Tested the adequacy of write-downs for excess and/or obsolete inventory by verifying future demand data, historical usage, historical accuracy of write-downs and management's plans to utilize the inventory.

- Evaluated the significant judgements and estimates made by Management in applying Company's accounting policy in relation to indirect production costs.
- Assessed the Company's disclosures in the financial statements in respect of inventory.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Standalone Financial Statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone 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 March 31, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 2.40.1 to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Geetha Jeyakumar
Partner
Membership No. 29409
UDIN: 21029409AAAFT4361

Place: Chennai
Date: June 29, 2021

ANNEXURE – A

TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KITEX GARMENTS LIMITED

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are

therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Geetha Jeyakumar
Partner

Membership No. 29409
UDIN: 21029409AAAAFT4361

Place: Chennai
Date: June 29, 2021

ANNEXURE – B

TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KITEX GARMENTS LIMITED FOR THE YEAR ENDED MARCH 31,2021

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i.

- (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment).
- (b) Some of the fixed assets (Property, Plant and Equipment) were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

Immovable properties of land and building whose title deeds have been pledged with banks as security for working capital loans, are held in the name of the Company based on the equitable mortgage deed executed between the bank and the Company for which confirmations have been obtained from respective bankers in year end.

- ii. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on verification between the physical stock and the book records.
- iii. The Company has granted, unsecured loans to six Companies covered in the register maintained under section 189 of the Act.

- (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the rate of interest and other terms and conditions on which the loans have been granted to the Companies listed in the register maintained under Section 189 of the Act are not, prima facie, prejudicial to the interest of the Company.
- (b) In case of the loans granted to the Companies listed in the register maintained under section 189 of the Act, schedule of repayment of principal and payment of interest have been stipulated and the borrowers have been regular in the payment of the principal and interest.
- (c) There are no amounts overdue remaining outstanding as at Balance Sheet date.

- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans and investments. The company has not given any guarantees or securities.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under and hence reporting under clause (v) of the Order is not applicable.
- vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.

vii.

- (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and any other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us and examination of records of the Company, the outstanding

dues of income-tax, goods and service tax, customs duty, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs. In Lakhs	Period to which the amount relates	Forum where dispute is pending
The Customs Act, 1962	Customs Duty and interest	220.26	1996-97 to 1997-98	Honourable Supreme Court of India
The Customs Act, 1962	Customs Duty and interest	3,724.63	2010-11 to 2019-20	Honourable High Court of Kerala
Income Tax Act, 1961	Income tax dues	678.89	FY: 2015-16 FY: 2016-17	Commissioner of Income tax (Appeals)

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The company does not have any loans or borrowings from financial Institutions and has not issued any debentures.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions stated in paragraph 3 (ix) of the Order are not applicable to the Company.
- x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company

**For MSKA & Associates
Chartered Accountants**

ICAI Firm Registration No. 105047W

Geetha Jeyakumar
Partner

Membership No.29409

UDIN: 21029409AAAAFT4361

Place: Chennai
Date: June 29, 2021

ANNEXURE – C

TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KITEX GARMENTS LIMITED

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

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

We have audited the internal financial controls with reference to standalone financial statements of Kitex Garments Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For MSKA & Associates
Chartered Accountants

ICAI Firm Registration No. 105047W

Geetha Jeyakumar

Partner

Membership No. 029409

UDIN: 21029409AAAAFT4361

Place: Chennai

Date: June 29, 2021

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2021

(Rupees in lakhs)

Sl No.	Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
I	ASSETS			
1	Non-current assets			
	(a) Property, plant and equipment	2.01A	15,121.08	16,924.64
	(b) Capital work-in-progress	2.01B	2,008.54	2,031.08
	(c) Other intangible assets	2.01C	31.43	19.74
	(d) Intangible assets under development	2.01D	0.90	32.39
	(e) Financial assets			
	(i) Investments	2.02	3,536.68	3,536.38
	(ii) Loans	2.03	7,220.71	6,667.45
	(ii) Other financial assets	2.04	1,237.14	694.68
	(f) Non-current tax assets	2.05	275.93	512.83
	(g) Other non-current assets	2.06	938.51	940.68
2	Current assets			
	(a) Inventories	2.07	13,428.93	13,032.87
	(b) Financial assets			
	(i) Trade receivables	2.08	17,764.59	25,156.79
	(ii) Cash and cash equivalents	2.09	10,350.28	9,380.17
	(iii) Bank balances other than (ii) above	2.10	4,707.04	1,274.77
	(iv) Other financial assets	2.11	3,267.29	3,691.14
	(c) Other current assets	2.12	2,786.77	2,941.25
	TOTAL ASSETS		82,675.82	86,836.86
II	EQUITY AND LIABILITIES			
1	Equity			
	(a) Equity share capital	2.13	665.00	665.00
	(b) Other equity	2.14	72,854.05	66,851.27
	Liabilities			
2	Non-current liabilities			
	(a) Provisions	2.15	1,096.67	1,006.63
	(b) Deferred tax liabilities (net)	2.16	596.97	684.50
	(c) Other non-current liabilities	2.17	442.64	579.87
3	Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	2.18	-	9,612.57
	(ii) Trade payables	2.19		
	- Total outstanding dues of micro enterprises and small enterprises		133.84	57.43
	- Total outstanding dues of creditors other than micro enterprises and small enterprises		3,999.25	4,674.27
	(iii) Other financial liabilities	2.20	327.59	570.53
	(b) Other current liabilities	2.21	433.16	397.20
	(c) Provisions	2.22	355.91	336.12
	(d) Current tax liabilities (net)	2.23	1,770.74	1,401.47
	TOTAL EQUITY AND LIABILITIES		82,675.82	86,836.86
	Significant accounting policies	1 - 1.22		

The accompanying notes are an integral part of standalone financial statements

As per our separate report of even date attached

For MSKA Associates
Chartered Accountants
Firm Registration No. 105047W

Sd/-
Geetha Jeyakumar
Partner
Membership No. 029409

Place : Chennai
Date : June 29, 2021

**For and on behalf of the Board of Directors of
Kitex Garments Limited**
CIN: L18101KL1992PLC006258

Sd/-
Sabu M Jacob
Chairman &
Managing Director
DIN:00046016

Sd/-
Boby Michael
Chief Financial Officer
Place : Kizhakkambalam
Date : June 29, 2021

Sd/-
CA Benni Joseph
Director
DIN: 01219476

Sd/-
CS Mithun B Shenoy
Company Secretary

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2021

(Rupees in lakhs)

SI No.	Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
I	Income			
(a)	Revenue from operations	2.24	45,538.82	73,920.98
(b)	Other income	2.25	1,010.46	4,436.56
	Total Income		46,549.28	78,357.54
II	Expenses			
(a)	Cost of materials consumed	2.26	19,524.90	31,706.18
(b)	Changes in inventories of finished goods and work-in-progress	2.27	(38.17)	439.95
(c)	Employee benefits expense	2.28	7,725.77	12,148.57
(d)	Finance costs	2.29	253.95	702.49
(e)	Depreciation and amortization expense	2.30	2,310.44	2,645.23
(f)	Other expenses	2.31	8,287.95	16,398.00
	Total Expenses		38,064.84	64,040.42
III	Profit before tax (I - II)		8,484.44	14,317.12
IV	Tax expense:			
(a)	Current tax		2,581.77	4,104.17
(b)	Deferred tax	2.16	(87.53)	(654.44)
			2,494.24	3,449.73
V	Profit for the year (III -IV)		5,990.20	10,867.39
VI	Other comprehensive income			
A	Items that will not be reclassified to profit or loss			
(i)	Re-measurements of post employment benefit obligations		16.51	(115.47)
(ii)	Fair value changes on equity instruments carried through other comprehensive income		0.30	(4.41)
(iii)	Income tax relating to items that will not be reclassified to profit or loss		(4.23)	30.17
VII	Total comprehensive income for the year (V+VI)		6,002.78	10,777.68
VIII	Earnings per equity share (Face value of Re. 1 each)	2.32		
	Basic & Diluted in ₹		9.01	16.34
	Significant accounting policies	1 - 1.22		

The accompanying notes are an integral part of standalone financial statements

As per our separate report of even date attached

For MSKA Associates
Chartered Accountants
Firm Registration No. 105047W

Sd/-
Geetha Jeyakumar
Partner
Membership No. 029409

Place : Chennai
Date: June 29, 2021

**For and on behalf of the Board of Directors of
Kitex Garments Limited**
CIN: L18101KL1992PLC006258

Sd/-
Sabu M Jacob
Chairman &
Managing Director
DIN:00046016

Sd/-
Boby Michael
Chief Financial Officer
Place : Kizhakkambalam
Date: June 29, 2021

Sd/-
CA Benni Joseph
Director
DIN: 01219476

Sd/-
CS Mithun B Shenoy
Company Secretary

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021

(Rupees in lakhs)

SI No.	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A	Cash Flows from Operating Activities		
	Net Profit before tax	8,484.44	14,317.12
	Adjustments for:		
	Depreciation and amortisation expense	2,310.44	2,645.23
	Unrealised foreign exchange (gain) / loss (net)	(276.79)	(1,375.40)
	Unrealised loss on foreign exchange forward contracts	(210.62)	210.62
	Interest income	(702.18)	(576.76)
	Deferred grant income	(154.97)	(154.97)
	Loss on sale of property, plant and equipment (net)	-	6.83
	Intangible asset under development written off	-	(195.67)
	Provision / sundry balances written off	58.30	(14.25)
	Interest expense	253.95	702.49
	Operating profit before working capital changes	9,762.57	15,565.24
	Changes in working capital:		
	(Increase) in trade and other receivables	4,659.70	(4,862.59)
	(Increase) in inventories	(396.06)	(144.85)
	Increase in trade, other payables and provisions	(410.21)	581.93
	Cash generated from operating activities before taxes	13,616.00	11,139.73
	Direct taxes paid (net of refunds)	(1,979.83)	(5,248.49)
	Net cash generated from operating activities (A)	11,636.17	5,891.24
B	Cash Flows from Investing Activities		
	Purchase of property, plant and equipment and intangible assets	(469.79)	(1,506.38)
	Proceeds from sale of property, plant and equipment	-	15.19
	Purchase of investment in wholly owned subsidiary	-	(100.00)
	Interest received	148.82	43.42
	Loans to wholly owned subsidiaries	(553.26)	(2,160.87)
	Net cash used in investing activities (B)	(874.23)	(3,708.64)
C	Cash Flow from Financing Activities		
	Proceeds from bank borrowings (net)	(9,612.57)	611.57
	Interest paid	(253.95)	(705.48)
	Dividend / dividend distribution tax paid	(10.91)	(2,388.52)
	Net cash flow from / (used in) financing activities (C)	(9,877.43)	(2,482.43)
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	884.51	(299.83)
	Exchange difference on translation of foreign currency cash and cash equivalents	85.60	273.73
	Cash and cash equivalents at the beginning of the year	9,380.17	9,406.27
	Cash and cash equivalents at the end of the year (See note 1.18)	10,350.28	9,380.17
	Net increase / (decrease) in cash and cash equivalents	884.51	(299.83)

Significant accounting policies

1 - 1.22

The accompanying notes are an integral part of standalone financial statements

Note:

a. The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Statement of Cash Flows.

As per our separate report of even date attached

For MSKA AssociatesChartered Accountants
Firm Registration No. 105047W

Sd/-

Geetha Jeyakumar

Partner

Membership No. 029409

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

CIN: L18101KL1992PLC006258

Sd/-

Sabu M JacobChairman &
Managing Director
DIN:00046016

Sd/-

CA Benni JosephDirector
DIN: 01219476

Sd/-

Boby MichaelChief Financial Officer
Place : Kizhakkambalam
Date: June 29, 2021

Sd/-

CS Mithun B Shenoy

Company Secretary

Place : Chennai

Date: June 29, 2021

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

A Equity Share Capital

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the reporting year	665.00	665.00
Changes in equity share capital during the year	-	-
Balance at the end of the reporting year	665.00	665.00

B Other Equity

(Rupees in lakhs)

Particulars	Reserves and surplus			Equity instrument through other comprehensive income	Total
	Capital reserve	General reserve	Retained earnings		
Balance as at April 01, 2019	22.10	22,675.00	35,775.33	6.25	58,478.68
Profit for the year	-	-	10,867.39	-	10,867.39
Re-measurements of post employment benefit obligations (net of tax)	-	-	(86.41)	-	(86.41)
Fair value changes on equity instruments carried through other comprehensive income (net of tax)	-	-	-	(3.30)	(3.30)
Dividends (including tax on dividend of ₹ 410.09 lakhs)	-	-	(2,405.09)	-	(2,405.09)
Transfer to reserves	-	2,000.00	(2,000.00)	-	-
Balance as at March 31, 2020	22.10	24,675.00	42,151.22	2.95	66,851.27
Balance as at April 01, 2020	22.10	24,675.00	42,151.22	2.95	66,851.27
Profit for the year (net of tax)	-	-	5,990.20	-	5,990.20
Re-measurements of post employment benefit obligations (net of tax)	-	-	12.35	-	12.35
Fair value changes on equity instruments carried through other comprehensive income (net of tax)	-	-	-	0.23	0.23
Dividends	-	-	-	-	-
Transfer to reserves	-	2,000.00	(2,000.00)	-	-
Balance as at March 31, 2021	22.10	26,675.00	46,153.77	3.18	72,854.05

The accompanying notes are an integral part of standalone financial statements

As per our separate report of even date attached

For MSKA Associates
Chartered Accountants
Firm Registration No. 105047W

Sd/-
Geetha Jeyakumar
Partner
Membership No. 029409

Place : Chennai
Date: June 29, 2021

**For and on behalf of the Board of Directors of
Kitex Garments Limited**
CIN: L18101KL1992PLC006258

Sd/-
Sabu M Jacob
Chairman &
Managing Director
DIN:00046016

Sd/-
Boby Michael
Chief Financial Officer
Place : Kizhakkambalam
Date: June 29, 2021

Sd/-
CA Benni Joseph
Director
DIN: 01219476

Sd/-
CS Mithun B Shenoy
Company Secretary

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020

General Information

Kitex Garments Limited ('the Company') is a Public Company incorporated and domiciled in India having its registered office at Kizhakkambalam, Alwaye, Ernakulam- 683562, Kerala, India. The company is leading Indian apparel manufacturer and exporter of knitted garments for infants and kids. The Company was incorporated in the year 1992 under Companies Act; 1956. Its factory is located at Kizhakkambalam. It has 6 wholly owned subsidiaries and one overseas associate. The Company's equity shares are listed on the BSE Ltd. (formerly Bombay Stock Exchange) and The National Stock Exchange India Limited.

1. Significant Accounting Policies

1.1 Basis of Accounting and Preparation of Standalone Financial Statements

(i) Statement of compliance

The Standalone financial statements which comprise the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, and the Statement of Changes in Equity ("financial statements") have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 ("the Act"), Companies (Indian Accounting Standards) Rules, 2015, along with relevant amendment rules issued thereafter and other relevant provisions of the Act, as applicable. Accounting policies were consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(ii) Basis of measurement

The standalone financial statements have been prepared on a historical cost basis on the accrual basis of accounting, except for the following -

- (a) Certain financial assets and liabilities (including derivative instruments) that is measured at fair value;
- (b) Defined benefit plans - plan assets measured at fair value;

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(iii) Rounding off amounts

All amounts disclosed in standalone financial statements and notes have been rounded off to the nearest thousands as per requirement of Schedule III of the Act, unless otherwise stated.

(iv) Use of estimates and judgement

In the preparation of standalone financial statements, the management makes estimates and assumptions in conformity with the Generally Accepted Accounting Principles in India. Such estimates and assumptions are made on reasonable and prudent basis taking into account all available information. However, actual results could differ from these estimates and assumptions and such differences are recognised in the period in which results are ascertained. The estimates and underlying assumptions are reviewed on an ongoing basis.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the standalone financial statements are disclosed in Note 1.21.

1.2 Current versus Non-Current Classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – noncurrent classification of assets and liabilities.

1.3 Property, Plant & Equipment

Property, plant and equipment (except freehold land) are stated at cost of acquisition less accumulated depreciation and impairment if any. Freehold land is carried at historical cost. The company is adopting the cost model for determining gross carrying amount. Cost comprises of purchase price, inward freight, duties, taxes and any attributable cost of bringing the assets to its working condition for its intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components). The cost of replacement spares/ major inspection relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed by the management at each financial year and adjusted prospectively, if appropriate.

Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 01, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment, with corresponding adjustments to recognise the amount of unamortised deferred grant income as at the date of the transition.

Depreciation methods, estimated useful lives

Depreciation on property, plant and equipment is provided on Straight Line Method at the useful lives based on a review by the management at the year end as under:

- (a) Assets (other than capital spares) - based on useful lives prescribed under Schedule II of the Companies Act, 2013.
- (b) Capital spares - based on useful life of each replaced part (2 - 5 years).

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'.

1.4 Intangible Assets

Cost of software is capitalised as intangible asset and amortised on a straight-line basis over the economic useful life of three years.

The residual values, useful lives and methods of depreciation of intangible assets are reviewed by the management at each financial year and adjusted prospectively, if appropriate.

1.5 Investment in Subsidiaries and Associates

Investment in subsidiaries and associate is measured at cost less provision for impairment.

1.6 Inventories

Inventories are valued at lower of cost or net realisable value. For this purpose, the cost of bought-out inventories comprises of the purchase cost of the items, net of applicable tax/duty credits and cost of bringing such items into the factory on First-In, First-Out (FIFO) basis. Cost of Inventory comprises Cost of Purchase, Cost of Conversion and other Costs incurred to bring them to their respective present location and condition. The net realisable value of bought-out inventories is taken at their current replacement value. The cost of manufactured inventories comprises of the direct cost of production plus appropriate fixed and variable production overheads.

Difference between the purchase price for normal credit terms and the amount paid for deferred settlement terms, if any, is recognised as an expense.

1.7 Foreign Currency Transactions

(a) Functional and presentation currency

Items included in the standalone financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The standalone financial statements are presented in Indian Rupees ("INR"), which is the functional currency and presentation currency of the Company.

(b) Transactions and balances

Foreign exchange transactions are recorded at the functional currency adopting the exchange rate prevailing on the dates of respective transactions. Monetary assets and liabilities denominated in foreign currencies existing as on the Balance Sheet date are translated at the functional currency exchange rate prevailing as at the Balance Sheet date. The exchange difference arising from the settlement of transactions during the period and effect of translations of assets and liabilities at the Balance Sheet date are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or profit and loss are also recognised in Other Comprehensive Income or profit and loss, respectively).

(c) Derivative instruments and hedge accounting

The company uses foreign currency derivative contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecasted transactions. The company designates these as cash flow hedges applying the recognition and measurement principles set out in Ind AS 109 – Financial Instruments.

The use of foreign currency and derivative contracts is governed by the Company's policies approved by the Board of Directors which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The company does not use derivative financial instruments for speculative purposes.

Foreign currency derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit and loss, except for the effective portion of cash flow hedges, which is recognised in Other Comprehensive Income in the cash flow hedge reserve and later reclassified to profit and loss when the hedge item affects profit and loss.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

1.8 Leases

The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 01, 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently amortised using the straight-line method from the commencement date to the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured

when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

1.9 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recognised as expenditure in the period in which they are incurred.

1.10 Government Grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants shall be recognised in profit and loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to depreciable assets are presented in the Balance Sheet by setting up the grant as deferred income and are recognised in profit and loss over the periods and in the proportions in which depreciation expense on those assets is recognised and are presented under Other Income.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in profit and loss of the period in which it becomes receivable and are presented under Other Income/deducted from the related heads of expenditure.

1.11 Financial Instruments

(a) Financial asset

(i) Initial recognition and measurement

At initial recognition, financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

(a) at amortized cost; or

(b) at fair value through other comprehensive income; or at fair value through profit or loss.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

(iii) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

(b) Financial liabilities

Financial liabilities are initially recognised at fair value plus any transaction cost that are attributable to the acquisition of the financial liabilities except, financial liabilities at fair value through profit or loss which are initially measured at fair value.

After initial recognition at fair value net of directly attributable transaction costs, interest-bearing borrowings, finance lease liabilities, Trade payables and other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit and loss when the liabilities are de-recognised as well as through the amortisation of effective interest.

Amortised cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

Derivative financial instruments

Derivative instruments not designated as Cash flow hedges

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, like foreign exchange forward contracts. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

1.12 Revenue Recognition

The Company derives revenues primarily from sale of manufactured fabric and readymade garments.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

Other operating revenue - Export incentives: Export Incentives under various schemes are accounted upon fulfilling the conditions established by respective regulations as applicable to the Company and as amended from time to time.

Income is recognised at the value or rate prescribed by respective regulations.

1.13 Taxes

Current tax is determined as the amount of tax payable in respect of taxable income for the year computed in accordance with the provisions of the Income Tax Act, 1961. Taxable income differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or items related to equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1.14 Employee Benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(b) Defined contribution plans

The company has defined contribution plans for employees comprising of Provident Fund and Employee's State Insurance. The contributions paid/payable to these plans during the year are recognised as employee benefit expense in the Statement of Profit and Loss for the year.

(c) Defined benefit plans: Gratuity

The net present value of the obligation for gratuity benefits are determined by independent actuarial valuation, conducted annually using the projected unit credit method.

The retirement benefit obligations recognised in the Balance Sheet represents the present value of the defined benefit obligations reduced by the fair value of plan assets. All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefits are recognised immediately in Statement of Profit and Loss as past service cost, if any, and net interest on the defined benefit liability/(asset) are recognised in the Statement of Profit and Loss.

Remeasurements of the net defined benefit liability/(asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest), are recognised in Other Comprehensive Income. Such remeasurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

(d) Long-term employee benefits: Compensated absences

The company has a scheme for compensated absences for employees, the liability of which is determined based on an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur.

1.15 Segment Reporting

Operating Segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

1.16 Earnings Per Share

Basic/diluted earnings per share is calculated by dividing the net profit and loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares/diluted potential equity shares outstanding as at the end of the year, as the case may be.

1.17 Impairment of Non-Financial Assets

The Company assesses at each year end whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. An asset or a cash generating unit is treated as impaired, when the carrying value of assets exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. Based on such assessment, impairment loss if any is recognised in the Statement of Profit and Loss for the period in which the asset is identified as impaired.

1.18 Cash Flow Management

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

1.19 Cash and Cash Equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at banks, cash on hand and short-term deposits net of bank overdraft with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

1.20 Provisions and Contingent Liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) because of a past event, for which it is probable that a cash outflow will be required, and a reliable estimate can be made of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material). These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

When the company expects some or all the provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

Contingent liabilities are disclosed when the company has a possible obligation, or a present obligation and it is probable that an outflow of resources will not be required to settle the obligation, or the amount of obligation cannot be measured with sufficient reliability.

1.21 Significant Accounting Judgments, Estimates and Assumptions

The preparation of standalone financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

(i) Useful lives of property, plant and equipment and intangible assets:

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

(ii) Actuarial valuation:

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after considering inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the standalone financial statements.

(iii) Impairment of assets:

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

(iv) Recoverability of advances/receivables:

Management reviews its receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics.

1.22 Recent Pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period
- Specified format for disclosure of shareholding of promoters
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive, and the Company will evaluate the same to give effect to them as required by law.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

2.01 A - Property, Plant and Equipment- Standalone

(Rupees in Lakhs)

	GROSS BLOCK			As at March 31, 2021	DEPRECIATION			NET BLOCK		
	As at April 1, 2020	Additions during the year	Disposal / Adjustments		As at April 1, 2020	During the Year	Disposal / Adjustments	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Freehold Land	492.83	-	-	492.83	-	-	-	492.83	492.83	
Building	6,745.81	7.34	-	6,753.15	719.98	232.69	-	952.67	5,800.48	6,025.83
Plant & Machinery	16,742.93	427.21	-	17,170.14	7,588.43	1,693.23	-	9,281.66	7,888.48	9,154.50
Furniture & Fixtures	231.24	4.48	-	235.72	118.46	21.28	-	139.74	95.98	112.78
Vehicles	690.47	-	-	690.47	274.99	84.07	-	359.06	331.41	415.48
Office Equipments	564.33	5.07	-	569.40	190.78	105.38	-	296.16	273.24	373.55
Computers	607.77	2.90	-	610.67	378.87	125.67	-	504.54	106.13	228.90
Electrical Equipments	325.44	39.19	-	364.63	204.67	27.43	-	232.10	132.53	120.77
Total	26,400.82	486.19	-	26,887.01	9,476.18	2,289.75	-	11,765.93	15,121.08	16,924.64

	GROSS BLOCK			As at March 31, 2020	DEPRECIATION			NET BLOCK		
	As at April 1, 2019	Additions during the year	Disposal / Adjustments		As at April 1, 2019	During the Year	Disposal / Adjustments	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Freehold Land	492.83	-	-	492.83	-	-	-	492.83	492.83	
Building	4,780.49	1,965.32	-	6,745.81	514.92	205.06	-	719.98	6,025.83	4,265.57
Plant & Machinery	16,196.10	591.26	44.43	16,742.93	5,559.26	2,051.58	22.41	7,588.43	9,154.50	10,636.84
Furniture & Fixtures	207.46	23.78	-	231.24	96.67	21.79	-	118.46	112.78	110.79
Vehicles	536.21	154.26	-	690.47	194.97	80.02	-	274.99	415.48	341.24
Office Equipments	202.06	362.27	-	564.33	101.36	89.42	-	190.78	373.55	100.70
Computers	549.03	58.74	-	607.77	252.63	126.24	-	378.87	228.90	296.40
Electrical Equipments	307.02	18.42	-	325.44	163.74	40.93	-	204.67	120.77	143.28
Total	23,271.20	3,174.05	44.43	26,400.82	6,883.55	2,615.04	22.41	9,476.18	16,924.64	16,387.65

2.01 B - Capital Work-in-Progress - Standalone

(Rupees in Lakhs)

	GROSS BLOCK (at cost)			
	As at April 1, 2020	Additions/ Adjustments	Deductions/ Adjustments	As at March 31, 2021
Building under Construction	1.63	11.16	7.34	5.45
Plant and Equipment under Installation	2,029.45	266.61	292.97	2,003.09
Total	2,031.08	277.77	300.31	2,008.54

	GROSS BLOCK (at cost)			
	As at April 1, 2019	Additions/ Adjustments	Deductions/ Adjustments	As at March 31, 2020
Building under Construction	29.99	90.16	118.52	1.63
Plant and Equipment under Installation	3,733.59	1,191.16	2,895.30	2,029.45
Total	3,763.58	1,281.32	3,013.82	2,031.08

2.01 C - Other Intangible Assets - Standalone

(Rupees in Lakhs)

	GROSS BLOCK			As at March 31, 2021	AMORTIZATION			NET BLOCK		
	As at April 1, 2020	Additions during the year	Disposal / Adjustments		As at April 1, 2020	During the Year	Disposal / Adjustments	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Computer software	137.04	32.38	-	169.42	117.30	20.69	-	137.99	31.43	19.74
Total	137.04	32.38	-	169.42	117.30	20.69	-	137.99	31.43	19.74

	GROSS BLOCK			As at March 31, 2020	AMORTIZATION			NET BLOCK		
	As at April 1, 2019	Additions during the year	Disposal / Adjustments		As at April 1, 2019	During the Year	Disposal / Adjustments	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Computer software	137.04	-	-	137.04	87.11	30.19	-	117.30	19.74	49.93
Total	137.04	-	-	137.04	87.11	30.19	-	117.30	19.74	49.93

2.01 D - Intangible Assets under Development - Standalone

(Rupees in Lakhs)

	GROSS BLOCK			
	As at April 1, 2020	Additions/ Adjustments	Deductions/ Adjustments	As at March 31, 2021
Software under development	32.39	0.90	32.39	0.90
Total	32.39	0.90	32.39	0.90

	GROSS BLOCK			
	As at April 1, 2019	Additions/ Adjustments	Deductions/ Adjustments	As at March 31, 2020
Software under development	223.25	9.65	200.51	32.39
Total	223.25	9.65	200.51	32.39

2.02 Investments [Non-Current]

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unquoted		
Investments carried at cost		
Investments in equity instruments of associate company		
4,250,210.09 (4,250,210.09) fully paid-up membership units of USD 1 each in Kitex USA LLC	2,776.24	2,776.24
Investments in equity instruments of subsidiaries [See note 2.02.1]		
1,000,000 (1,000,000) fully paid-up equity shares of ₹ 10/- each in Kitex Kidswear Limited	199.62	199.62
100,000 (100,000) fully paid-up equity shares of ₹ 10/- each in Kitex Knits Limited	76.92	76.92
100,000 (100,000) fully paid-up equity shares of ₹ 10/- each in Kitex Babywear Limited	38.91	38.91
1,000,000 (1,000,000) fully paid-up equity shares of ₹ 10/- each in Kitex Littlewear Limited	353.62	353.62
100,000 (100,000) fully paid-up equity shares of ₹ 10/- each in Kitex Packs Limited	31.54	31.54
100,000 (100,000) fully paid-up equity shares of ₹ 10/- each in Kitex Socks Limited	57.28	57.28
Quoted		
Investments carried at fair value through other comprehensive income		
7,000 (7,000) fully paid-up equity shares of ₹ 2/- each in Punjab National Bank Limited	2.55	2.25
Total	3,536.68	3,536.38
Aggregate amount of unquoted investments	3,534.13	3,534.13
Aggregate amount of quoted investments and market value thereof; (The market value of quoted investments is equal to the carrying value)	2.55	2.25

2.02.1 Cost of investment in subsidiaries include ₹ 517.89 lakhs (₹ 517.89) on account of fair value of loans granted to them.

2.03 Loans

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Loans to wholly owned subsidiaries	7,220.71	6,667.45
Total	7,220.71	6,667.45

2.04 Other Financial Assets [Non-Current]

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Security deposit	226.14	226.14
Interest receivable on loans to wholly owned subsidiaries	1,011.00	468.54
Total	1,237.14	694.68

2.04.1 Deposit account represents deposits held as security which are not expected to be refunded next 12 months.

2.05 Non Current Tax Assets

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Income tax (net)	275.93	512.83
Total	275.93	512.83

2.06 Other Non-Current Assets

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Capital advances	613.46	615.63
Balances with government authorities	325.05	325.05
Total	938.51	940.68

2.07 Inventories

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials	3,592.28	3,219.56
Raw materials in transit	90.87	149.22
Work-in-progress	8,506.18	8,113.77
Finished goods [See note 2.07.2]	996.74	1,350.98
Stores and spares	242.54	187.15
Stores and spares in transit	0.32	12.19
Total	13,428.93	13,032.87

2.07.1 Method of valuation of inventories - See note 1.6 of significant accounting policies.

2.07.2 During the year ended March 31, 2021- Nil (₹ 237.77) was recognised as an expense for write down in value of inventories to their net realisable value.

2.08 Trade Receivables

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good [See note 2.08.1]	17,764.59	25,156.79
Total	17,764.59	25,156.79

2.08.1

- (i) Trade receivables includes amounts due from related parties ₹ 16,496.94 lakhs (₹ 22,670.50 lakhs). See note 2.37.
- (ii) Trade receivables are non-interest bearing and are generally on credit terms not exceeding 90 days.

2.08.2

During 2017-18, TOYS "R" US, Inc., a customer of the Company had filed a petition in the Bankruptcy Court in the United States to wind down its US operation. Provision of ₹ 347.03 lakhs was made for the receivables towards loss, if any on recovery of receivables in the same year. After the hearings at the US Bankruptcy court on September 6, 2018 and November 13, 2018, Plan submitted under Chapter 11 was confirmed. The Claim allowed to the company aggregates to 9.17 Million US Dollars. Consequently, the provision carried in the books of ₹ 347.03 lakhs was written back during 2018-19. The Company has already received interim disbursement of 2.10 million dollars (2020-21: 0.03 million dollars, 2019-20: 0.47 million dollars and 2018-19: 1.60 million dollars) as on March 31, 2021.

2.09 Cash and Cash Equivalents

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks - In current accounts	10,330.16	9,376.22
Cash on hand	20.12	3.95
Total	10,350.28	9,380.17

2.10 Bank balances other than Cash and Cash Equivalents

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance with banks - In deposit accounts [See note 2.10.1]	4,707.04	1,274.77
Total	4,707.04	1,274.77

2.10.1

- (i) Balances with banks in deposit accounts held as security against Letter of Credits/ Guarantee, with a maturity period of less than 12 months.
- (ii) Earmarked balance of unpaid dividend ₹ 83.32 lakhs (₹94.23 lakhs).

2.11 Other Financial Assets

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Subsidy receivable	1,116.51	1,116.51
Duty drawback receivable	2,059.31	2,494.39
Other deposits	2.00	2.00
Rent deposits	38.51	38.18
Interest receivable on margin money deposit	50.96	40.06
Total	3,267.29	3,691.14

2.11.1 There are no other current financial assets as at March 31, 2021 and March 31, 2020 which have significant increase in credit risk or which are credit impaired

2.12 Other Current Assets

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received.	511.68	496.32
Balances with government authorities	2,021.80	1,790.95
Advances to staff	33.64	31.66
Prepaid expenses	97.58	134.62
Export entitlements / rebates receivable on export	122.07	487.70
Total	2,786.77	2,941.25

2.13 Equity Share Capital

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised		
250,000,000 (250,000,000) equity shares of Re. 1/- each	2,500.00	2,500.00
Issued, subscribed and fully paid-up		
66,500,000 (66,500,000) equity shares of Re. 1/- each	665.00	665.00
Total	665.00	665.00

2.13.1 Terms / rights attached to equity shareholders

The Company has only one class of shares referred to as equity shares with a face value of Re. 1/- each. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed / declared by the Board of Directors is subject to approval / regularisation of the shareholders in the Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

2.13.2 Reconciliation of equity shares with voting rights at the beginning and at the end of the financial year

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount (Rupees in lakhs)	No. of shares	Amount (Rupees in lakhs)
No. of shares as at the beginning of the financial year	66,500,000	665.00	66,500,000	665.00
Add: Issued during the year	-	-	-	-
No. of shares as at the end of the financial year	66,500,000	665.00	66,500,000	665.00

2.13.3 Particulars of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of total holding	No. of shares	% of total holding
Mr. Sabu M Jacob	22,015,606	33.11	22,015,606	33.11
Kitex Childrenswear Limited	10,585,822	15.92	10,585,822	15.92
Ms.Renjitha Joseph	4,328,100	6.51	4,328,100	6.51
C K G Super Market Limited	4,000,000	6.02	4,053,630	6.10
Mr. Gopinathan C K	4,467,900	6.72	4,961,444	7.46

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.

2.13.4 Aggregate number of bonus shares Issued during the period of five years immediately preceding the reporting date

Particulars	No. of shares	Rupees in lakhs
Equity shares allotted as fully paid-up bonus shares		
Financial Year 2017-18	19,000,000	190.00

2.14 Other Equity

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital reserve		
Investment subsidy	22.10	22.10
General reserve		
Opening balance	24,675.00	22,675.00
Add: Transfer from retained earnings	2,000.00	2,000.00
Closing balance	26,675.00	24,675.00
Retained earnings		
Opening balance	42,151.22	35,775.33
Add: Profit for the year	5,990.20	10,867.39
Less: Re-measurements of post employment benefit obligations (net of tax)	12.35	(86.41)
	48,153.77	46,556.31
Less:		
Transfer to general reserve	2,000.00	2,000.00
Payment of dividends	-	1,995.00
Tax on dividends	-	410.09
Closing balance	46,153.77	42,151.22
Equity instrument through other comprehensive income		
Opening balance	2.95	6.25
Add : Fair value changes on equity instruments carried through other comprehensive income (net of tax)	0.23	(3.30)
Closing balance	3.18	2.95
Total	72,854.05	66,851.27

2.14.1 Description of nature and purpose of each reserve

- (i) **Capital reserve** : Capital reserve denotes investment subsidy received by the company amounting to ₹ 22.10 lakhs (₹ 22.10 lakhs).
- (ii) **General reserve** : General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General Reserve is created by a transfer from one component of equity to another and is not an item of comprehensive income.
- (iii) **Equity instruments through other comprehensive income**: This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

2.15 Provisions

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for gratuity [See note 2.15.2]	897.93	800.53
Provision for compensated absences [See note 2.15.2]	198.74	206.10
Total	1,096.67	1,006.63

2.15.1 Short-term provisions of employee benefits is disclosed in note 2.22

2.15.2 Disclosures required under Ind AS 19 - "Employee Benefits"

2.15.2.a Defined contribution plans

During the year, the following amounts have been recognised in the statement of profit and loss on account of defined contribution plans:

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Employers contribution to provident fund	389.23	634.79
Employers contribution to employees' state insurance	101.34	169.05

2.15.2.b Defined benefit plans - gratuity: unfunded obligation

(Rupees in lakhs)

(i) Actuarial assumptions	As at March 31, 2021	As at March 31, 2020
Discount rate (per annum)	5.45%	5.55%
Salary escalation rate*	7.00%	7.00%
Mortality rate	Indian Assured Lives Mortality (2012-14) Ult table	Indian Assured Lives Mortality (2012-14) Ult table

*The assumption of future salary escalation takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

(Rupees in lakhs)

(ii) Reconciliation of present value of obligation	As at March 31, 2021	As at March 31, 2020
Present value of obligation at the beginning of the year	1,003.67	784.86
Current service cost	184.88	140.27
Interest cost	50.07	47.80
Actuarial (gain)/ loss - financial	6.80	71.14
Actuarial (gain)/ loss - experience	(23.31)	44.33
Benefits paid	(95.35)	(84.74)
Present value of obligation at the end of the year	1,126.76	1,003.66
Contributions by the employer	95.35	84.74
Benefits paid	(95.35)	(84.74)
Expected employers' contribution next year	-	-
(iii) Expenses recognized in the statement profit and loss		
Current service cost	184.88	140.27
Interest cost	50.07	47.80
Total expenses recognized in the statement of profit and loss for the year	234.95	188.07
(iv) Expenses recognized in other comprehensive income		
Opening amount recognised in OCI outside profit and loss account	31.03	(84.44)
Re-measurements during the period due to		
Changes in financial assumptions	6.80	71.14
Experience adjustments	(23.31)	44.33
Total re-measurements included in other comprehensive income	(16.51)	115.47
Closing amount recognised in OCI outside profit and loss account	14.52	31.03

(v) Sensitivity analysis		
Discount rate +50 basis points	(2.94%)	(2.96%)
Discount rate -50 basis points	3.13%	3.16%
Salary increase rate +50 basis points	3.04%	3.06%
Salary increase rate -50 basis points	(2.88%)	(2.91%)
		(Rupees in lakhs)

(vi) Maturity Analysis of the Benefit payments	As at March 31, 2021	As at March 31, 2020
Year 1	228.82	203.13
Year 2	150.42	132.66
Year 3	141.10	123.88
Year 4	125.54	113.21
Year 5	107.02	93.38
Next 5 years and above	929.33	848.76

The above disclosures are based on information furnished by the independent actuary and relied upon by the auditors.

2.15.2.c Long term employee benefits

Compensated absences (vesting and non-vesting): unfunded obligation

(Rupees in lakhs)

(i) Actuarial Assumptions	As at March 31, 2021	As at March 31, 2020
Discount rate (per annum)	5.45%	5.55%
Salary escalation rate*	7.00%	7.00%
Mortality rate	Indian Assured Lives Mortality (2012-14) Ult table	Indian Assured Lives Mortality (2012-14) Ult table

*The assumption of future salary escalation takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

2.16 Deferred Tax Liabilities (Net)

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
A. Deferred tax liability		
On excess of net book value over income tax written down value of property, plant and equipment	932.87	1,075.47
On excess of fair value over cost of quoted equity investments	0.54	-
On excess of interest receivable on fair valuation of Inter corporate loans over the actual interest receivable as per Income tax	29.17	-
B. Deferred tax assets		
On provisions	365.61	337.95
On foreign exchange forward contracts	-	53.02
Deferred tax liabilities (net) (A-B)	596.97	684.50

Movement in deferred tax liabilities / assets balances during the year ended March 31, 2021

(Rupees in lakhs)

Particulars	As at April 01, 2020	Recognised in profit or loss	Recognised in other comprehensive income	As at March 31, 2021
A. Deferred tax liability				
On excess of net book value over income tax written down value of property, plant and equipment	1,075.47	(142.60)	-	932.87
On excess of fair value over cost of quoted equity investments	-	0.54	-	0.54
On excess of interest receivable on fair valuation of Inter corporate loans over the actual interest receivable as per Income tax	-	29.17	-	29.17
B. Deferred tax assets				
On provisions	337.95	27.66	-	365.61
On foreign exchange forward contracts	53.02	(53.02)	-	-
Deferred tax liabilities (net) (A-B)	684.50	(87.53)	-	596.97

Movement in deferred tax liabilities / assets balances during the year ended March 31, 2020

(Rupees in lakhs)

Particulars	As at April 01, 2019	Recognised in profit or loss	Recognised in other comprehensive income	As at March 31, 2020
A. Deferred tax liability				
On excess of net book value over income tax written down value of property, plant and equipment	1,703.40	(627.93)	-	1,075.47
B. Deferred tax assets				
On provisions	364.46	(26.51)	-	337.95
On foreign exchange forward contracts	-	53.02	-	53.02
Deferred tax liabilities (net) (A-B)	1,338.94	(654.44)	-	684.50

Reconciliation of effective tax rate

The income tax expense for the year can be reconciled to the accounting profit as follows:

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax	8,484.44	14,317.11
Income tax expense calculated at 25.168%	2,135.36	3,603.33
Tax effect on non-deductible expenses	363.11	190.82
Effect on deferred tax balances due to change in income tax rate	-	(374.59)
Total	2,498.47	3,419.56
Tax expense as per statement of profit and loss	2,498.47	3,419.56

The tax rate used for reconciliation above is the corporate tax rate of 25.168% (25.168%) payable on taxable profit under the Income Tax Act, 1961.

2.17 Other Non-Current Liabilities

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred grant on capital subsidy	442.64	579.87
Total	442.64	579.87

2.18 Borrowings

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Loans repayable on demand from Banks (Secured)	-	9,612.57
Total	-	9,612.57

The Company has availed working capital and PCFC loans which is secured by first charge over the entire current assets of the Company, both present and future, second charge over moveable fixed assets, equitable mortgage over 25.44 acres of the land and building belonging to the Company and by personal guarantee of the Managing Director. The loans are repayable on demand.

The interest rate is 8.45% per annum (5.07%)

2.19 Trade Payables

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises	133.84	57.43
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	3,999.25	4,674.27
Total	4,133.09	4,731.70

2.19.1 The company has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act 2006 (as amended). Intimations have been received from some of the suppliers regarding their status under the said Act as at March 31, 2021, based on which, principal amount unpaid to such suppliers as at the year end aggregating to ₹133.84 lakhs (₹ 57.43 lakhs) has been included under trade payables. In the opinion of the management, the impact of interest, if any, which may be payable in accordance with the provisions of the Act, is not expected to be material.

Disclosures required under the Micro, Small and Medium Enterprises Development Act 2006 are as follows:

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
a. Principal amount remaining unpaid but not due as at the year end.	133.84	57.43
b. Interest due thereon and remaining unpaid as at the year end.	-	-
c. Interest paid by the Company in terms of Section 16 of Micro, Small & Medium Enterprises Development Act 2006 along with the amount of payment made to the supplier beyond the appointed day during the year.	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-
e. Interest accrued and remaining unpaid as at the year end.	-	-
f. Further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Total	133.84	57.43

2.20 Other Financial Liabilities

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Creditors for capital goods	17.24	42.40
Retention money	2.87	2.87
Unpaid dividend	82.99	93.90
Foreign exchange forward contracts	-	210.62
Grants received in advance [see note 2.20.1]	224.49	220.74
Total	327.59	570.53

2.20.1 The Company undertakes programmes under Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), the skilling and placement initiative of the Ministry of Rural Development (MoRD), Government of India. The grants received in advance are spent over the life of the project as per the notified Guidelines and Standard Operating Procedures (SOP) to be followed while implementing the programme.

2.21 Other Current Liabilities

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues	190.79	221.45
Deferred grant on capital subsidy	154.97	154.97
Advance from customers	87.40	20.78
Total	433.16	397.20

2.22 Short-Term Provisions

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for gratuity [See note 2.15.2]	228.82	203.13
Provision for compensated absences [See note 2.15.2]	127.09	132.99
Total	355.91	336.12

2.23 Current Tax Liabilities (Net)

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current tax payable [net of advance tax ₹ 6,251.67 lakhs (₹ 7,410.16 lakhs)]	1,770.74	1,401.47
Total	1,770.74	1,401.47

2.24 Revenue from Operations

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of products	42,798.00	69,451.97
A	42,798.00	69,451.97
Other operating revenues		
Export entitlements	2,056.70	3,570.97
Job work charges	609.96	803.04
Scrap sales	36.29	46.53
Others	37.87	48.47
B	2,740.82	4,469.01
Revenue from operations (A+B)	45,538.82	73,920.98

2.25 Other Income

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income	702.18	576.76
Rent received	39.03	35.89
Net gain on foreign currency transactions and translations	114.28	3,643.12
Deferred grant income	154.97	154.97
Provision no longer required written back	-	2.55
Other non-operating incomes	-	23.27
Total	1,010.46	4,436.56

2.25.1 The company is in receipt of the Government Grant/Assistance as defined under Ind AS 20 – ‘Accounting for Government Grants and Disclosure of Government Assistance’ as under:

- (i) Grants in the nature of Merchandise Export Incentive Scheme, Rebate of State & Central Taxes and Levies, Remission on Duties and Taxes on Exported Products and Duty Drawback are disclosed under the head ‘Export Entitlements’ in other operating revenue.
- (ii) Grants in the nature of Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) Scheme being re-imbursement of employer’s contribution to employee provident fund is deducted in the employee benefit expense amounting to ₹ 38.41 lakhs (₹ 129.53 lakhs).
- (iii) Grants in the nature of re-imbursement of cost towards capital asset under the Technology Upgradation Fund Scheme (TUFS) and Integrated Skill Development Scheme (ISDS) Project which is disclosed as deferred grant. The amount is disclosed under the head ‘Other Income’ in the proportions in which depreciation expense on those assets is recognised.
- (iv) Grants in the nature of re-imbursement of interest cost on borrowings under the TUFS is disclosed under the head ‘Other Income’.
- (v) EPCG authorisation is obtained by the Company from Directorate General of Trade as import duty waiver over procurement of capital goods defined in Foreign Trade Policy 2015-20. The company has deferred the grant in the books and it will be amortised in the books as and when the conditions attached (export obligation) to authorisations are fulfilled.

2.26 Cost of Materials Consumed

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventory at the beginning of the year	3,368.78	2,729.00
Add: Purchases	19,839.27	32,345.96
Less: Inventory at the end of the year	3,683.15	3,368.78
Total	19,524.90	31,706.18

2.27 Changes in Inventories of Finished Goods and Work-in-Progress

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventories at the beginning of the year		
Finished goods	1,350.98	1,461.06
Work-in-progress	8,113.77	8,443.64
	9,464.75	9,904.70
Less: Inventories at the end of the year		
Finished goods	996.74	1,350.98
Work-in-progress	8,506.18	8,113.77
	9,502.92	9,464.75
Net decrease / (increase)	(38.17)	439.95

2.28 Employee Benefits Expense

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries & wages	6,003.52	10,026.45
Contribution to provident and other funds (Refer note 2.15.2.a)	490.57	803.84
Gratuity expenses (Refer note 2.15.2.b)	234.95	188.07
Staff welfare expenses	996.73	1,130.21
Total	7,725.77	12,148.57

2.29 Finance Costs

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on borrowing	126.81	593.53
Other borrowing cost	48.93	34.14
Interest on delay in payment of taxes	78.21	74.82
Total	253.95	702.49

2.30 Depreciation and amortisation expense

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of property, plant and equipment [See note 2.01A]	2,289.75	2,615.04
Amortisation of intangible assets [See note 2.01C]	20.69	30.19
Total	2,310.44	2,645.23

2.31 Other Expenses

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Processing charges	2,494.26	6,238.06
Consumption of stores and spares	439.05	984.14
Power and fuel	1,928.33	2,689.48
Repairs		
- Building	3.09	20.53
- Plant & machinery	222.48	359.16
- Others	243.42	323.42
Other production expenses	191.88	130.86
Testing charges	69.31	125.42
Forwarding and transport on sales	554.93	2,301.11
Insurance	155.11	148.93
Rent [See note 2.39]	107.78	142.02
Rates and taxes	77.44	113.68
Travelling and conveyance	60.99	121.97
Payments to auditors [See note 2.31.2]	19.98	20.02
Advertisement and sales promotion	10.02	165.73
Professional and consultancy charges	59.79	105.16
Loss on sale of fixed assets	-	6.83
Intangible asset under development written off	-	195.67
Donation [See note 2.31.1]	781.00	692.10
Expenses on corporate social responsibility activities [See note 2.31.3]	312.98	675.57
Miscellaneous expenses	556.11	627.52
Loss on foreign exchange forward contracts	-	210.62
Total	8,287.95	16,398.00

2.31.1 Donations made to political parties during the year amounts to ₹150.50 lakhs (₹ 35.50 lakhs)

2.31.2 Payments to auditors

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Statutory audit fees	19.50	19.50
(b) Other services		
- Others	0.20	0.25
- Reimbursement of expenses	0.28	0.27
Total	19.98	20.02

2.31.3 Details of expenses on corporate social responsibility activities

(a) Gross amount required to be spent by the Company during the year ₹ 254.24 lakhs (₹ 253.92 lakhs) towards CSR compliance as per Companies Act.

(b) Amount spent during the financial year on :

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	312.98	675.57
Total	312.98	675.57

2.32 Earnings per equity share

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit for the year	5,990.20	10,867.39
Weighted average number of equity shares of Re. 1/- each (fully paid-up)	66,500,000	66,500,000
Earnings per equity share - Basic & Diluted in ₹	9.01	16.34

2.33 Segment Reporting

The Company's operations predominantly relate to one operating segment i.e. Textile – Infant / Kids Apparel manufacturing. The Chief Operating Decision Maker (CODM) reviews the operations of the Company as one operating segment. Hence, no separate segment information has been furnished herewith.

2.33.1 Information about products and services: The Company earns revenue from only a single group of product and service viz. Textile Business comprising of sale of garments and fabrics products / services.

2.33.2 Information regarding geographical revenue is as follows:

(Rupees in lakhs)

Revenue from external customers	For the year ended March 31, 2021	For the year ended March 31, 2020
India	11,787.10	14,995.09
Outside India		
- The United States (US)	32,238.13	54,627.66
- Others	1,513.59	4,298.23
Sale of products	45,538.82	73,920.98

2.33.3 All non current assets of the company are located in India.

2.33.4 The following table gives details in respect of percentage of revenue generated from the top customer and revenue from transactions with customers amounting to more than 10 percent or more of the Company's revenue.

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
No of customers who contribute to more than 10 percent of the Company's revenue	3	3
Revenue from top customer	26,031.14	36,810.91
Revenue from customers contributing to more than 10 percent of the Company's revenue	39,418.25	68,817.77

2.34 Fair Value Measurement

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of trade receivables, trade payables and other Current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature.

There were no transfers between Level 1 and Level 2 during the year.

Fair value hierarchy of financial instruments measured at fair value on a recurring basis is as follows:

(Rupees in lakhs)

Particulars	Fair value hierarchy (level)	As at March 31, 2021	As at March 31, 2020
Financial assets measured at fair value through other comprehensive income			
Investments in equity shares - Quoted	1	2.55	2.25
Financial liabilities measured at fair value through statement of profit and loss			
Foreign exchange forward contracts	1	-	210.62

Category wise classification of financial instruments is as follows:

(Rupees in lakhs)

Particulars	See note	As at March 31, 2021	As at March 31, 2020
Financial assets measured at fair value through other comprehensive income			
Investments in equity shares - Quoted	2.02	2.55	2.25
Financial assets measured at amortised cost			
Non current			
(i) Security deposits	2.04	226.14	226.14
(ii) Loans to wholly owned subsidiaries	2.04	7,220.71	6,667.45
(iii) Interest receivable on loans to wholly owned subsidiaries	2.04	1,011.00	468.54
Current			
(i) Trade receivables	2.08	17,764.59	25,156.79
(ii) Cash and cash equivalents	2.09	10,350.28	9,380.17
(iii) Bank balances other than (ii) above	2.10	4,707.04	1,274.77
(iv) Other financial assets	2.11	3,267.29	3,691.14
		44,549.60	46,867.25
Financial assets measured at cost			
Non current			
(i) Investments in equity shares - Unquoted	2.02	3,534.13	3,534.13
Financial liabilities measured at fair value through statement of profit and loss			
Foreign exchange forward contracts	2.20	-	210.62
Financial Liabilities measured at amortised cost			
Current			
(i) Borrowings	2.18	-	9,612.57
(ii) Trade payables	2.19	4,133.09	4,731.70
(iii) Other financial liabilities	2.20	327.59	359.91
		4,460.68	14,704.18

2.35 Financial Risk Management - Objectives and Policies

The Company has a well managed risk management framework, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as liquidity risk, market risk, credit risk and foreign currency risk) that may arise as a consequence of its business operations as well as its investing and financing activities.

Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable risk parameters in a disciplined and consistent manner and in compliance with applicable regulation.

1) Liquidity risk

Liquidity risk is the risk that the Company will encounter due to difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The company has sound financial strength represented by its aggregate current assets as against aggregate current liabilities and its strong equity base and low working capital debt. In such circumstances, liquidity risk does not exist.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(Rupees in lakhs)

Maturities of financial liabilities As at March 31, 2021	Less than 1 year	1 year to 5 years	More than 5 years	Total
Trade payable	4,133.09	-	-	4,133.09
Other financial liabilities	327.59	-	-	327.59

Maturities of financial liabilities As at March 31, 2020	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	9,612.57	-	-	9,612.57
Trade payable	4,731.70	-	-	4,731.70
Other financial liabilities	359.91	-	-	359.91

2) Market risk

As the Company is virtually debt-free and its deferred payment liabilities do not carry interest, the exposure to interest rate risk from the perspective of Financial Liabilities is negligible.

a) Foreign currency risk

The Company undertakes transactions denominated in foreign currency (mainly US Dollar) which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency, are also subject to reinstatement risks.

The Company has established risk management policies to hedge the volatility arising from exchange rate fluctuations in respect of firm commitments and highly probable forecast transactions, through foreign exchange forward contracts. The proportion of forecast transactions that are to be hedged is decided based on the size of the forecast transaction and market conditions. As the counterparty for such transactions are highly rated banks, the risk of their non-performance is considered to be insignificant.

- i) The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Assets		
USD	352.10	430.35
Liabilities		
EUR	9.72	3.12
USD	4.10	184.72
CHF	-	0.28

ii) Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 1% increase and decrease in the rupee against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant.

(Rupees in lakhs)

Particulars	Impact in	Impact in
	statement of profit and loss for 1% change	statement of profit and loss for 1% change
Sensitivity	March 31, 2021	March 31, 2020
INR/USD (Net receivable)	255.80	185.17
INR/EUR (Net payable)	8.36	2.59
INR/CHF (Net payable)	-	0.21

b) Interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of the loans and borrowings effected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings as follows :

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Variable rate instruments		
Financial liability - Loans repayable on demand from banks	-	9,612.57
Financial liability	-	9,612.57

Cash flow sensitivity for variable rate instruments

(Rupees in lakhs)

Particulars	Impact on Profit or (Loss)	
	March 31, 2021	March 31, 2020
Sensitivity		
50 BPS increase in rate	-	46.08
50 BPS decrease in rate	-	(46.08)

3) Credit risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management considers that the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of the customers (including related parties) to which the Company grants credit terms in the normal course of the business.

(Rupees in lakhs)

Movement in expected credit loss allowance on trade receivables	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	-	-
Loss allowance reversed on measurement	-	-
Balance at the end of the year	-	-

2.36 Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

The Company's financial strategy aims to support its strategic priorities and provide adequate capital to its businesses for growth and creation of sustainable stakeholder value. The Company funds its operations through internal accruals. The Company aims at maintaining a strong capital base largely towards supporting the future growth of its businesses as a going concern.

As at March 31, 2021, the Company has only one class of equity shares and is virtually debt-free. The company is not subject to any externally imposed capital requirements.

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Equity attributable to share holders	73,519.05	67,516.27
Borrowings	-	9,612.57
Less: Cash and cash equivalents	10,350.28	9,380.17
Net debt	(10,350.28)	232.40
Total capital (equity + debt)	63,168.77	67,748.67
Net debt to capital ratio	(0.164)	0.003

2.37 Related Party Disclosure

Disclosure of transactions with related parties as required by Ind AS 24 - Related Party Disclosures for the year ended March 31, 2021.

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

A Key managerial personnel

- (i) Mr. Sabu M Jacob, Managing Director
- (ii) Ms. Sindhu Chandrasekharan, Whole Time Director

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
- (iv) Kitex Herbals Limited
- (v) Kitex Apparels Limited
- (vi) Kitex Infantswear Limited
- (vii) Twenty 20 Kizhakkambalam Association

C Associate enterprise

- (i) Kitex USA LLC

D Wholly owned subsidiary companies

- (i) Kitex Littlewear Limited
- (ii) Kitex Kidswear Limited
- (iii) Kitex Knits Limited
- (iv) Kitex Socks Limited
- (v) Kitex Packs Limited
- (vi) Kitex Babywear Limited

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

(Rupees in lakhs)

A Enterprises owned or significantly influenced by key management personal or their relatives	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) Kitex Childrenswear Limited		
Revenue from sale of goods and services (including expenses recovered)	7,286.73	10,811.94
Purchases of goods and services (including reimbursements)	2,218.70	2,638.33
(ii) Kitex Limited		
Revenue from sale of goods and services (including expenses recovered)	728.09	288.74
Purchases of goods and services (including reimbursements)	667.49	2,094.81
(iii) Anna Aluminium Company Private Limited		
Revenue from sale of goods and services (including expenses recovered)	-	1.28
Purchases of goods and services (including reimbursements)	21.69	34.65
(iv) Twenty 20 Kizhakkambalam Association		
Donation paid	630.00	630.00
Payment towards corporate social responsibility activities	280.00	670.00

(Rupees in lakhs)

B Key management personnel	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) Mr. Sabu M Jacob		
Remuneration paid	447.15	500.00
(ii) Ms. Sindhu Chandrasekharan		
Remuneration paid	11.50	18.80

(Rupees in lakhs)

C Associate enterprise	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) Kitex USA LLC		
Sale of readymade garments	26,031.14	36,810.91
Sales commission paid	211.50	403.42

(Rupees in lakhs)

D Subsidiary companies	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) Kitex Littlewear Limited		
Investment made	-	-
Loan given	34.45	2.35
Rent income (excluding taxes)	2.12	1.90
Interest income	276.37	253.62

D Subsidiary companies	For the year ended March 31, 2021	For the year ended March 31, 2020
(ii) Kitex Kidswear Limited		
Investment made	-	100.00
Loan given	30.58	1,588.26
Rent income (excluding taxes)	2.12	1.90
Interest income	106.55	99.62
(iii) Kitex Knits Limited		
Investment made	-	-
Loan given	110.14	376.77
Rent income (excluding taxes)	2.12	1.90
Interest income	73.26	66.91
(iv) Kitex Socks Limited		
Investment made	-	-
Loan given	8.01	86.82
Rent income (excluding taxes)	2.12	1.90
Interest income	51.38	47.27
(v) Kitex Packs Limited		
Investment made	-	-
Loan given	363.92	153.76
Rent income (excluding taxes)	2.12	1.90
Interest income	39.98	21.54
(vi) Kitex Babywear Limited		
Investment made	-	-
Loan given	6.16	2.26
Rent income (excluding taxes)	2.12	1.90
Interest income	31.49	28.91

Transaction with related parties on account of fair valuation adjustments under Ind AS

E Fair value (gain) / loss on recognition of unsecured loans to wholly owned subsidiaries

Name of related party	For the year ended March 31, 2021	For the year ended March 31, 2020
Kitex Littlewear Limited	-	(52.94)
Kitex Kidswear Limited	-	75.56
Kitex Knits Limited	-	3.39
Kitex Socks Limited	-	(2.99)
Kitex Packs Limited	-	4.75
Kitex Babywear Limited	-	(3.28)

F Additional investment on account of fair valuation of loans given to wholly owned subsidiaries (Rupees in lakhs)

Name of related party	For the year ended March 31, 2021	For the year ended March 31, 2020
Kitex Littlewear Limited	-	253.62
Kitex Kidswear Limited	-	99.62
Kitex Knits Limited	-	66.92
Kitex Socks Limited	-	47.28
Kitex Packs Limited	-	21.54
Kitex Babywear Limited	-	28.91

2.37.3 Outstanding amounts carried in the balance sheet as at March 31, 2021

A Enterprises owned or significantly influenced by key management personnel or their relatives: (Rupees in lakhs)

Name of related party	As at March 31, 2021	As at March 31, 2020
(i) Kitex Childrenswear Limited		
Trade receivables	1,203.99	1,065.15
(ii) Kitex Limited		
Trade receivables	36.54	-
Trade payables	-	9.25
(iii) Anna Aluminium Company Private Limited		
Advances to supplier	0.43	
Trade payables	0.06	3.86

B Key management personnel (Rupees in lakhs)

Name of related party	As at March 31, 2021	As at March 31, 2020
(i) Mr. Sabu M Jacob		
Remuneration payable	336.01	378.97
(ii) Ms. Sindhu Chandrasekharan		
Remuneration payable	0.32	0.50

C Associate enterprise (Rupees in lakhs)

Name of related party	As at March 31, 2021	As at March 31, 2020
(i) Kitex USA LLC		
Trade receivables	15,256.41	21,605.35
Net carrying value of investment	2,776.24	2,776.24

D Investment in wholly owned subsidiaries

(Rupees in lakhs)

Name of related party	As at March 31, 2021	As at March 31, 2020
Kitex Littlewear Limited	353.62	353.62
Kitex Kidswear Limited	199.62	199.62
Kitex Knits Limited	76.92	76.92
Kitex Socks Limited	57.28	57.28
Kitex Packs Limited	31.54	31.54
Kitex Babywear Limited	38.91	38.91

E Unsecured loan receivable from wholly owned subsidiaries

(Rupees in lakhs)

Name of related party	As at March 31, 2021	As at March 31, 2020
Kitex Littlewear Limited	3,081.77	3,047.32
Kitex Kidswear Limited	1,553.07	1,522.49
Kitex Knits Limited	971.38	861.24
Kitex Socks Limited	598.59	590.58
Kitex Packs Limited	653.38	289.46
Kitex Babywear Limited	362.52	356.36

F Interest income receivable using government bond yield rate on loan to wholly owned subsidiaries

(Rupees in lakhs)

Name of related party	As at March 31, 2021	As at March 31, 2020
Kitex Littlewear Limited	483.13	222.97
Kitex Kidswear Limited	195.82	97.21
Kitex Knits Limited	129.21	60.56
Kitex Socks Limited	90.50	42.25
Kitex Packs Limited	57.06	19.86
Kitex Babywear Limited	55.28	25.69

2.38 As a part of Company's risk management policy, the exchange risks arising from foreign currency fluctuations are hedged by forward contracts.

2.38.1 The particulars of forward contracts entered into by the Company and outstanding as at Balance Sheet date is as under:

(Amount in lakhs)

Currency	As at March 31, 2021		As at March 31, 2020	
	Foreign currency	Rupees	Foreign currency	Rupees
Export receivables				
USD	-	-	180.00	13,569.46

2.38.2 The particulars of hedged export receivables / payables as at balance sheet date is as under: (Amount in lakhs)

Currency	As at March 31, 2021		As at March 31, 2020	
	Foreign currency	Rupees	Foreign currency	Rupees
Export Receivables				
USD	-	-	180.00	13,569.46

2.38.3 The particulars of un hedged items as at Balance Sheet date is as under: (Amount in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Foreign currency	Rupees	Foreign currency	Rupees
Assets				
EUR	-	0.26	-	0.25
USD	352.10	25,880.86	250.35	18,872.64
HKD	-	0.06	-	0.06
Liabilities				
EUR	9.72	836.56	3.12	259.43
USD	4.10	301.05	4.71	355.27
CHF	-	-	0.28	21.47

2.39 Lease Accounting

Operating Lease

Office premises, godown & equipment are hired on operating lease. The lease term is renewable every year at the option of the Company. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Amount charged to statement of profit and loss account during the year		
Rent for premises	107.49	118.11
Rent for equipment	0.29	23.91
Total	107.78	142.02

2.40 The details of provisions, contingent liabilities and contingent assets are as required under Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets for the year ended March 31, 2021.

2.40.1 Contingent liabilities not provided for:

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
1. Claims against the Company not acknowledged as debts being demand raised against the Company, disputed on Appeal before various Appellate authorities.		
(i) PF and ESI [Paid under protest include ₹ 16.93 lakhs (₹ 16.93 lakhs)]	804.44	793.27
(ii) Income tax dues [Paid under protest include ₹ 107.01 lakhs (₹ 107.01 lakhs)]	223.96	257.88
(iii) Customs department [Paid under protest include ₹ 99.31 lakhs (₹ 99.31 lakhs)]	4,044.21	3,735.10
2. Other counter guarantees in favour of banks for guarantees issued by banks	127.49	127.49
3. Letters of credit	-	6.63
Total	5,200.10	4,920.37

2.40.2 The Company has purchased capital assets under EPCG license against which the Company has a balance export obligation of ₹ 497.99 Lakh (391.50 Lakh). Contingent liability, to the extent of duty saved in respect of EPCG is ₹ 83.00 Lakh (₹ 65.25 Lakh). The balance export obligation to be fulfilled as per license is upto year 2025-26.

2.40.3 The above demands are disputed by the company and matters pending in appeal before appellate authorities in various stages. In the opinion of the management and based on legal advice received the company is hopeful of getting full relief and hence no provision has been made thereof.

2.41 Capital & Other Commitments

Estimated amount of contract remaining to be executed on capital account (net of advances): ₹ 2,230.73 lakhs (₹ 619.97 lakhs).

2.42 In the opinion of the Directors, short term loans and advances and other current assets, have the value at which they are stated in the balance sheet, if realised in the ordinary course of business.

2.43 The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. In response, the Indian government have taken various actions and ensured many precautionary measures which posed significant disruption to business operations and adversely impacting most of the industries which has resulted in global slowdown.

The full extent and duration of the impact of COVID-19 on the Company's operations and financial performance is currently unknown, and depends on future developments that are uncertain and unpredictable, including the duration and spread of the pandemic and any new information that may emerge concerning the severity of the virus, its spread to other regions and the actions to contain the virus or treat its impact, among others.

Any of these outcomes could have a material adverse impact on Company's business, financial condition, results of operations and cash flows for the year ended March 31, 2021 and thereafter.

Management currently believes that it has adequate liquidity and business plans to continue to operate the business and mitigate the risks associated with COVID-19 for the next 12 months from the date of these Financial Statements.

2.44 Under the Remission of Duties and Taxes on Export Products RoDTEP the Group is eligible to claim a government grant in the form of refunds of embedded taxes and duties All the items previously under the MEIS and the RoSTCL (Rebate of State and Central Taxes and Levies) are now under the purview of the RoDTEP Scheme

The scheme has been effective since January 01, 2021 However, the incentive rates are yet to be notified by the authorities For the textile/garment industry sector, the RoSCTL scheme was introduced with effect from March 7 2019 Later, for the textile/garment manufacturing sector, the Government retrospectively withdrew 4% MEIS w.e.f March 7, 2019 through a notification issued on 14th January 2020.

For the period January 1, 2021 to March 31, 2021, the Group has recognized ₹ 288.93 Lakhs of income towards RoDTEP and corresponding receivable which is on par with the rates applicable up to December 31, 2020. For measurement of

income from the aforementioned government grants, significant estimates and judgments are made by the management. The estimates, inputs, and judgments used by the management include, the confirmation of eligibility to the scheme via declaration by exporter during the export transaction for the claim, the coverage of RODTEP scheme of other embedded duties that were hitherto not being refunded, the timing of processing such claim and its subsequent realization.

2.45 Subsequent event

Dividends declared by the Company are based on the profit available for distribution. Distribution of dividends out of general reserve and retained earnings is subject to applicable TDS. On June 29 ,2021 Board of Directors of the Company have proposed a final dividend of ₹ 1.50 per share in respect of the year ended March 31, 2021 subject to the approval of shareholders at the Annual General Meeting. The proposal if approved, would result in a cash outflow of approximately ₹ 997.50 Lakhs.

2.46 Previous year figures, unless otherwise stated are given within brackets and have been re-grouped and recast wherever necessary to be in conformity with current year's disclosure.

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of **Kitex Garments Limited** (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), and its associate, which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of report of other auditor on separate financial statements of the associate, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Group, and its associate as at March 31, 2021, of consolidated profit, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associate in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

We draw attention to the following matters in the Notes forming part of the standalone financial statements for the year ended March 31, 2021:

- a) Note 2.43 which states that the management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2021 and has concluded that there is no impact which is required to be recognised in the consolidated financial statements. Accordingly, no adjustments have been made to the consolidated financial statements.
- b) Note 2.44 which states that export incentives under Remission of Duties and Taxes on Export Products (RoDTEP) Scheme applicable with effect from January 1, 2021 amounting to ₹ 288.93 lakhs has been recognised on the basis of certain assumptions including previous applicable rates, as the rates are yet to be notified under the said scheme

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in

our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Inventory: [Refer to Note 2.06 to Consolidated financial statements]

The total value of inventory as of March 31, 2021 amounted to ₹ 13,428.93 lakhs representing 17.05% of the total assets (March 31, 2020: 13,032.87 Lakhs, 15.61% of the total assets). Inventories are measured the lower of cost and net realisable value.

The valuation of inventory is dependent on implementing appropriate controls w.r.t valuation. Management applies judgement in identification and determination of obsolete inventories and estimates the appropriateness of requisite provision. Allocation of indirect production costs is also estimated which is manually loaded to inventory cost. We considered this as a Key Audit Matter as these judgements are key elements in the valuation of inventories.

We have performed the following principal audit procedures in relation to Inventory valuation:

- Tested relevant internal controls that the Company uses to ensure proper valuation of inventory, including the procedures for write-down of obsolete inventory and the indirect production costs manually capitalized as inventory.

- Tested the adequacy of write-downs for excess and/or obsolete inventory by verifying future demand data, historical usage, historical accuracy of write-downs and management's plans to utilize the inventory.
- Evaluated the significant judgements and estimates made by Management in applying Company's accounting policy in relation to indirect production costs.
- Assessed the Company's disclosures in the financial statements in respect of inventory.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management report, Chairman's statement, Director's report etc but does not include the consolidated financial statements and our auditors' report thereon.

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

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

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of the Group and of its associate.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

We give in "Annexure A" a detailed description of Auditors' responsibilities for Audit of the Consolidated Financial Statements.

Other Matter

1. The consolidated financial statements include the Group's share of net loss of ₹ Nil for the year ended March 31, 2021 (March 31, 2020: ₹ Nil) and other comprehensive loss of ₹ Nil for the year ended March 31, 2021 (March 31, 2020: ₹ Nil), as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate, is based solely on the report of the other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.
 - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d. In our opinion, the aforesaid consolidated 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 of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies none of the directors of the Group companies is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
 - g. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note 2.40.1 to the consolidated financial statements.
 - ii. The Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.
2. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Holding Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For MSKA & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W

Geetha Jeyakumar

Partner

Membership No. 29409

UDIN: 21029409AAAAFJ8610

Place: Chennai

Date: June 29, 2021

ANNEXURE – A

TO THE INDEPENDENT AUDITORS' REPORT ON EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KITEX GARMENTS LIMITED

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which have been audited by other auditor, such other auditor remains responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Geetha Jeyakumar

Partner

Membership No. 29409

UDIN: 21029409AAAAFJ8610

Place: Chennai

Date: June 29, 2021

ANNEXURE – B

TO THE INDEPENDENT AUDITORS' REPORT ON EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KITEX GARMENTS LIMITED

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Kitex Garments Limited on the consolidated Financial Statements for the year ended March 31, 2021]

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated financial statements of Kitex Garments Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding company and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

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

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For MSKA & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W

Geetha Jeyakumar

Partner

Membership No. 29409

UDIN: 21029409AAAAFJ8610

Place: Chennai

Date: June 29,2021

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2021

(Rupees in lakhs)

Sl No.	Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
I	ASSETS			
1	Non-current assets			
	(a) Property, plant and equipment	2.01A	22,712.83	23,340.76
	(b) Capital work-in-progress	2.01B	2,008.54	2,031.08
	(c) Other intangible assets	2.01C	31.43	19.74
	(d) Intangible assets under development	2.01D	0.90	32.39
	(e) Financial assets			
	(i) Investments	2.02	2.55	2.25
	(ii) Other financial assets	2.03	226.14	226.14
	(f) Non-current tax assets	2.04	275.93	512.83
	(g) Other non-current assets	2.05	1,098.51	1,793.01
2	Current assets			
	(a) Inventories	2.06	13,428.93	13,032.87
	(b) Financial assets			
	(i) Trade receivables	2.07	17,764.59	25,156.79
	(ii) Cash and cash equivalents	2.08	10,432.79	9,454.30
	(iii) Bank balances other than (ii) above	2.09	4,707.04	1,274.77
	(iv) Other financial assets	2.10	3,267.29	3,691.14
	(c) Other current assets	2.11	2,786.77	2,941.25
	TOTAL ASSETS		78,744.24	83,509.32
II	EQUITY AND LIABILITIES			
1	Equity			
	(a) Equity share capital	2.12	665.00	665.00
	(b) Other equity	2.13	68,912.46	63,472.62
	Liabilities			
2	Non-current liabilities			
	(a) Provisions	2.14	1,096.67	1,006.63
	(b) Deferred tax liabilities (net)	2.15	567.80	684.50
	(c) Other non-current liabilities	2.16	442.64	579.87
3	Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	2.17	-	9,612.57
	(ii) Trade payables	2.18		
	- Total outstanding dues of micro enterprises and small enterprises		133.84	57.43
	- Total outstanding dues of creditors other than micro enterprises and small enterprises		3,999.25	4,674.27
	(iii) Other financial liabilities	2.19	327.59	570.53
	(b) Other current liabilities	2.20	472.34	448.31
	(c) Provisions	2.21	355.91	336.12
	(d) Current tax liabilities (net)	2.22	1,770.74	1,401.47
	TOTAL EQUITY AND LIABILITIES		78,744.24	83,509.32
	Consolidated Significant accounting policies	1 - 1.22		

The accompanying notes are an integral part of consolidated financial statements

As per our separate report of even date attached

For MSKA Associates
Chartered Accountants
Firm Registration No. 105047W

Sd/-
Geetha Jeyakumar
Partner
Membership No. 029409

Place : Chennai
Date: June 29, 2021

**For and on behalf of the Board of Directors of
Kitex Garments Limited**
CIN: L18101KL1992PLC006258

Sd/-
Sabu M Jacob
Chairman &
Managing Director
DIN:00046016

Sd/-
Boby Michael
Chief Financial Officer

Place : Kizhakkambalam
Date: June 29, 2021

Sd/-
CA Benni Joseph
Director
DIN: 01219476

Sd/-
CS Mithun B Shenoy
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2021

(Rupees in lakhs)

Sl No.	Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
I	Income			
(a)	Revenue from operations	2.23	45,538.82	73,920.98
(b)	Other income	2.24	431.29	3,918.79
	Total Income		45,970.11	77,839.77
II	Expenses			
(a)	Cost of materials consumed	2.25	19,524.90	31,706.18
(b)	Changes in inventories of finished goods and work-in-progress	2.26	(38.17)	439.95
(c)	Employee benefits expense	2.27	7,725.77	12,148.57
(d)	Finance costs	2.28	255.59	702.49
(e)	Depreciation and amortization expense	2.29	2,310.44	2,645.23
(f)	Other expenses	2.30	8,299.25	16,410.53
	Total Expenses		38,077.78	64,052.95
III	Profit before tax (I - II)		7,892.33	13,786.82
IV	Tax expense:			
(a)	Current tax		2,581.77	4,104.17
(b)	Deferred tax	2.15	(116.70)	(654.44)
			2,465.07	3,449.73
V	Profit for the year (III -IV)		5,427.26	10,337.09
VI	Other comprehensive income			
A	Items that will not be reclassified to profit or loss			
(i)	Re-measurements of post employment benefit obligations		16.51	(115.47)
(ii)	Fair value changes on equity instruments carried through other comprehensive income		0.30	(4.41)
(iii)	Income tax relating to items that will not be reclassified to profit or loss		(4.23)	30.17
VII	Total comprehensive income for the year (V+VI)		5,439.84	10,247.38
VIII	Earnings per equity share (Face value of Re. 1 each)	2.31		
	Basic & Diluted in ₹		8.16	15.54
	Consolidated Significant accounting policies	1 - 1.22		

The accompanying notes are an integral part of consolidated financial statements

As per our separate report of even date attached

For MSKA Associates
Chartered Accountants
Firm Registration No. 105047W

Sd/-
Geetha Jeyakumar
Partner
Membership No. 029409

Place : Chennai
Date: June 29, 2021

**For and on behalf of the Board of Directors of
Kitex Garments Limited**
CIN: L18101KL1992PLC006258

Sd/-
Sabu M Jacob
Chairman &
Managing Director
DIN:00046016

Sd/-
Boby Michael
Chief Financial Officer

Place : Kizhakkambalam
Date: June 29, 2021

Sd/-
CA Benni Joseph
Director
DIN: 01219476

Sd/-
CS Mithun B Shenoy
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021

(Rupees in lakhs)

SI No.	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A	Cash Flows from Operating Activities		
	Net Profit before tax	7,892.33	13,786.82
	Adjustments for:		
	Depreciation and amortisation expense	2,310.44	2,645.23
	Unrealised foreign exchange (gain) / loss (net)	(276.79)	(1,375.40)
	Unrealised loss on foreign exchange forward contracts	(210.62)	210.62
	Interest income	(123.14)	(58.89)
	Deferred grant income	(154.97)	(154.97)
	Loss on sale of property, plant and equipment (net)	-	6.83
	Intangible asset under development written off	-	(195.67)
	Provision / sundry balances written off through profit and loss	58.30	(14.25)
	Interest expense	253.95	702.49
	Operating profit before working capital changes	9,749.50	15,552.81
	Changes in working capital:		
	(Increase) in trade and other receivables	4,659.70	(5,673.37)
	(Increase) in inventories	(396.06)	(144.85)
	Increase in trade, other payables and provisions	(422.14)	633.03
	Cash generated from operating activities before taxes	13,591.00	10,367.62
	Direct taxes paid (net of refunds)	(1,979.83)	(5,248.49)
	Net cash generated from operating activities (A)	11,611.17	5,119.13
B	Cash Flows from Investing Activities		
	Purchase of property, plant and equipment and intangible assets	(953.09)	(2,921.01)
	Proceeds from sale of property, plant and equipment	-	15.19
	Interest received	112.24	43.42
	Net cash used in investing activities (B)	(840.85)	(2,862.40)
C	Cash Flow from Financing Activities		
	Proceeds from bank borrowings (net)	(9,612.57)	611.57
	Interest paid	(253.95)	(705.48)
	Dividend / dividend distribution tax paid	(10.91)	(2,388.52)
	Net cash flow from / (used in) financing activities (C)	(9,877.43)	(2,482.43)
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	892.89	(225.70)
	Exchange difference on translation of foreign currency cash and cash equivalents	85.60	273.73
	Cash and cash equivalents at the beginning of the year	9,454.30	9,406.27
	Cash and cash equivalents at the end of the year (See note 1.18)	10,432.79	9,454.30
	Net increase / (decrease) in cash and cash equivalents	892.89	(225.70)

Consolidated Significant accounting policies 1 - 1.22

The accompanying notes are an integral part of consolidated financial statements

Note:

The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Statement of Cash Flows.

As per our separate report of even date attached

For MSKA AssociatesChartered Accountants
Firm Registration No. 105047W

Sd/-

Geetha JeyakumarPartner
Membership No. 029409**For and on behalf of the Board of Directors of
Kitex Garments Limited**

CIN: L18101KL1992PLC006258

Sd/-

Sabu M JacobChairman &
Managing Director
DIN:00046016

Sd/-

CA Benni JosephDirector
DIN: 01219476

Sd/-

Boby Michael

Chief Financial Officer

Sd/-

CS Mithun B Shenoy

Company Secretary

Place : Chennai

Date: June 29, 2021

Place : Kizhakkambalam

Date: June 29, 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

A Equity Share Capital

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the reporting year	665.00	665.00
Changes in equity share capital during the year	-	-
Balance at the end of the reporting year	665.00	665.00

B Other Equity

(Rupees in lakhs)

Particulars	Reserves and surplus			Exchange difference on translating the share of accumulated reserves of the associate	Equity instrument through other comprehensive income	Total
	Capital reserve	General reserve	Retained earnings			
Balance as at April 01, 2019	22.10	22,675.00	33,011.04	(30.37)	6.25	55,684.02
Profit for the year	-	-	10,337.09	-	-	10,337.09
Re-measurements of post employment benefit obligations (net of tax)	-	-	(86.41)	-	-	(86.41)
Adjustment relating to subsidiaries	-	-	(53.69)	-	-	(53.69)
Fair value changes on equity instruments carried through other comprehensive income (net of tax)	-	-	-	-	(3.30)	(3.30)
Dividends (including tax on dividend of ₹ 410.09 lakhs)	-	-	(2,405.09)	-	-	(2,405.09)
Transfer to reserves	-	2,000.00	(2,000.00)	-	-	-
Balance as at March 31, 2020	22.10	24,675.00	38,802.94	(30.37)	2.95	63,472.62
Balance as at April 01, 2020	22.10	24,675.00	38,802.94	(30.37)	2.95	63,472.62
Profit for the year (net of tax)	-	-	5,427.26	-	-	5,427.26
Re-measurements of post employment benefit obligations (net of tax)	-	-	12.35	-	-	12.35
Fair value changes on equity instruments carried through other comprehensive income (net of tax)	-	-	-	-	0.23	0.23
Transfer to reserves	-	2,000.00	(2,000.00)	-	-	-
Balance as at March 31, 2021	22.10	26,675.00	42,242.55	(30.37)	3.18	68,912.46

Consolidated Significant accounting policies refer 1-1.22

The accompanying notes are an integral part of consolidated financial statements

As per our separate report of even date attached

For MSKA Associates
Chartered Accountants
Firm Registration No. 105047W

Sd/-
Geetha Jeyakumar
Partner
Membership No. 029409

**For and on behalf of the Board of Directors of
Kitex Garments Limited**
CIN: L18101KL1992PLC006258

Sd/-
Sabu M Jacob
Chairman &
Managing Director
DIN:00046016

Sd/-
CA Benni Joseph
Director
DIN: 01219476

Sd/-
Boby Michael
Chief Financial Officer

Sd/-
CS Mithun B Shenoy
Company Secretary

Place : Chennai
Date: June 29, 2021

Place : Kizhakkambalam
Date: June 29, 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

General Information

Kitex Garments Limited ('the Company') and its subsidiaries (collectively, "the Group") and associate is primarily involved in manufacturer and export of knitted garments for infants and kids. The Company is a Public Company incorporated and domiciled in India having its registered office at Kizhakkambalam, Alwaye, Ernakulam- 683562, Kerala, India. The Company has been incorporated under the provisions of Companies Act, 1956 and its equity shares are listed on the BSE Limited and The National Stock Exchange India Limited in India.

1. Significant Accounting Policies

0.1 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The consolidated financial statements of the Company and its subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and unrealised profit or losses. These financial statements are prepared by applying uniform accounting policies in use at the Group. The excess of the Company's portion of equity of the subsidiaries as at the date of its investment over the cost of its investment is treated as Capital Reserve on consolidation. The excess of cost to the Company of its investment over the Company's portion of equity as at the date of investment is treated as Goodwill on consolidation.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the company's accounting policies.

Investments in associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Company's investments in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date.

The statement of profit and loss reflects the Company's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity.

The aggregate of the Company's share of profit or loss of an associate is shown on the face of the consolidated statement of profit and loss.

Entities controlled by the Company are consolidated from the date the control commences until the date control ceases. The subsidiary companies which are included in the consolidation and the Company's holdings therein are as under:

Name of the Company	Relationship	Country of incorporation	Ownership interest March 31, 2021	Ownership interest March 31, 2020
Kitex Babywear Limited	Subsidiary	India	100%	100%
Kitex Kidswear Limited	Subsidiary	India	100%	100%
Kitex Knits Limited	Subsidiary	India	100%	100%
Kitex Littlewear Limited	Subsidiary	India	100%	100%
Kitex Packs Limited	Subsidiary	India	100%	100%
Kitex Socks Limited	Subsidiary	India	100%	100%

The associate company which are included in the Consolidation and the Company's holding therein are as under

Name of the body corporate	Relationship	Country of incorporation	Ownership interest March 31, 2021	Ownership interest March 31, 2020
Kitex USA LLC	Associate	United States	50%	50%

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

1.2 Basis of Preparation of Consolidated Financial Statements

(i) Statement of compliance

The Consolidated Financial Statements of the Group and its associate have been prepared in accordance with Indian Accounting Standard ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules 2015, as amended read with section 133 of the Companies Act ("the Act") and other relevant provisions of the Act.

(ii) Basis of measurement

Accounting policies were consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Consolidated financial statements have been prepared on a historical cost basis on the accrual basis of accounting, except for the following -

- Financial assets and liabilities that is measured at fair value;
- Defined benefit plans - plan assets measured at fair value;

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(iii) Rounding off amounts

All amounts disclosed in consolidated financial statements and notes have been rounded off to the nearest thousands as per requirement of Schedule III of the Act, unless otherwise stated.

(iv) Use of estimates

In the preparation of consolidated financial statements, the management makes estimates and assumptions in conformity with the Generally Accepted Accounting Principles in India. Such estimates and assumptions are made on reasonable and prudent basis taking into account all available information. However actual results could differ from these estimates and assumptions and such differences are recognised in the period in which results are ascertained. The estimates and underlying assumptions are reviewed on an ongoing basis.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 1.21.

1.3 Current versus Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – noncurrent classification of assets and liabilities.

1.4 Property, Plant & Equipment

Property, plant and equipment (except freehold land) are stated at cost of acquisition less accumulated depreciation and impairment if any. Freehold land is carried at historical cost. The company is adopting the cost model for determining gross carrying amount. Cost comprises of purchase price, inward freight, duties, taxes and any attributable cost of bringing the assets to its working condition for its intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components). The cost of replacement spares/ major inspection relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed by the management at each financial year and adjusted prospectively, if appropriate.

Capital work in progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

Depreciation methods, estimated useful lives

Depreciation on Property, plant and equipment is provided on Straight Line Method at the useful lives based on a review by the management at the year-end as under:

- (a) Assets (other than capital spares) - based on useful lives prescribed under Schedule II of the Companies Act, 2013
- (b) Capital spares - based on useful life of each replaced part (2 - 5 years).

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'.

1.5 Intangible Assets

Cost of software is capitalised as intangible asset and amortised on a straight-line basis over the economic useful life of three years.

The residual values, useful lives and methods of depreciation of intangible assets are reviewed by the management at each financial year and adjusted prospectively, if appropriate.

1.6 Inventories

Inventories are valued at lower of cost or net realisable value. For this purpose, the cost of bought-out inventories comprises of the purchase cost of the items, net of applicable tax/duty credits and cost of bringing such items into the factory on First-In, First-Out (FIFO) basis. Cost of Inventory comprises Cost of Purchase, Cost of Conversion and other Costs incurred to bring them to their respective present location and condition. The net realisable value of bought out inventories is taken at their current replacement value. The cost of manufactured inventories comprises of the direct cost of production plus appropriate fixed and variable production overheads.

Difference between the purchase price for normal credit terms and the amount paid for deferred settlement terms, if any, is recognised as an expense.

1.7 Foreign Currency Transactions

(a) Functional and presentation currency

Items included in the consolidated financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Indian Rupees ("INR"), which is the functional currency and presentation currency of the Company.

(b) Transactions and balances

Foreign exchange transactions are recorded at the functional currency adopting the exchange rate prevailing on the dates of respective transactions. Monetary assets and liabilities denominated in foreign currencies existing as on the Balance Sheet date are translated at the functional currency exchange rate prevailing as at the Balance Sheet date. The exchange difference arising from the settlement of transactions during the period and effect of translations of assets and liabilities at the Balance Sheet date are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or profit and loss are also recognised in Other Comprehensive Income or profit and loss, respectively).

(c) Derivative instruments and hedge accounting

The company uses foreign currency derivative contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecasted transactions. The company designates these as cash flow hedges applying the recognition and measurement principles set out in Ind AS 109– Financial Instruments.

The use of foreign currency and derivative contracts is governed by the Company's policies approved by the Board of directors which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The company does not use derivative financial instruments for speculative purposes.

Foreign currency derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit and loss, except for the effective portion of cash flow hedges, which is recognised in Other Comprehensive Income in the cash flow hedge reserve and later reclassified to profit and loss when the hedge item affects profit and loss.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

1.8 Leases

The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 01, 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently amortised using the straight-line method from the commencement date to the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

1.9 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recognised as expenditure in the period in which they are incurred.

1.10 Government Grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants shall be recognised in profit and loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to depreciable assets are presented in the balance sheet by setting up the grant as deferred income and are recognised in profit and loss over the periods and in the proportions in which depreciation expense on those assets is recognised and are presented under Other Income.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in profit and loss of the period in which it becomes receivable and are presented under Other Income/ deducted from the related heads of expenditure.

1.11 Financial Instruments

(a) Financial asset

(i) Initial recognition and measurement

At initial recognition, financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

(a) at amortized cost; or

(b) at fair value through other comprehensive income; or at fair value through profit or loss.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and

interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

(iii) De-recognition of financial assets

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

(b) Financial liabilities

Financial liabilities are initially recognised at fair value plus any transaction cost that are attributable to the acquisition of the financial liabilities except, financial liabilities at fair value through profit or loss which are initially measured at fair value.

After initial recognition at fair value net of directly attributable transaction costs, interest-bearing borrowings, finance lease liabilities, Trade payables and other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit and loss when the liabilities are de-recognised as well as through the amortisation of effective interest.

Amortised cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

Derivative financial instruments

Derivative instruments not designated as Cash flow hedges

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, like foreign exchange forward contracts. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

1.12 Revenue Recognition

The Company derives revenues primarily from sale of manufactured fabric and readymade garments.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

Other operating revenue - Export incentives: Export Incentives under various schemes are accounted upon fulfilling the conditions established by respective regulations as applicable to the Company and as amended from time to time.

Income is recognised at the value or rate prescribed by respective regulations.

1.13 Taxes

Current tax is determined as the amount of tax payable in respect of taxable income for the year computed in accordance with the provisions of the Income Tax Act, 1961. Taxable income differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or items related to equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1.14 Employee Benefits

(a) Short-term obligations

Liabilities for wages and salaries, including nonmonetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(b) Defined contribution plans

The company has defined contribution plans for employees comprising of Provident Fund and Employee's State Insurance. The contributions paid/payable to these plans during the year are recognised as employee benefit expense in the Statement of Profit and Loss for the year.

(c) Defined benefit plans: Gratuity

The net present value of the obligation for gratuity benefits are determined by independent actuarial valuation, conducted annually using the projected unit credit method.

The retirement benefit obligations recognised in the Balance Sheet represents the present value of the defined benefit obligations reduced by the fair value of plan assets. All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefits are recognised immediately in Statement of Profit and Loss as past service cost, if any, and net interest on the defined benefit liability/(asset) are recognised in the Statement of Profit and Loss.

Remeasurements of the net defined benefit liability/(asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest), are recognised in Other Comprehensive Income. Such remeasurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

(d) Long-term employee benefits: Compensated absences

The company has a scheme for compensated absences for employees, the liability of which is determined based on an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur.

1.15 Segment Reporting

Operating Segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

1.16 Earnings Per Share

Basic/diluted earnings per share is calculated by dividing the net profit and loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares/diluted potential equity shares outstanding as at the end of the year, as the case may be.

1.17 Impairment of Non-financial Assets

The Company assesses at each year end whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. An asset or a cash generating unit is treated as impaired, when the carrying value of assets

exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. Based on such assessment, impairment loss if any is recognised in the Statement of Profit and Loss for the period in which the asset is identified as impaired.

1.18 Consolidated Cash Flow Statement

Consolidated cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The consolidated cash flows from regular revenue generating (operating activities), investing and financing activities of the Group are segregated.

1.19 Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits net of bank overdraft with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

1.20 Provisions and Contingent Liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) because of a past event, for which it is probable that a cash outflow will be required, and a reliable estimate can be made of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material). These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

When the company expects some or all the provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Contingent Liabilities are disclosed when the company has a possible obligation, or a present obligation and it is probable that an outflow of resources will not be required to settle the obligation, or the amount of obligation cannot be measured with sufficient reliability.

1.21 Significant Accounting Judgments Estimates and Assumptions

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

(i) Useful lives of property, plant and equipment and intangible assets:

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

(ii) Actuarial valuation:

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after considering inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the consolidated financial statements.

(iii) Impairment of assets:

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

(iv) Recoverability of advances/receivables:

Management reviews its receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics.

1.22 Recent Pronouncements

On March 24, 2021, the Ministry of Corporate Affairs (“MCA”) through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period
- Specified format for disclosure of shareholding of promoters
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under ‘additional regulatory requirement’ such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head ‘additional information’ in the notes forming part of the standalone financial statements.

The amendments are extensive, and the Company will evaluate the same to give effect to them as required by law.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

2.01 A - Property, Plant and Equipment

(Rupees in Lakhs)

	GROSS BLOCK			As at March 31, 2021	DEPRECIATION			NET BLOCK		
	As at April 1, 2020	Additions during the year	Disposal / Adjustments		As at April 1, 2020	During the Year	Disposal / Adjustments	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Freehold Land	6,908.95	1,175.63	-	8,084.58	-	-	-	8,084.58	6,908.95	
Building	6,745.81	7.34	-	6,753.15	719.98	232.69	-	952.67	5,800.48	6,025.83
Plant & Machinery	16,742.93	427.21	-	17,170.14	7,588.43	1,693.23	-	9,281.66	7,888.48	9,154.50
Furniture & Fixtures	231.24	4.48	-	235.72	118.46	21.28	-	139.74	95.98	112.78
Vehicles	690.47	-	-	690.47	274.99	84.07	-	359.06	331.41	415.48
Office Equipments	564.33	5.07	-	569.40	190.78	105.38	-	296.16	273.24	373.55
Computers	607.77	2.90	-	610.67	378.87	125.67	-	504.54	106.13	228.90
Electrical Equipments	325.44	39.19	-	364.63	204.67	27.43	-	232.10	132.53	120.77
Total	32,816.94	1,661.82	-	34,478.76	9,476.18	2,289.75	-	11,765.93	22,712.83	23,340.76

	GROSS BLOCK			As at March 31, 2020	DEPRECIATION			NET BLOCK		
	As at April 1, 2019	Additions during the year	Disposal / Adjustments		As at April 1, 2019	During the Year	Disposal / Adjustments	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Freehold Land	5,494.31	1,414.64	-	6,908.95	-	-	-	6,908.95	5,494.31	
Building	4,780.49	1,965.32	-	6,745.81	514.92	205.06	-	719.98	6,025.83	4,265.57
Plant & Machinery	16,196.10	591.26	44.43	16,742.93	5,559.26	2,051.58	22.41	7,588.43	9,154.50	10,636.84
Furniture & Fixtures	207.46	23.78	-	231.24	96.67	21.79	-	118.46	112.78	110.79
Vehicles	536.21	154.26	-	690.47	194.97	80.02	-	274.99	415.48	341.24
Office Equipments	202.06	362.27	-	564.33	101.36	89.42	-	190.78	373.55	100.70
Computers	549.03	58.74	-	607.77	252.63	126.24	-	378.87	228.90	296.40
Electrical Equipments	307.02	18.42	-	325.44	163.74	40.93	-	204.67	120.77	143.28
Total	28,272.68	4,588.69	44.43	32,816.94	6,883.55	2,615.04	22.41	9,476.18	23,340.76	21,389.13

2.01 B - Capital Work-in-Progress

(Rupees in Lakhs)

GROSS BLOCK (at cost)				
	As at April 1, 2020	Additions/ Adjustments	Deductions/ Adjustments	As at March 31, 2021
Building under Construction	1.63	11.16	7.34	5.45
Plant and Equipment under Installation	2,029.45	266.61	292.97	2,003.09
Total	2,031.08	277.77	300.31	2,008.54

GROSS BLOCK (at cost)				
	As at April 1, 2019	Additions/ Adjustments	Deductions/ Adjustments	As at March 31, 2020
Building under Construction	29.99	90.16	118.52	1.63
Plant and Equipment under Installation	3,733.59	1,191.16	2,895.30	2,029.45
Total	3,763.58	1,281.32	3,013.82	2,031.08

2.01 C - Other Intangible Assets

(Rupees in Lakhs)

	GROSS BLOCK			As at March 31, 2021	AMORTIZATION			NET BLOCK		
	As at April 1, 2020	Additions during the year	Disposal / Adjustments		As at April 1, 2020	During the Year	Disposal / Adjustments	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Computer software	137.04	32.38	-	169.42	117.30	20.69	-	137.99	31.43	19.74
Total	137.04	32.38	-	169.42	117.30	20.69	-	137.99	31.43	19.74

	GROSS BLOCK			As at March 31, 2020	AMORTIZATION			NET BLOCK		
	As at April 1, 2019	Additions during the year	Disposal / Adjustments		As at April 1, 2019	During the Year	Disposal / Adjustments	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Computer software	137.04	-	-	137.04	87.11	30.19	-	117.30	19.74	49.93
Total	137.04	-	-	137.04	87.11	30.19	-	117.30	19.74	49.93

2.01 D - Intangible Assets under Development

(Rupees in Lakhs)

	GROSS BLOCK			
	As at April 1, 2020	Additions/ Adjustments	Deductions/ Adjustments	As at March 31, 2021
Software under development	32.39	0.90	32.39	0.90
Total	32.39	0.90	32.39	0.90

	GROSS BLOCK			
	As at April 1, 2019	Additions/ Adjustments	Deductions/ Adjustments	As at March 31, 2020
Software under development	223.25	9.65	200.51	32.39
Total	223.25	9.65	200.51	32.39

2.02 Investments [Non-Current]

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unquoted		
Investments carried at cost		
Investments in equity instruments of associate company		
4,250,210.09 (4,250,210.09) fully paid-up membership units of USD 1 each in Kitex USA LLC	2,776.24	2,776.24
Less:		
Share of accumulated reserve	(2,776.24)	(2,776.24)
	-	-
Quoted		
Investments carried at fair value through other comprehensive income		
7,000 (7,000) fully paid-up equity shares of ₹ 2/- each in Punjab National Bank Limited	2.55	2.25
Total	2.55	2.25
Aggregate amount of unquoted investments	-	-
Aggregate amount of quoted investments and market value thereof; (The market value of quoted investments is equal to the carrying value)	2.55	2.25

2.02.1 Loss on investment restricted to the investment available

2.03 Other Financial Assets [Non-Current]

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Security deposit	226.14	226.14
Total	226.14	226.14

2.03.1 Deposit account represents deposits held as security which are not expected to be refunded next 12 months.

2.04 Non Current Tax Assets

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Income tax (net)	275.93	512.83
Total	275.93	512.83

2.05 Other Non-Current Assets

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Capital advances	773.46	1,467.96
Balances with government authorities	325.05	325.05
Total	1,098.51	1,793.01

2.06 Inventories

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials	3,592.28	3,219.56
Raw materials in transit	90.87	149.22
Work-in-progress	8,506.18	8,113.77
Finished goods [See note 2.06.2]	996.74	1,350.98
Stores and spares	242.54	187.15
Stores and spares in transit	0.32	12.19
Total	13,428.93	13,032.87

2.06.1 Method of valuation of inventories - See note 1.6 of consolidated significant accounting policies.

2.06.2 During the year ended March 31, 2021- Nil (₹ 237.77) was recognised as an expense for write down in value of inventories to their net realisable value.

2.07 Trade Receivables

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good [See note 2.07.1]	17,764.59	25,156.79
Total	17,764.59	25,156.79

2.07.1 (i) Trade receivables includes amounts due from related parties ₹ 16,496.94 lakhs (₹ 22,670.50 lakhs). See note 2.37.

(ii) Trade receivables are non-interest bearing and are generally on credit terms not exceeding 90 days.

2.07.2 During 2017-18, TOYS "R" US, Inc., a customer of the Company had filed a petition in the Bankruptcy Court in the United States to wind down its US operation. Provision of ₹ 347.03 lakhs was made for the receivables towards loss, if any on recovery of receivables in the same year. After the hearings at the US Bankruptcy court on September 6, 2018 and November 13, 2018, Plan submitted under Chapter 11 was confirmed. The Claim allowed to the company aggregates to 9.17 Million US Dollars. Consequently, the provision carried in the books of ₹ 347.03 lakhs was written back during 2018-19. The Company has already received interim disbursement of 2.10 million dollars (2020-21: 0.03 million dollars, 2019-20: 0.47 million dollars and 2018-19: 1.60 million dollars) as on March 31, 2021.

2.08 Cash and Cash Equivalents

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks - In current accounts	10,412.67	9,450.35
Cash on hand	20.12	3.95
Total	10,432.79	9,454.30

2.09 Bank balances other than Cash and Cash Equivalents

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance with banks - In deposit accounts [See note 2.09.1]	4,707.04	1,274.77
Total	4,707.04	1,274.77

2.09.1 (i) Balances with banks in deposit accounts held as security against Letter of Credits/ Guarantee, with a maturity period of less than 12 months.

(ii) Earmarked balance of unpaid dividend ₹ 83.32 lakhs (₹ 94.23 lakhs).

2.10 Other Financial Assets

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Subsidy receivable	1,116.51	1,116.51
Duty drawback receivable	2,059.31	2,494.39
Other deposits	2.00	2.00
Rent deposits	38.51	38.18
Interest receivable on margin money deposit	50.96	40.06
Total	3,267.29	3,691.14

2.11 Other Current Assets

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received.	511.68	496.32
Balances with government authorities	2,021.80	1,790.95
Advances to staff	33.64	31.66
Prepaid expenses	97.58	134.62
Export entitlements / rebates receivable on export	122.07	487.70
Total	2,786.77	2,941.25

2.12 Equity Share Capital

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised		
250,000,000 (250,000,000) equity shares of Re. 1/- each	2,500.00	2,500.00
Issued, subscribed and fully paid-up		
66,500,000 (66,500,000) equity shares of Re. 1/- each	665.00	665.00
Total	665.00	665.00

2.12.1 Terms / rights attached to equity shareholders

The Company has only one class of shares referred to as equity shares with a face value of Re. 1/- each. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed / declared by the Board of Directors is subject to approval / regularisation of the shareholders in the Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

2.12.2 Reconciliation of equity shares with voting rights at the beginning and at the end of the financial year

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount (Rupees in lakhs)	No. of shares	Amount (Rupees in lakhs)
No. of shares as at the beginning of the financial year	66,500,000	665.00	66,500,000	665.00
Add: Issued during the year	-	-	-	-
No. of shares as at the end of the financial year	66,500,000	665.00	66,500,000	665.00

2.12.3 Particulars of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of total holding	No. of shares	% of total holding
Mr. Sabu M Jacob	22,015,606	33.11	22,015,606	33.11
Kitex Childrenswear Limited	10,585,822	15.92	10,585,822	15.92
Ms.Renjitha Joseph	4,328,100	6.51	4,328,100	6.51
C K G Super Market Limited	4,000,000	6.02	4,053,630	6.10
Mr. Gopinathan C K	4,467,900	6.72	4,961,444	7.46

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.

2.12.4 Aggregate number of bonus shares Issued during the period of five years immediately preceding the reporting date

Particulars	No. of shares	Rupees in lakhs
Equity shares allotted as fully paid-up bonus shares		
Financial Year 2017-18	19,000,000	190.00

2.13 Other Equity

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital reserve		
Investment subsidy	22.10	22.10
General reserve		
Opening balance	24,675.00	22,675.00
Add: Transfer from retained earnings	2,000.00	2,000.00
Closing balance	26,675.00	24,675.00
Retained earnings		
Opening balance	38,773.88	33,011.04
Add: Profit for the year	5,427.26	10,337.09
Less: Re-measurements of post employment benefit obligations (net of tax)	12.35	(115.47)
Less: Adjustment relating to preliminary expenses of subsidiaries relating to 2018-19	-	53.69
	44,213.49	43,178.97
Less:		
Transfer to general reserve	2,000.00	2,000.00
Payment of dividends	-	1,995.00
Tax on dividends	-	410.09
Closing balance	42,213.49	38,773.88
Equity instrument through other comprehensive income		
Opening balance	1.84	6.25
Add : Fair value changes on equity instruments carried through other comprehensive income (net of tax)	0.23	(3.30)
Closing balance	2.07	2.95
Exchange difference on translating the share of accumulated reserve of the associate		
Opening balance	(30.37)	(30.37)
Add: Exchange differences on translation relating to associate		-
Closing balance	(30.37)	(30.37)
Total	68,882.29	63,472.62

2.13.2 Description of nature and purpose of each reserve

- (i) **Capital reserve** : Capital reserve denotes investment subsidy received by the company amounting to ₹ 22.10 lakhs (₹ 22.10 lakhs).
- (ii) **General reserve** : General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General Reserve is created by a transfer from one component of equity to another and is not an item of comprehensive income.
- (iii) **Equity instruments through other comprehensive income**: This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.
- (iv) **Exchange differences on translating the share of accumulated reserves of the Associate** : The exchange differences arising on translation of the share of accumulated reserve of the Associate from functional currency to presentation currency in accordance with Ind AS 21, the effects of changes in Foreign Exchange Rates

2.14 Provisions

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for gratuity [See note 2.14.2]	897.93	800.53
Provision for compensated absences [See note 2.14.2]	198.74	206.10
Total	1,096.67	1,006.63

2.14.1 Short-term provisions of employee benefits is disclosed in note 2.21.

2.14.2 Disclosures required under Ind AS 19 - "Employee Benefits"

2.14.2.a Defined contribution plans

During the year, the following amounts have been recognised in the statement of profit and loss on account of defined contribution plans:

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Employers contribution to provident fund	389.23	634.79
Employers contribution to employees' state insurance	101.34	169.05

2.14.2.b Defined benefit plans - gratuity: unfunded obligation

(Rupees in lakhs)

(i) Actuarial assumptions	As at March 31, 2021	As at March 31, 2020
Discount rate (per annum)	5.45%	5.55%
Salary escalation rate*	7.00%	7.00%
Mortality rate	Indian Assured Lives Mortality (2012-14) Ult table	Indian Assured Lives Mortality (2012-14) Ult table

*The assumption of future salary escalation takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

	As at March 31, 2021	As at March 31, 2020
(ii) Reconciliation of present value of obligation		
Present value of obligation at the beginning of the year	1,003.66	784.86
Current service cost	184.88	140.27
Interest cost	50.07	47.80
Actuarial (gain)/ loss - financial	6.80	71.14
Actuarial (gain)/ loss - experience	(23.31)	44.33
Benefits paid	(95.35)	(84.74)
Present value of obligation at the end of the year	1,126.75	1,003.66
Contributions by the employer	95.35	84.74
Benefits paid	(95.35)	(84.74)
Expected employers' contribution next year	-	-

	As at March 31, 2021	As at March 31, 2020
(iii) Expenses recognized in the statement profit and loss		
Current service cost	184.88	140.27
Interest cost	50.07	47.80
Total expenses recognized in the statement of profit and loss for the year	234.95	188.07
(iv) Expenses recognized in other comprehensive income		
Opening amount recognised in OCI outside profit and loss account	31.03	(84.44)
Re-measurements during the period due to		
Changes in financial assumptions	6.80	71.14
Experience adjustments	(23.31)	44.33
Total re-measurements included in other comprehensive income	(16.51)	115.47
Closing amount recognised in OCI outside profit and loss account	14.52	31.03
(v) Sensitivity analysis		
Discount rate +50 basis points	(2.94%)	(2.96%)
Discount rate -50 basis points	3.13%	3.16%
Salary increase rate +50 basis points	3.04%	3.06%
Salary increase rate -50 basis points	(2.88%)	(2.91%)

(Rupees in lakhs)

(vi) Maturity Analysis of the Benefit payments	As at March 31, 2021	As at March 31, 2020
Year 1	228.82	203.13
Year 2	150.42	132.66
Year 3	141.10	123.88
Year 4	125.54	113.21
Year 5	107.02	93.38
Next 5 years and above	929.33	848.76

The above disclosures are based on information furnished by the independent actuary and relied upon by the auditors.

2.14.2.c Long term employee benefits

Compensated absences (vesting and non-vesting): unfunded obligation

(Rupees in lakhs)

(i) Actuarial Assumptions	As at March 31, 2021	As at March 31, 2020
Discount rate (per annum)	5.45%	5.55%
Salary escalation rate*	7.00%	7.00%
Mortality rate	Indian Assured Lives Mortality (2012-14) Ult table	Indian Assured Lives Mortality (2012-14) Ult table

*The assumption of future salary escalation takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

2.15 Deferred Tax Liabilities (Net)

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
A. Deferred tax liability		
On excess of net book value over income tax written down value of property, plant and equipment	932.87	1,075.47
On excess of fair value over cost of quoted equity investments	0.54	-
B. Deferred tax assets		
On provisions	365.61	337.95
On foreign exchange forward contracts	-	53.02
Deferred tax liabilities (net) (A-B)	567.80	684.50

Movement in deferred tax liabilities / assets balances during the year ended March 31, 2021

(Rupees in lakhs)

Particulars	As at April 01, 2020	Recognised in profit or loss	Recognised in other comprehensive income	As at March 31, 2021
A. Deferred tax liability				
On excess of net book value over income tax written down value of property, plant and equipment	1,075.47	(142.60)	-	932.87
On excess of fair value over cost of quoted equity investments	-	0.54	-	0.54
B. Deferred tax assets				
On provisions	337.95	27.66	-	365.61
On foreign exchange forward contracts	53.02	(53.02)	-	-
Deferred tax liabilities (net) (A-B)	684.50	(116.70)	-	567.80

Movement in deferred tax liabilities / assets balances during the year ended March 31, 2020

(Rupees in lakhs)

Particulars	As at April 01, 2019	Recognised in in profit or loss	Recognised in other comprehensive income	As at March 31, 2020
A. Deferred tax liability				
On excess of net book value over income tax written down value of property, plant and equipment	1,703.40	(627.93)	-	1,075.47
B. Deferred tax assets				
On provisions	364.46	(26.51)	-	337.95
On foreign exchange forward contracts	-	53.02	-	53.02
Deferred tax liabilities (net) (A-B)	1,338.94	(654.44)	-	684.50

Reconciliation of effective tax rate

The income tax expense for the year can be reconciled to the accounting profit as follows:

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax	8,484.44	13,786.82
Income tax expense calculated at 25.168%	2,135.36	3,469.87
Effect due to tax losses of subsidiaries not recognised	-	133.46
Tax effect on non-deductible expenses	333.94	190.82
Effect on deferred tax balances due to change in income tax rate	-	(374.59)
Total	2,469.30	3,419.56
Tax expense as per statement of profit and loss	2,469.30	3,419.56

The tax rate used for reconciliation above is the corporate tax rate of 25.168% (25.168%) payable on taxable profit under the Income Tax Act, 1961.

2.16 Other Non-Current Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred grant on capital subsidy	442.64	579.87
Total	442.64	579.87

2.17 Borrowings

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Loans repayable on demand from Banks (Secured)	-	9,612.57
Total	-	9,612.57

The Company has availed working capital and PCFC loans which is secured by first charge over the entire current assets of the Company, both present and future, second charge over moveable fixed assets, equitable mortgage over 25.44 acres of the land and building belonging to the Company and by personal guarantee of the Managing Director. The loans are repayable on demand.

The interest rate is 8.45% per annum (5.07%)

2.18 Trade Payables

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises	133.84	57.43
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	3,999.25	4,674.27
Total	4,133.09	4,731.70

2.18.1 The company has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act 2006 (as amended). Intimations have been received from some of the suppliers regarding their status under the said Act as at March 31, 2021, based on which, principal amount unpaid to such suppliers as at the year end aggregating to ₹133.84 lakhs (₹ 57.43 lakhs) has been included under trade payables. In the opinion of the management, the impact of interest, if any, which may be payable in accordance with the provisions of the Act, is not expected to be material.

Disclosures required under the Micro, Small and Medium Enterprises Development Act 2006 are as follows:

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
a. Principal amount remaining unpaid but not due as at the year end.	133.84	57.43
b. Interest due thereon and remaining unpaid as at the year end.	-	-
c. Interest paid by the Company in terms of Section 16 of Micro, Small & Medium Enterprises Development Act 2006 along with the amount of payment made to the supplier beyond the appointed day during the year.	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-
e. Interest accrued and remaining unpaid as at the year end.	-	-
f. Further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Total	133.84	57.43

2.19 Other Financial Liabilities

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Creditors for capital goods	17.24	42.40
Retention money	2.87	2.87
Unpaid dividend	82.99	93.90
Foreign exchange forward contracts	-	210.62
Grants received in advance [see note 2.19.1]	224.49	220.74
Total	327.59	570.53

2.19.1 The Company undertakes programmes under Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), the skilling and placement initiative of the Ministry of Rural Development (MoRD), Government of India. The grants received in advance are spent over the life of the project as per the notified Guidelines and Standard Operating Procedures (SOP) to be followed while implementing the programme.

2.20 Other Current Liabilities

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues	229.97	272.56
Deferred grant on capital subsidy	154.97	154.97
Advance from customers	87.40	20.78
Total	472.34	448.31

2.21 Short-Term Provisions

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for gratuity [See note 2.14.2]	228.82	203.13
Provision for compensated absences [See note 2.14.2]	127.09	132.99
Total	355.91	336.12

2.22 Current Tax Liabilities (Net)

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current tax payable [net of advance tax ₹ 6,251.67 lakhs (₹ 7,410.16 lakhs)]	1,770.74	1,401.47
Total	1,770.74	1,401.47

2.23 Revenue from Operations

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of products	42,798.00	69,451.97
A	42,798.00	69,451.97
Other operating revenues		
Export entitlements	2,056.70	3,570.97
Job work charges	609.96	803.04
Scrap sales	36.29	46.53
Others	37.87	48.47
B	2,740.82	4,469.01
Revenue from operations (A+B)	45,538.82	73,920.98

2.24 Other Income

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income	123.14	58.88
Rent received	26.33	24.49
Net gain on foreign currency transactions and translations	114.28	3,643.12
Deferred grant income	154.97	154.97
Provision no longer required written back	-	2.55
Other non-operating incomes	12.57	34.78
Total	431.29	3,918.79

2.24.1 The company is in receipt of the Government Grant/Assistance as defined under Ind AS 20 – 'Accounting for Government Grants and Disclosure of Government Assistance' as under:

- (i) Grants in the nature of Merchandise Export Incentive Scheme, Rebate of State & Central Taxes and Levies, Remission on Duties and Taxes on Exported Products and Duty Drawback are disclosed under the head 'Export Entitlements' in other operating revenue.

- (ii) Grants in the nature of Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) Scheme being re-imbursement of employer's contribution to employee provident fund is deducted in the employee benefit expense amounting to ₹ 38.41 lakhs (₹ 129.53 lakhs).
- (iii) Grants in the nature of re-imbursement of cost towards capital asset under the Technology Upgradation Fund Scheme (TUFs) and Integrated Skill Development Scheme (ISDS) Project which is disclosed as deferred grant. The amount is disclosed under the head 'Other Income' in the proportions in which depreciation expense on those assets is recognised.
- (iv) Grants in the nature of re-imbursement of interest cost on borrowings under the TUFs is disclosed under the head 'Other Income'.
- (v) EPCG authorisation is obtained by the Company from Directorate General of Trade as import duty waiver over procurement of capital goods defined in Foreign Trade Policy 2015-20. The company has deferred the grant in the books and it will be amortised in the books as and when the conditions attached (export obligation) to authorisations are fulfilled.

2.25 Cost of Materials Consumed

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventory at the beginning of the year	3,368.78	2,729.00
Add: Purchases	19,839.27	32,345.96
Less: Inventory at the end of the year	3,683.15	3,368.78
Total	19,524.90	31,706.18

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventories at the beginning of the year		
Finished goods	1,350.98	1,461.06
Work-in-progress	8,113.77	8,443.64
	9,464.75	9,904.70
Less: Inventories at the end of the year		
Finished goods	996.74	1,350.98
Work-in-progress	8,506.18	8,113.77
	9,502.92	9,464.75
Net decrease / (increase)	(38.17)	439.95

2.27 Employee Benefits Expense

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries & wages	6,003.52	10,026.45
Contribution to provident and other funds (See note 2.14.2.a)	490.57	803.84
Gratuity expenses (See note 2.14.2.b)	234.95	188.07
Staff welfare expenses	996.73	1,130.21
Total	7,725.77	12,148.57

2.28 Finance Costs

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on borrowing	126.81	593.53
Other borrowing cost	48.93	34.14
Interest on delay in payment of taxes	79.85	74.82
Total	255.59	702.49

2.29 Depreciation and amortisation expense

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of property, plant and equipment [See note 2.01A]	2,289.75	2,615.04
Amortisation of intangible assets [See note 2.01C]	20.69	30.19
Total	2,310.44	2,645.23

2.30 Other Expenses

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Processing charges	2,494.26	6,238.06
Consumption of stores and spares	439.05	984.14
Power and fuel	1,928.33	2,689.48
Repairs		
- Building	3.09	20.53
- Plant & machinery	222.48	359.16
- Others	243.42	323.42
Other production expenses	191.88	130.86
Testing charges	69.31	125.42
Forwarding and transport on sales	554.93	2,301.11
Insurance	155.11	148.93
Rent [See note 2.39]	107.78	142.02
Rates and taxes	80.07	113.68
Travelling and conveyance	60.99	121.97
Payments to auditors [See note 2.30.2]	21.48	20.02
Advertisement and sales promotion	10.02	165.73
Professional and consultancy charges	60.25	105.16
Loss on sale of fixed assets	-	6.83
Intangible asset under development written off	-	195.67
Donation [See note 2.30.1]	781.00	692.10
Expenses on corporate social responsibility activities [See note 2.30.3]	312.98	675.57
Miscellaneous expenses	562.82	640.05
Loss on foreign exchange forward contracts	-	210.62
Total	8,299.25	16,410.53

2.30.1 Donations made to political parties during the year amounts to ₹ 150.50 lakhs (₹ 35.50 lakhs)

2.30.2 Payments to auditors

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Statutory audit fees	21.00	19.50
(b) Other services		
- Others	0.20	0.25
- Reimbursement of expenses	0.28	0.27
Total	21.48	20.02

2.30.3 Details of expenses on corporate social responsibility activities

(a) Gross amount required to be spent by the Company during the year ₹ 254.24 lakhs (₹ 253.92 lakhs) towards CSR compliance as per Companies Act.

(b) Amount spent during the financial year on :

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	312.98	675.57
Total	312.98	675.57

2.31 Earnings per equity share

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit for the year	5,427.26	10,337.09
Weighted average number of equity shares of Re. 1/- each (fully paid-up)	66,500,000	66,500,000
Earnings per equity share - Basic & Diluted in ₹	8.16	15.54

2.32 Segment Reporting

The Company's operations predominantly relate to one operating segment i.e. Textile – Infant / Kids Apparel manufacturing. The Chief Operating Decision Maker (CODM) reviews the operations of the Company as one operating segment. Hence, no separate segment information has been furnished herewith.

2.32.1 Information about products and services: The Company earns revenue from only a single group of product and service viz. Textile Business comprising of sale of garments and fabrics products / services.

2.32.2 Information regarding geographical revenue is as follows:

(Rupees in lakhs)

Revenue from external customers	For the year ended March 31, 2021	For the year ended March 31, 2020
India	11,787.10	14,995.09
Outside India		
- The United States (US)	32,238.13	54,627.66
- Others	1,513.59	4,298.23
Sale of products	45,538.82	73,920.98

2.32.3 All non current assets of the company are located in India.

2.32.4 The following table gives details in respect of percentage of revenue generated from the top customer and revenue from transactions with customers amounting to more than 10 percent or more of the Company's revenue.

(Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
No of customers who contribute to more than 10 percent of the Company's revenue	3	3
Revenue from top customer	26,031.14	36,810.91
Revenue from customers contributing to more than 10 percent of the Company's revenue	39,418.25	68,817.77

2.33 Fair Value Measurement

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of trade receivables, trade payables and other Current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature.

There were no transfers between Level 1 and Level 2 during the year.

Fair value hierarchy of financial instruments measured at fair value on a recurring basis is as follows:

(Rupees in lakhs)

Particulars	Fair value hierarchy (level)	As at March 31, 2021	As at March 31, 2020
Financial assets measured at fair value through other comprehensive income			
Investments in equity shares - Quoted	1	2.55	2.25
Financial liabilities measured at fair value through statement of profit and loss			
Foreign exchange forward contracts	1	-	210.62

Category wise classification of financial instruments is as follows:

(Rupees in lakhs)

Particulars	See note	As at March 31, 2021	As at March 31, 2020
Financial assets measured at fair value through other comprehensive income			
Investments in equity shares - Quoted	2.02	2.55	2.25
Financial assets measured at amortised cost			
Non current			
(i) Security deposits	2.03	226.14	226.14
Current			
(i) Trade receivables	2.07	17,764.59	25,156.79
(ii) Cash and cash equivalents	2.08	10,432.79	9,454.30
(iii) Bank balances other than (ii) above	2.09	4,707.04	1,274.77
(iv) Other financial assets	2.10	3,267.29	3,691.14
		36,400.40	39,805.39

Particulars	See note	As at March 31, 2021	As at March 31, 2020
Financial liabilities measured at fair value through statement of profit and loss			
Foreign exchange forward contracts	2.19	-	210.62
Financial Liabilities measured at amortised cost			
Current			
(i) Borrowings	2.17	-	9,612.57
(ii) Trade payables	2.18	4,133.09	4,731.70
(iii) Other financial liabilities	2.19	327.59	359.91
		4,460.68	14,704.18

2.34 Financial Risk Management - Objectives and Policies

The Company has a well managed risk management framework, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as liquidity risk, market risk, credit risk and foreign currency risk) that may arise as a consequence of its business operations as well as its investing and financing activities.

Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable risk parameters in a disciplined and consistent manner and in compliance with applicable regulation.

1) Liquidity risk

Liquidity risk is the risk that the Company will encounter due to difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The company has sound financial strength represented by its aggregate current assets as against aggregate current liabilities and its strong equity base and low working capital debt. In such circumstances, liquidity risk does not exist.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(Rupees in lakhs)

Maturities of financial liabilities As at March 31, 2021	Less than 1 year	1 year to 5 years	More than 5 years	Total
Trade payable	4,133.09	-	-	4,133.09
Other financial liabilities	327.59	-	-	327.59

Maturities of financial liabilities As at March 31, 2020	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	9,612.57	-	-	9,612.57
Trade payable	4,731.70	-	-	4,731.70
Other financial liabilities	359.91	-	-	359.91

2) Market risk

As the Company is virtually debt-free and its deferred payment liabilities do not carry interest, the exposure to interest rate risk from the perspective of Financial Liabilities is negligible.

a) Foreign currency risk

The Company undertakes transactions denominated in foreign currency (mainly US Dollar) which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency, are also subject to reinstatement risks.

The Company has established risk management policies to hedge the volatility arising from exchange rate fluctuations in respect of firm commitments and highly probable forecast transactions, through foreign exchange forward contracts. The proportion of forecast transactions that are to be hedged is decided based on the size of the forecast transaction and market conditions. As the counterparty for such transactions are highly rated banks, the risk of their non-performance is considered to be insignificant.

- i) The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

(Amount in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Assets		
USD	352.10	430.35
Liabilities		
EUR	9.72	3.12
USD	4.10	184.71
CHF	-	0.28

- ii) Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 1% increase and decrease in the rupee against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant.

(Rupees in lakhs)

Particulars	Impact in statement of profit and loss for 1% change	Impact in statement of profit and loss for 1% change
Sensitivity	March 31, 2021	March 31, 2020
INR/USD (Net receivable)	255.80	185.17
INR/EUR (Net payable)	8.36	2.59
INR/CHF (Net payable)	-	0.21

- b) Interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of the loans and borrowings effected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings as follows :

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Variable rate instruments		
Financial liability - Loans repayable on demand from banks	-	9,612.57
Financial liability	-	9,612.57

Cash flow sensitivity for variable rate instruments

(Rupees in lakhs)

Particulars	Impact on Profit or (Loss)	
	March 31, 2021	March 31, 2020
Sensitivity		
50 BPS increase in rate	-	48.06
50 BPS decrease in rate	-	(48.06)

3) Credit risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management considers that the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of the customers (including related parties) to which the Company grants credit terms in the normal course of the business.

2.35 Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

The Company's financial strategy aims to support its strategic priorities and provide adequate capital to its businesses for growth and creation of sustainable stakeholder value. The Company funds its operations through internal accruals. The Company aims at maintaining a strong capital base largely towards supporting the future growth of its businesses as a going concern.

As at March 31, 2021, the Company has only one class of equity shares and is virtually debt-free. The company is not subject to any externally imposed capital requirements.

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Equity attributable to share holders	69,577.46	64,137.62
Borrowings	-	9,612.57
Less: Cash and cash equivalents	10,350.28	9,454.30
Net debt	(10,350.28)	158.27
Total capital (equity + debt)	59,227.18	64,295.89
Net debt to capital ratio	(0.175)	0.00

2.36 Additional information as required under the General Instructions for Preparation of Consolidated Financial Statements to Schedule III Division II to the Companies Act, 2013

Name of the entity	As at March 31, 2021		As at March 31, 2020	
	Net assets, i.e., total assets - total liabilities		Net assets, i.e., total assets - total liabilities	
	As a % of consolidated net assets	Amount in lakhs	As a % of consolidated net assets	Amount in lakhs
Holding Company	105.67%	73,519.05	105.27%	67,516.27
Wholly owned subsidiaries	(0.63)%	(436.64)	0.24%	155.47
Associate (Investment as per equity method):				
Share of loss and unrealised profit	(3.99)%	(2,776.24)	(4.33)%	(2,776.24)
Elimination on account of consolidation	(1.05)%	(728.71)	(1.18)%	(757.88)
Total	100.00%	69,577.46	100.00%	64,137.62

Name of the entity	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Share in profit or loss		Share in profit or loss	
	As a % of consolidated profit	Amount in lakhs	As a % of consolidated profit	Amount in lakhs
Holding Company	110.37%	5,990.20	105.13%	10,867.39
Wholly owned subsidiaries	(10.91)%	(592.11)	(5.13)%	(530.30)
Associate (Investment as per equity method):				
Share of loss and unrealised profit	-	-	-	-
Elimination on account of consolidation	0.54%	29.17	-	-
Total	100.00%	5,427.26	100.00%	10,337.09

Name of the entity	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Share in other comprehensive income		Share in other comprehensive income	
	As a % of consolidated other comprehensive income	Amount in lakhs	As a % of consolidated other comprehensive income	Amount in lakhs
Holding Company	100.00%	12.58	100.00%	(89.71)
Wholly owned subsidiaries	-	-	-	-
Associate (Investment as per equity method):				
- Kitex USA LLC- Investment at cost				
Share of other comprehensive income	-	-	-	-
Elimination on account of consolidation		-		-
Total	100.00%	12.58	100.00%	(89.71)

Summarised financial Information in respect of Kitex USA LLC

(Rupees in lakhs)

Particulars	As at / For the year ended March 31, 2021	As at / For the year ended March 31, 2020
Current assets	14,360.34	20,600.19
Non current assets	531.14	602.87
Current liabilities	15,904.93	22,521.00
Revenue from operations	33,488.46	41,966.24
(Loss)/Profit	274.23	(1,191.34)
Other comprehensive income	-	-
Total comprehensive income	274.23	(1,191.34)

2.37 Related Party Disclosure

Disclosure of transactions with related parties as required by Ind AS 24 - Related Party Disclosures for the year ended March 31, 2021.

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

A Key managerial personnel

- (i) Mr. Sabu M Jacob, Managing Director
- (ii) Ms. Sindhu Chandrasekharan, Whole Time Director

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
- (iv) Kitex Herbals Limited
- (v) Kitex Apparels Limited
- (vi) Kitex Infantswear Limited
- (vii) Twenty 20 Kizhakkambalam Association

C Associate enterprise

- (i) Kitex USA LLC

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

(Rupees in lakhs)

A Enterprises owned or significantly influenced by key management personal or their relatives	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) Kitex Childrenswear Limited		
Revenue from sale of goods and services (including expenses recovered)	7,286.73	10,811.94
Purchases of goods and services (including reimbursements)	2,218.70	2,638.33
(ii) Kitex Limited		
Revenue from sale of goods and services (including expenses recovered)	728.09	288.74
Purchases of goods and services (including reimbursements)	667.49	2,094.81
(iii) Anna Aluminium Company Private Limited		
Revenue from sale of goods and services (including expenses recovered)	-	1.28
Purchases of goods and services (including reimbursements)	21.69	34.65
(iv) Twenty 20 Kizhakkambalam Association		
Donation paid	630.00	630.00
Payment towards corporate social responsibility activities	280.00	670.00

B	Key management personnel	For the year ended March 31, 2021	For the year ended March 31, 2020
(i)	Mr. Sabu M Jacob		
	Remuneration paid	447.15	500.00
(ii)	Ms. Sindhu Chandrasekharan		
	Remuneration paid	11.50	18.80

(Rupees in lakhs)

C	Associate enterprise	For the year ended March 31, 2021	For the year ended March 31, 2020
(i)	Kitex USA LLC		
	Sale of readymade garments	26,031.14	36,810.91
	Sales commission paid	211.50	403.42

2.37.3 Outstanding amounts carried in the balance sheet as at March 31, 2021**A Enterprises owned or significantly influenced by key management personnel or their relatives:** (Rupees in lakhs)

	Name of related party	As at March 31, 2021	As at March 31, 2020
(i)	Kitex Childrenswear Limited		
	Trade receivables	1,203.99	1,065.15
(ii)	Kitex Limited		
	Trade receivables	36.54	-
	Trade payables	-	9.25
(iii)	Anna Aluminium Company Private Limited		
	Advances to supplier	0.43	-
	Trade payables	0.06	3.86

B Key management personnel (Rupees in lakhs)

	Name of related party	As at March 31, 2021	As at March 31, 2020
(i)	Mr. Sabu M Jacob		
	Remuneration payable	336.01	378.97
(ii)	Ms. Sindhu Chandrasekharan		
	Remuneration payable	0.32	0.50

C Associate enterprise

(Rupees in lakhs)

Name of related party	As at March 31, 2021	As at March 31, 2020
(i) Kitex USA LLC		
Trade receivables	15,256.41	21,605.35
Net carrying value of investment	2,776.24	2,776.24

2.38 As a part of Company's risk management policy, the exchange risks arising from foreign currency fluctuations are hedged by forward contracts.

2.38.1 The particulars of forward contracts entered into by the Company and outstanding as at Balance Sheet date is as under:

(Amount in lakhs)

Currency	As at March 31, 2021		As at March 31, 2020	
	Foreign currency	Rupees	Foreign currency	Rupees
Export receivables				
USD	-	-	180.00	13,569.46

2.38.2 The particulars of hedged export receivables / payables as at balance sheet date is as under:

(Amount in lakhs)

Currency	As at March 31, 2021		As at March 31, 2020	
	Foreign currency	Rupees	Foreign currency	Rupees
Export Receivables				
USD	-	-	180.00	13,569.46

2.38.3 The particulars of un hedged items as at Balance Sheet date is as under:

(Amount in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Foreign currency	Rupees	Foreign currency	Rupees
Assets				
EUR	-	0.26	-	0.25
USD	352.10	25,880.86	250.35	18,872.64
HKD	-	0.06	-	0.06
Liabilities				
EUR	9.72	836.56	3.12	259.43
USD	4.10	301.05	4.71	355.27
CHF	-	-	0.28	21.47

2.39 Lease Accounting

Operating Lease

Office premises, godown & equipment are hired on operating lease. The lease term is renewable every year at the option of the Company. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Amount charged to statement of profit and loss account during the year		
Rent for premises	107.49	118.11
Rent for equipment	0.29	23.91
Total	107.78	142.02

2.40 The details of provisions, contingent liabilities and contingent assets are as required under Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets for the year ended March 31, 2021.

2.40.1 Contingent liabilities not provided for:

(Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
1. Claims against the Company not acknowledged as debts being demand raised against the Company, disputed on Appeal before various Appellate authorities.		
(i) PF and ESI [Paid under protest include ₹ 16.93 lakhs (₹ 16.93 lakhs)]	804.44	793.27
(ii) Income tax dues [Paid under protest include ₹ 107.01 lakhs (₹ 107.01 lakhs)]	223.96	257.88
(iii) Customs department [Paid under protest include ₹ 99.31 lakhs (₹ 99.31 lakhs)]	4,044.21	3,735.10
2. Other counter guarantees in favour of banks for guarantees issued by banks	127.49	127.49
3. Letters of credit	-	6.63
Total	5,200.10	4,920.37

2.40.2 The Company has purchased capital assets under EPCG license against which the Company has a balance export obligation of ₹ 497.99 Lakh (391.50 Lakh). Contingent liability, to the extent of duty saved in respect of EPCG is ₹ 83.00 Lakh (₹ 65.25 Lakh). The balance export obligation to be fulfilled as per license is upto year 2025-26.

2.40.3 The above demands are disputed by the company and matters pending in appeal before appellate authorities in various stages. In the opinion of the management and based on legal advice received the company is hopeful of getting full relief and hence no provision has been made thereof.

2.41 Capital & Other Commitments

Estimated amount of contract remaining to be executed on capital account (net of advances): ₹ 2230.73 lakhs (₹ 619.97 lakhs).

2.42 In the opinion of the Directors, short term loans and advances and other current assets, have the value at which they are stated in the balance sheet, if realised in the ordinary course of business.

2.43 The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. In response, the Indian government have taken various actions and ensured many precautionary measures which posed significant disruption to business operations and adversely impacting most of the industries which has resulted in global slowdown.

The full extent and duration of the impact of COVID-19 on the Company's operations and financial performance is currently unknown, and depends on future developments that are uncertain and unpredictable, including the duration and spread of

the pandemic and any new information that may emerge concerning the severity of the virus, its spread to other regions and the actions to contain the virus or treat its impact, among others.

Any of these outcomes could have a material adverse impact on Company's business, financial condition, results of operations and cash flows for the year ended March 31, 2021 and thereafter.

Management currently believes that it has adequate liquidity and business plans to continue to operate the business and mitigate the risks associated with COVID-19 for the next 12 months from the date of these Financial Statements.

2.44 Under the Remission of Duties and Taxes on Export Products RoDTEP the Group is eligible to claim a government grant in the form of refunds of embedded taxes and duties All the items previously under the MEIS and the RoSTCL (Rebate of State and Central Taxes and Levies) are now under the purview of the RoDTEP Scheme

The scheme has been effective since January 01, 2021 However, the incentive rates are yet to be notified by the authorities For the textile/garment industry sector, the RoSCTL scheme was introduced with effect from March 7 2019 Later, for the textile/garment manufacturing sector, the Government retrospectively withdrew 4% MEIS w.e.f March 7, 2019 through a notification issued on 14th January 2020.

For the period January 1, 2021 to March 31, 2021, the Group has recognized ₹ 288.93 Lakhs of income towards RoDTEP and corresponding receivable which is on par with the rates applicable up to December 31, 2020. For measurement of income from the aforementioned government grants, significant estimates and judgments are made by the management. The estimates, inputs, and judgments used by the management include, the confirmation of eligibility to the scheme via declaration by exporter during the export transaction for the claim, the coverage of RODTEP scheme of other embedded duties that were hitherto not being refunded, the timing of processing such claim and its subsequent realization.

2.45 Subsequent event

Dividends declared by the Company are based on the profit available for distribution. Distribution of dividends out of general reserve and retained earnings is subject to applicable TDS. On June 29 ,2021 Board of Directors of the Company have proposed a final dividend of ₹ 1.50 per share in respect of the year ended March 31, 2021 subject to the approval of shareholders at the Annual General Meeting. The proposal if approved, would result in a cash outflow of approximately ₹ 997.50 Lakhs.

2.46 Previous year figures, unless otherwise stated are given within brackets and have been re-grouped and recast wherever necessary to be in conformity with current year's disclosure.

1. FORMAT FOR REGISTERING EMAIL ID

DP/Client ID / Folio No:

Name of the sole / first holder:

Postal Address:

Email Address:

Signature

.....

2. FORMAT OF MANDATE FOR PAYMENT OF DIVIDEND BY NECS / NEFT

Folio No:

Name of the sole / first holder:

Postal Address:

Email Address:

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

Bank Name

Branch Name:

Branch Address:

MICR code:

IFSC code:

Account Type:

Account No:

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

Photocopy of Bank Pass Book / Bank Statement

Photocopy of a Blank cheque leaf of the account

Signature

.....

3. FORMAT FOR CLAIMING UNPAID DIVIDENDS OF PREVIOUS YEARS

DP / Client ID / Folio No:

Name of the sole / first holder:

Postal Address:

Years for which dividend not received:

Signature

KITEX

Registered Office

Kitex Garments Limited

(CIN: L18101KL1992PLC006528)

P. B. No. 5, Kizhakkambalam - 683562, Alwaye, Kochi, Kerala

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