

Kitex Garments Limited

The background of the slide features a decorative string of baby clothes, including onesies and bibs, hanging from a line. The clothes are in various colors like blue, pink, and green, and some have patterns. The string is draped across the slide, creating a soft, domestic feel.

Growth by Design

Annual Report 2014 - 2015

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Disclaimer

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



Overview

02 - 10



Mr. M.C. Jacob
(22.4.1933 – 5.8.2011)

Illustrious Founder – Chairman of Kitex Group of Companies

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

M.C Jacob

A caring legacy

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

Kitex Corporate Profile

CIN : L18101KL1992PLC006528

Board of Directors

Mr. Sabu M Jacob Chairman & Managing Director
Prof E.M Paulose – Independent Director
Mr. Benni Joseph – Independent Director
Mr. C.Mohan
Mr. K.L.V Narayanan
Mrs.Sindhu Chandrasekhar-Woman Director
 (Whole-time Director) (since 16/3/2015)

Audit Risk Management and Vigil Committee

Mr.Benni Joseph – Chairman & Independent Director
Prof. E.M.Paulose Independent Director
Mr.C Mohan

Nomination & Remuneration Committee

Prof. E.M. Paulose –Chairman & Independent Director
Mr. Benni Joseph – Independent Director
Mr. K.L.V Narayanan

Stakeholders Relationship Committee

Mr.K.L.V Narayanan - Chairman
Mr. Sabu M Jacob

Corporate Social Responsibility Committee

Mr.Sabu M Jacob – Chairman
Mr.C.Mohan
Mr.K.L.V Narayanan
Mr. Benni Joseph – Independent Director
 (since 12.01.2015)

Independent Auditors

M/s.Kolath & Co
 Chartered Accountants
 41/3951 A O R S Road
 Kacheripady, Kochi 682 018

Internal Auditors

M/s.Ernst & Young LLP
 9th Floor, ABAD Nucleus, NH – 49,
 Maradu PO Kochi Kerala 682 304

Banker

State Bank Of India

Key Managerial Personnel

Mr.Sabu M Jacob – Managing Director
Mr.Boby Michael – Chief Financial Officer
Mr.A.Babu - Company Secretary

Share Transfer Agents

M/s. Cameo Corporate Services Limited
 Subramanian Building No. 1, Club House Road
 Chennai 600 002 Tel: 044- 28460390
 Fax:044 – 28460129 E.Mail: Cameo@cameoindia.com

Legal Advisors

M/s.Dhandapani Associates
 Advocates,
 Thirupathi, T D Road, North End
 Kochi 682 035

Income Tax Consultants

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

Cost Auditors

M/s. Rajendran, Mani & Varier,
 Cost Accountants,
 Ravipuram,
 Kochi 682 016

Secretarial Auditors

Ms. SVJS & Associates
 Company Secretaries
 Ravipuram, Kochi - 682016

Listed in Stock Exchanges:

Bombay Stock Exchange, Mumbai
 National Stock Exchange, Mumbai

Registered Office

Building No. 9/536 A,
 Kizhakkambalam, Aluva, Kochi 683 562
 Tel: 0484- 4142000 Fax : 0484 2680604
 Mobile: 09496036096 (Compliance Officer)
 E.mail : sect@kitexgarments.com

Growth by design

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

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

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



Financial Highlights

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

Revenue +

15%

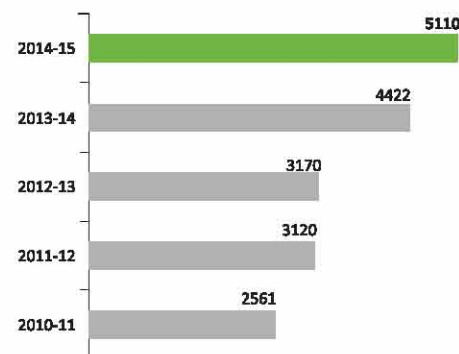
EBIDTA +

69%

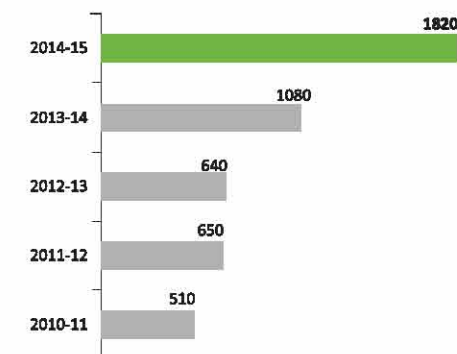
PAT +

72%

Net Revenue in Million (Rs.)



EBITDA in Million (Rs.)



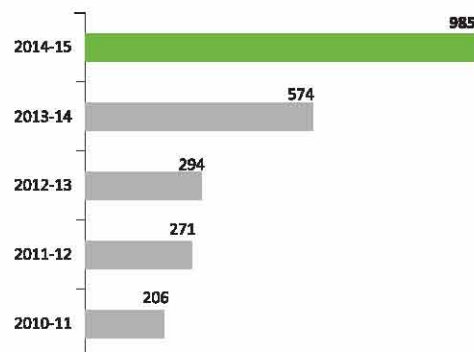
EPS +

72%

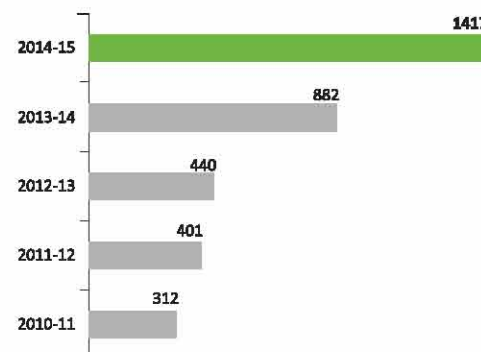
PBT +

61%

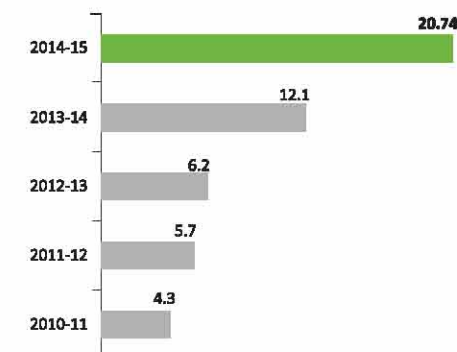
PAT in Million (Rs.)



PBT in Million (Rs.)



EPS in (Rs.)



About Kitex Garments Ltd

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

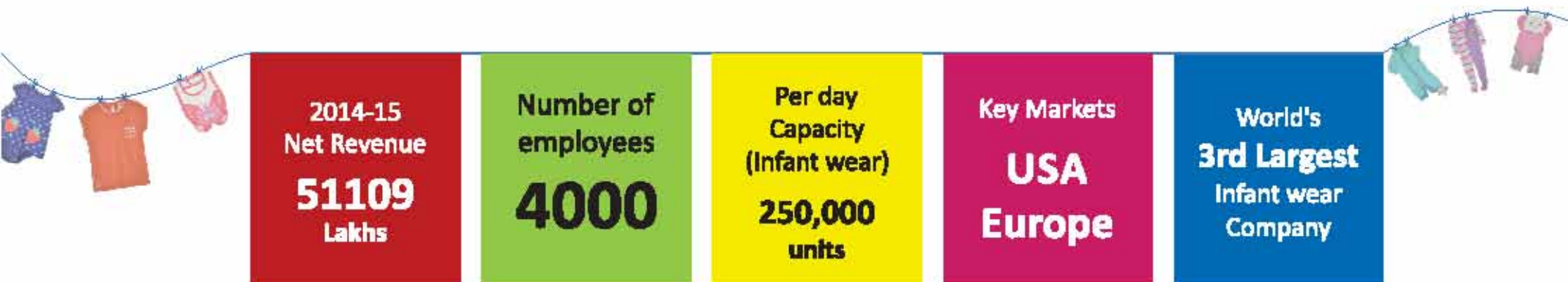
Global Footprints



Products

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





Chairman's Message



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

Dear Shareholder,

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

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

The Board joins me in expressing our deep appreciation for the interest shown by various stakeholders and this is predominantly depicted by the growth in numbers of our Shareholders from 6000 to about 16100 shareholders as on the close of this financial year. The value of shares in the stock exchanges have grown from Rs.89 in the beginning of the year to Rs.534 by this year end with a market capitalization of Rs. 2500 crores. Some of the leading foreign investors including mutual funds have shown interest in your company.

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

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

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

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

KiteX strategy against trends in key global markets

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

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

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

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

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

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

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

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

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

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

Corporate Social Responsibility

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

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

Regards

Sabu M. Jacob
Chairman & Managing Director

Kitex Business Model



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



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



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



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



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



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



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



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



Management Reviews

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Strategic Objectives : Growth

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

GROWTH IN US & Europe

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



Our Goals

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

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

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

Impact of growth strategies

KiteX has become the 3rd largest Infant wear manufacturer in the world

India's largest Exporter of Infant wear

Debt Free company in FY 14-15

Revenue CAGR (2011-15) @19%

Strategic Objectives : Operations

Efficient supply chain

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

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

People & Productivity

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

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



Operational Excellence

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

We make our capacity flexible for easy scale up

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

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



Corporate Social Responsibility

Our vision for CSR:

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

Our Corporate Social Commitments towards Society

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

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

KiteX CSR – Twenty20 Kizhakkambalam

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



Agriculture

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



Drinking water

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



Education

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



Food Security Programme

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

CSR Continued



Health Care

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



Housing

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



For a Social Cause

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



Employment Generation

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

Notice

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

ORDINARY BUSINESS

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

SPECIAL BUSINESS

- 5) To consider the following resolutions as a Special Resolution :

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

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

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

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

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

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

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

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

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

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

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

“RESOLVED that pursuant to Sections 149, 152, 161, 196, and 197 and all applicable provisions of the Companies Act, 2013 read with Schedule V of the said act and subject to other approvals as are necessary, Mrs.Sindhu Chandrasekhar(holding DIN no:06434415) in pursuance to Section 160 be and is hereby appointed as a Whole-time Director designated as Woman Director of the Company for a period of five years from 16.03.2015 to 15.03.2020 on the remunerations and terms and conditions as set out in the explanatory statement annexed hereto and whose period of office of the Director shall be liable to determination by retirement of directors by rotation.

RESOLVED further that the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect tot this resolution.”

10. To consider the following resolution as an Ordinary Resolution :

“RESOLVED THAT pursuant to the provisions of Section 61 and all other applicable provisions, if any, of the Companies Act, 2013, read with the relevant Rules thereof (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the provisions of the Memorandum and Articles of Association of the Company, the existing Authorised Share Capital of the Company of Rs. 5,00,00,000 (Rupees five crores only) divided into 5,00,00,000 (Five crores only) Equity Shares of Re.1/- each (Rupee one only), be and is hereby increased to Rs.25,00,00,000 (Rupees Twenty five crores) comprising of 25,00,00,000 (twenty five crores only) Equity Shares of Re.1/- each (Rupee one only).

RESOLVED FURTHER THAT any one of the Directors of the Company and/or Company Secretary of the Company be and is hereby authorised to take all necessary action for giving effect to the above resolution and file relevant forms with the Registrar of Companies, as required under the provisions of the Companies Act, 2013

11. To consider the following resolution as an Ordinary Resolution :

“RESOLVED THAT pursuant to the provisions of Section 13 and 61 and other applicable provisions of the Companies Act, 2013, the existing Clause V of the Memorandum of Association of the Company relating to the Authorised Share Capital be amended and read as under:

- V. The Share Capital of the Company is Rs.25,00,00,000 (Rupees Twentyfive crores only) comprising of 25,00,00,000 (Twentyfive crores only) Equity Shares of Re.1/- each (Rupee One only)

By Order of the Board of Directors
For KITEX GARMENTS LIMITED

Kizhakkambalam
4th April, 2015
Notes:-

- 1) **A member entitled to attend and vote at the meeting is entitled to appoint a proxy/Proxies to attend and vote on a poll instead of himself/herself and such a proxy/proxies need not be a member of the Company.**

A person can act as proxy on behalf of Members not exceeding fifty(50) and holding in the aggregate not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than ten percent of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. A proxy form is sent herewith. Proxies submitted on behalf of the Companies, Societies, etc., must be supported by an appropriate resolution/authority as applicable.

- 2) An Explanatory Statement on the business to be transacted at the meeting is annexed hereto.
3) The instrument appointing a proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
4) Members /proxies should bring the attendance slips duly filled in and PHOTO ID Proof for attending the meeting. Transport facility will be provided to the shareholders

from Kizhakkambalam to the Factory premises and back for attending the meeting.

- 5) Request for any clarification needed on the accounts should be lodged in writing at the Registered Office of the Company on or before 5 P.M. on 29th May, 2015.
6) The Share Transfer Books and the Register of Members shall remain closed from 27th May, 2015 to 4th June, 2015 both days inclusive.
7) The Board of Directors have recommended a dividend @ 125% (Rs. 1.25 per Equity Share of Re1/- Fully paid-up) of the paid up capital for the year. If declared at the Annual General Meeting, the same will be paid to the share holders, whose names are on the Register of Members as on the date of Annual General Meeting viz.,4th June, 2015.
8) Members are requested to intimate immediately change of address, if any, to the Company's Registrar and Transfer Agents or Depository Participant, as the case may be.
9) Members are requested to bring their copy of the Annual Report to the Annual General Meeting. The duly filled in Attendance Slip must be surrendered at the counter before attending the Meeting.
10) Pursuant to Section 72 of the Companies Act, 2013, Members who hold shares in the physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest, to avail of the nomination facility by filling required form.
11) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number(PAN) by every participant in securities market. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Share Transfer Agents.
12) All documents, transfers, dematerialization requests and other communications in relation thereto should be addressed directly to the Company's Registrar & Transfer Agents.
13) Pursuant to Clause 47(f) of the Listing Agreement entered into with the Stock Exchanges, the company has created

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

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

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

16) Voting through Electronic means:

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

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

The instructions for e-voting are as under:

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

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

9. Cast your vote by selecting appropriate option and click on "submit" and also "confirm" when prompted.

10. Upon confirmation, the message "vote cast successfully" will be displayed.

11. Once you have voted on the resolution, you will not be allowed to modify your vote.

12. Institutional members (i.e other than individuals, HUF, NRI etc) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to theScrutinizer through e-mail to scrutinizer@kitexgaments.com with a copy marked to evoting@nsdl.co.in and sect@kitexgarments.com.

13. A facility for voting through Poling Paper is made available at the Annual General Meeting venue and the members attending the meeting who have not cast their vote by remote e-voting can exercise their right during the meeting on 4th June, 2015 between 10.30 A.M till the conclusion of the meeting.

- B. For Members whose shareholding is in the Dematerialization form and whose E-mail IDs are not registered with the Company / Depository Participants, Members holding shares in Physical form as well as those members who have requested for a physical copy of the Notice and Annual Report, the following instruction may be noted:

1. Initial password is provided as below / at the bottom of the Attendance Slip for the AGM: EVEN(e-voting Event Number) USER ID PASSWORD/PIN
2. Please follow all steps from instruction 1 to 12 of A above to cast vote.

- II. In case of any queries, you may refer the Frequently Asked Question (FAQs) for member and e-voting

user manual for members available at the downloads section of www.evoting.nsdl.com

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

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

- X. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.kitexgarments.com/investors and on the website of NSDL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.

- 17) All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 a.m to 5.00 p.m) on all working days except Sundays, upto and including the date of the Annual General Meeting of the Company.

STATEMENT AS PER SECTION 102 OF COMPANIES ACT 2013

Item 5:

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

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

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

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

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

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

Item 6 & 7

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

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

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

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

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

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

Prof.E.M Paulose

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

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

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

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

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

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

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

Mr.Benni Joseph

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

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

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

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

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

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

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

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

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

Item No. 8

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

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

A summary of the material terms and conditions relating to

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

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

A) Remuneration in case of adequate profits:

1. Basic Salary of Rs.9,00,000/- per month
2. Perquisites
 - a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extend these either singly or put together are not taxable under the Income Tax Act, 1961
 - b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service, and
 - c) Encashment of leave at the end of the tenure.
3. Commission, subject to the conditions that the total remuneration consisting of salary, allowances, perquisites and commission shall not exceed 5% of the net profit of the Company for any financial year computed in accordance with the provisions of the Companies Act, 2013.

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

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

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

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

C) General :

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

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

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

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

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

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

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

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

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

III. Other information

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

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

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

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

Item No. 9

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

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

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

Salary, Allowances and perquisites :

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Item No. 10 and 11

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

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

By Order of the Board of Directors
For KITEX GARMENTS LIMITED

Place: Kizhakkambalam
Date : 4th April, 2015

Sabu M Jacob
Chairman & Managing Director

EXPLANATORY STATEMENT AS PER CLAUSE 49 OF LISTING AGREEMENT

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

By Order of the Board of Directors
For KITEX GARMENTS LIMITED

Sabu M Jacob
Chairman & Managing Director

FOR THE ATTENTION OF THE MEMBERS:

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

2. **Sending notices and documents to shareholders through email:**

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

3. **Making payment of dividend through NECS / NEFT:**

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

4. **Payment of unpaid dividends of previous years.**

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

| Year | % of share paidup value | Year | % of share paidup value |
|---------|-------------------------|---------|-------------------------|
| 2007-08 | 20 | 2010-11 | 40 |
| 2008-09 | 25 | 2011-12 | 60 |
| 2009-10 | 30 | 2012-13 | 80 |
| | | 2013-14 | 100 |

Those shareholders who have not encashed their warrants so far are requested to send their claims for payment, by giving

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

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

(1) FORMAT FOR REGISTERING EMAIL ID

DP/Client ID / Folio No:

Name of the sole / first holder:

Postal Address:

Email Address:

Contact Telephone No:

Signature

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

Folio No:

Name of the sole / first holder:

Postal Address:

Email Address:

Contact Telephone No:

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

Bank Name

Branch Name:

Branch Address:

MICR code:

IFSC code:

Account Type:

Account No:

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

Photocopy of Bank Pass Book / Bank Statement

Photocopy of a Blank cheque leaf of the account

Signature

(3) FORMAT FOR CLAIMING UNPAID DIVIDENDS OF PREVIOUS YEARS

DP / Client ID / Folio No:

Name of the sole / first holder:

Postal Address:

Years for which dividend not received:

Email Address:

Contact Telephone No:

Signature



DIRECTORS' REPORT

TO THE MEMBERS OF KITEX GARMENTS LIMITED

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

Financial Results

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

Performance Review

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

Dividend

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

Capital Expenditure

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

Future Prospects

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

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

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

Expansion Project:

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

Awards and Recognitions

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

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

Directors' Responsibility Statement

The directors report that

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

Listing on Stock Exchanges

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

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

Corporate Governance

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

Secretarial Audit

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

Cost Audit Compliance

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

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

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

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

Declaration on Independent Directors

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

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

- (ii) who are not related to promoters or directors in the company, its holding, subsidiary or associate Company;
- (c) Who have or had no pecuniary relationship with the company, its holding, subsidiary or associate company or their promoters or directors, during the two immediately preceding financial years or during the current financial year;
- (d) None of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company or their promoters, or directors, amounting to two percent or more of its gross turnover of total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (e) Who, either himself nor any of his relatives -
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial year immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) is or has been an employee or propriety or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of -
 - (A) a firm of auditors or company secretaries in practice or cost auditors or the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm;
 - (iii) holds together with his relative two per cent, or more of the total voting power of the company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any nonprofit organization that receives twenty-five percent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or

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

Particulars of Loans, guarantees or investments

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

Your company has not directly or indirectly

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

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

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

Related Party Transactions

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

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

Information as per Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure forming part of this report.

Risk Management Policy implementation

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

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

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

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

Corporate Social Responsibility:

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

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

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

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

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

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

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

Directors

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

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

Auditors

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

Acknowledgement

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

For and on behalf of the Board of Directors

Place : Kizhakkambalam
Date : 04th April, 2015

SABU M JACOB
Chairman & Managing Director

Annexure to the Directors' Report

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

| Name | Age | Designation | Qualification | Experience (Yrs) | Remuneration received (Rs.lakhs) | Date of Commencement of employment | Last employment/ Designation |
|---|-----|---|---------------|------------------|----------------------------------|------------------------------------|----------------------------------|
| A. Employed throughout the financial year | | | | | | | |
| Sabu M Jacob | 52 | Managing Director | Graduate | 32 | 748.74 | 1992 | Executive Director Kitex Limited |
| Dan De Yoe | 64 | Vice President & Director of Operations (USA) | | 43 | 116.48 | 2011 | Vice President Toys "R" Us (USA) |

Information as per Companies [Disclosure of particulars in the report of Board of Directors] Rules, 1988

A. CONSERVATION OF ENERGY

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

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

Disclosure of particulars with respect to conservation of energy

| POWER & FUEL CONSUMPTION | Year Ended 31.03.2015 | Year Ended 31.03.2014 |
|--------------------------|-----------------------|-----------------------|
| Electricity | | |
| a) Purchased Units (KWH) | 13564640 | 10375587 |
| Total Amount(Rs.) | 78344805 | 58135600 |
| Cost/Unit (Rs. KWH) | 5.78 | 5.60 |
| b) Own generation | | |
| Through Diesel Generator | | |
| Units (KWH) | 167277 | 264058 |
| Total Amount(Rs.) | 2275599 | 3618649 |
| Cost/Unit (Rs. KWH) | 13.60 | 13.70 |

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

B. CONSUMPTION PER UNIT OF PRODUCTION

The company manufactures different types of garments. and power and fuel consumption per unit of production cannot be appropriated separately.

C. TECHNOLOGY ABSORPTION

Disclosure of particulars with respect to technology absorption:-

RESEARCH & DEVELOPMENT

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

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

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

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

3. FUTURE PLAN OF ACTION

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

4. EXPENDITURE IN R&D

Specific expenditure of recurring or capital nature is not involved.

Technology absorption, adoption and innovation

EFFORTS

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

BENEFITS

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

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

For and on behalf of the Board of Directors

Kizhakkambalam
04th April, 2015

SABU M JACOB
Chairman & Managing Director

Management Discussion and Analysis

1. Global Economy

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

2. Indian Economy

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

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

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

2.1 Indian Exports

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

3. Indian Textile & Apparel Sector

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

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

3.1 Indian Apparel Exports

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

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

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

4. Segment: Overview of Infantwear

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

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

4.1.3 Segment Differentiator – Buying behavior :

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

5. Overall review of operations

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

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

6. Opportunities and Threats

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

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

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

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

7. Outlook

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

8. Internal Control Systems and their Adequacy

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

The internal control is exercised through documented policies, guidelines and procedures. It is supplemented by an extensive program of internal audits conducted by in house trained personnel. The audit observations and corrective action taken thereon are periodically reviewed by the audit committee to ensure effectiveness of the internal control system. The internal

control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of persons. Apart from the above the company has engaged M/s Ernst & Young LLP to conduct Internal Audit during the year 2014-15

9. Financial and operational performance

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

10. Human Resources/Industrial Relations

The Company's HR philosophy is to establish and build a high performing organization, where each individual is motivated to perform to the fullest capacity: to contribute to developing and achieving individual excellence and departmental objectives and continuously improve performance to realize the full potential of our personnel. The Company is giving direct employment to 3974 employees. Industrial relations are cordial and satisfactory.

➤ Cautionary Statement

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

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The company aims at not only its own growth but also maximization of benefits to the shareholders, employees, customers, government and also the general public at large. For this purpose the company continuously strives to improve its level of overall efficiency through good corporate governance, which envisages transparency, professionalism and accountability in all its operations. We at Kitex Garments Limited, are committed to good corporate governance and its adherence to the best practices of true spirits at all times. Our corporate Governance philosophy rests on five basic tenets viz., Board's accountability, value creation, strategic guidance, transparency and equitable treatment to all stakeholders.

(A) BOARD OF DIRECTORS

Composition of the Board and category of Directors

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

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

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

** Is a Independent Director as per Listing Agreement norms

*** became a Director since 16.03.2015

The above directors are not inter-related.

(B) Role of Board of Directors

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

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

OTHER COMMITTEES AT BOARD LEVEL

(A) Qualified and Independent Audit Committee

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

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

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

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

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

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

(B) Stakeholders Relationship Committee

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

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

(C) Corporate Social Responsibility Committee (CSR Committee)

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

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

(D) Nomination and Remuneration Committee

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

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

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

(E) Risk Management Committee

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

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

REMUNERATION OF NON- EXECUTIVE / EXECUTIVE DIRECTORS

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

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

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

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

* since 16/3/2015 only

CODE OF CONDUCT AND CEO/CFO CERTIFICATION

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

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

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

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

accounting standards, applicable laws and regulations.

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

We hereby confirm that:

"The company has obtained from all the members of the Board and senior management, affirmation that they have complied with the code of conduct for directors and senior management in respect of the financial year 2014-15"

Sabu M Jacob

Chairman & Managing Director

Bobby Michael

General Manager- Finance and Chief Financial Officer

Name and Designation of the Compliance Officer(s):

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

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

7. General Body Meetings

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

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

Whether any Special Resolution passed in the previous 3 AGMs :- No
 Whether special resolutions were passed through postal ballots :- No
 Are votes proposed to be conducted through postal ballots this year :- No

8. Disclosures:

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

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

The details of related party transactions are disclosed in Note No. 29 attached to and forming part of the accounts.

2. **Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange, SEBI or any statutory authority, on any matter related to capital markets, during the last three years.** None

3. Compliance with Accounting Standards

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

4. Compliance Certificate from the auditors

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

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

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

(a) Remuneration Committee

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

(b) Whistle blower policy

The company has put in place a mechanism of reporting illegal or unethical behaviour. Employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor/notified persons.

The reports received from any employee will be reviewed by the audit committee. It is affirmed that no person has been denied access to the audit committee in this respect. The Directors and senior management are to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discriminatory practice.

(c) Risk Management

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

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

9. Means of Communication

Quarterly results:

The quarterly results of the company are published in Malayala Manorama and Business Line.

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

10. General Shareholder Information:

- Annual General Meeting Date : 4th June, 2015 at 10.30 A.M.
Venue : Building No. 9/536A, Kizhakkambalam.
- Financial Year : April 2014 to March 2015
- Book closure date : 27th May, 2015 to 4th June, 2015
(both days inclusive.)
- Dividend recommended for the year : 125% (One Rupee twentyfive paise per Share)
- Listing on stock exchange : Bombay and National Stock Exchanges
- Stock Code : BOMBAY: 521248 NSE: KITEX
- Market price Data (Face value of Re 1) (BSE) : High: Rs.601.00 Low: Rs 89.70
(NSE) High: Rs.603.00 Low: Rs.89.65

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

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

8. Performance in comparison to broad-based indices: NA

- 9. Share transfer system:** During the year the share transfers which were received in physical form and for which documents were valid and complete in all respects, were processed and the share certificates were returned within the prescribed time from the date of receipt.

10. Distribution of shareholding:

- (a) The shareholding pattern as on 31st March 2015 is as follows.**

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

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

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

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

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

Kizhakkambalam
4th April, 2015

SABU M JACOB
Chairman & Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Kitex Garments Limited

1. We have examined the compliance of conditions of Corporate Governance by Kitex Garments Limited for the year ended 31st March, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.
2. The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the

above mentioned Listing Agreement.

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

Ernakulam
04.04.2015

For KOLATH & CO
Chartered Accountants
Firm Regn No. 0089265

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

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON 31.03.2015

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

I. REGISTRATION AND OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-

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

IV. SHARE HOLDING PATTERN(Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

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

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

(ii) Shareholding of Promoters

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

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

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

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

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

(v) Shareholding of Directors and Key managerial Personnel:

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

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANGERIAL PERSONNEL

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

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

B. Remuneration to other Directors

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

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

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

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

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

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

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

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

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

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2015

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

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

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

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

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

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

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

code of conduct under the Regulations.

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

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

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

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

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

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

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

I further report that

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

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

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

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

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

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

For SVJS & Associates
Company Secretaries

CS. Sivakumar P.
Managing Partner

CP No:2210
FCS:3050

Kochi
04.04.2015

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

about whether the financial statements are free from material misstatement.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

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

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

For KOLATH & CO

Chartered Accountants
Firm's Registration No.0089265

Sd/-

CA Liju V Rajan Kolath

Partner

Membership No.209309

Kizhakkambalam
04.04.2015

BALANCE SHEET

AS AT 31ST MARCH, 2015

| Particulars | Notes | 31st March 2015 (₹) | 31st March 2014 (₹) |
|--|-------|---------------------|---------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Fund | | | |
| a) Share Capital | 3 | 475,00,000 | 475,00,000 |
| b) Reserves and Surplus | 4 | 25912,53,797 | 16941,92,247 |
| Sub-Total | | 26387,53,797 | 17416,92,247 |
| (2) Non-Current Liabilities | | | |
| a) Long-term borrowings | 5 | 2683,74,074 | 2891,42,946 |
| b) Deferred tax liabilities (Net) | 6 | 2258,64,695 | 2160,64,695 |
| c) Other Long term liabilities | | - | - |
| d) Long-term provisions | 7 | 328,25,754 | 233,15,868 |
| Sub-Total | | 5270,64,523 | 5285,23,509 |
| (3) Current Liabilities | | | |
| a) Short-term borrowings | 8 | 11391,26,808 | 9051,15,025 |
| b) Trade Payables | 9 | 1972,38,890 | 2441,74,471 |
| c) Other current liabilities | 10 | 3510,15,851 | 3045,85,806 |
| d) Short-term provisions | 7 | 4996,47,505 | 3133,68,859 |
| Sub-Total | | 21870,29,054 | 17672,44,161 |
| TOTAL | | 53528,47,374 | 40374,59,917 |
| II. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | 11 | | |
| i) Tangible assets | | 18786,85,129 | 18091,10,654 |
| ii) Intangible assets | | 35,82,539 | 29,50,272 |
| iii) Capital Work-in-Progress | | 29,22,747 | 66,64,508 |
| (b) Non-current investments | 12 | 43,400 | 43,400 |
| (c) Long term loans and advances | 13 | 356,81,531 | 280,07,741 |
| (d) Other non-current assets | 14 | 200,22,373 | 173,30,865 |
| Sub-Total | | 19409,37,719 | 18641,07,440 |
| (2) Current assets | | | |
| a) Current investments | | - | - |
| b) Inventories | 15 | 1120,34,450 | 1080,01,306 |
| c) Trade receivables | 14 | 6265,98,653 | 5306,42,218 |
| d) Cash and cash equivalents | 16 | 20325,76,686 | 10360,84,487 |
| e) Short-term loans and advances | 13 | 4620,05,163 | 3420,95,474 |
| f) Other current assets | 14 | 1786,94,703 | 1565,28,992 |
| Sub-Total | | 34119,09,655 | 21733,52,477 |
| TOTAL | | 53528,47,374 | 40374,59,917 |
| Summary of Significant Accounting Policies | 2.2 | - | - |

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

As per our Report of even date

For KOLATH & CO

Chartered Accountants

Firm Regn. No. 0089265

Sd/-

CA Liju V Rajan Kolath

Partner

Membership No. 209309

Kizhakkambalam

4th April, 2015

For and on behalf of the Board of Directors of

Kitex Garments Limited

Sd/-

Sabu M Jacob

Managing Director

Sd/-

CA Bobby Michael

General Manager-Finance
Chief Financial Officer

Sd/-

CA Benni Joseph

Director

Sd/-

A Babu

Company Secretary

STATEMENT OF PROFIT AND LOSS

FOR THE PERIOD ENDED 31ST MARCH, 2015

| Particulars | Notes | 31st March 2015 (₹) | 31st March 2014 (₹) |
|---|-------|---------------------|---------------------|
| Revenue | | | |
| I. Revenue from operations | 17 | 51109,59,298 | 44221,00,486 |
| II. Other income | 18 | 1342,34,233 | 1334,35,914 |
| III Total Revenue (I+II) | | 52451,93,531 | 45555,36,400 |
| IV Expenses | | | |
| Cost of Raw Materials Consumed | 19 | 20978,52,873 | 23477,44,492 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 20 | (21,54,142) | 118,22,796 |
| Employees Benefits Expense | 21 | 7450,06,764 | 5697,16,227 |
| Finance Costs | 24 | 1916,40,753 | 1061,59,460 |
| Depreciation and amortization expense | 23 | 2132,94,388 | 968,00,070 |
| Other Expenses | 22 | 5828,78,121 | 5414,40,222 |
| Total Expenses | | 38285,18,757 | 36736,83,267 |
| V. Profit before exceptional and extraordinary items and tax | | 14166,74,774 | 8818,53,133 |
| VI. Exceptional Items | | - | - |
| VII. Profit before extraordinary items and tax (V-VI) | | 14166,74,774 | 8818,53,133 |
| VIII. Extra ordinary items | | - | - |
| IX. Profit before tax (VII-VIII) | | 14166,74,774 | 8818,53,133 |
| X. Tax Expense | | | |
| (1) Current Tax | | 4217,00,000 | 2536,00,000 |
| (2) Deferred Tax | | 98,00,000 | 545,65,000 |
| XI. Profit/ (Loss) for the year from continuing operations | | 9851,74,774 | 5736,88,133 |
| XII. Profit/(Loss) from discontinuing operations | | - | - |
| XIII. Tax expense of discontinuing operations | | - | - |
| XIV. Profit/(Loss) from Discontinuing operations (after tax) (XII-XIII) | | - | - |
| XV. Profit/(Loss) for the year (XI + XIV) | | 9851,74,774 | 5736,88,133 |
| XVI. Earnings per equity share | 25 | | |
| (1) Basic | | 20.74 | 12.08 |
| (2) Diluted | | 20.74 | 12.08 |
| Summary of Significant Accounting Policies | 2.2 | | |

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

As per our Report of even date

For KOLATH & CO

Chartered Accountants

Firm Regn. No. 0089265

Sd/-

CA Liju V Rajan Kolath

Partner

Membership No. 209309

Kizhakkambalam

4th April, 2015

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

Sd/-

Sabu M Jacob

Managing Director

Sd/-

CA Bobby Michael

General Manager-Finance
Chief Financial Officer

Sd/-

CA Benni Joseph

Director

Sd/-

A Babu

Company Secretary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. Corporate Information

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

2. Basis of Preparation

2.1. The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the Companies (Accounts) Rules 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.2 Summary of Significant accounting policies

2.2.1 Basis of Accounting

The financial statements are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India and the provisions of the Companies Act, 2013.

2.2.2 Use of Estimates

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

2.2.3 Inventories

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

2.2.4 Revenue Recognition

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

2.2.5 Own Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. The cost includes purchase consideration, financing costs till commencement of commercial production and other directly attributable costs incurred to bring an Asset to its working condition for its intended use. Subsidy towards specific assets is reduced from the cost of fixed assets. Fixed assets taken on Finance Lease are capitalized.

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

2.2.6 Leased Assets

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

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

2.2.7 Depreciation and Amortisation

Depreciation on Fixed Assets is provided based on the useful life of the asset in the manner prescribed in Schedule II to the Companies Act, 2013. Capitalised Software costs is amortised over a period of three years.

2.2.8 Foreign Currency Transactions

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

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

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

2.2.9 Forward Contracts

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

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

2.2.10 Government Grants

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

2.2.11 Investments

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

2.2.12 Employee Benefits

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

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

Post employment and other long term employee benefits

are recognised as an expense in the Statement of Profit and Loss for the year in which the employee has rendered services. The expenses are recognised at the present value of the amount payable determined using actuarial valuation techniques.

2.2.13 Borrowing Costs

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

2.2.14 Taxation

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

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

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

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

2.2.15 Provisions, Contingent Liabilities and Contingent Assets.

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

3. SHARE CAPITAL

| Sl No. | Particulars | 31st March 2015 (Rs.) | | 31st March 2014 (Rs.) | |
|--------|---|--------------------------|--------------|--------------------------|--------------|
| a | Authorized Shares 50,000,000 Equity shares of Re. 1 each (31 March 2014: 50,000,000) | 500,00,000 | | 500,00,000 | |
| b | Issued, Subscribed and fully paid up shares 47,500,000 Equity shares of Re. 1 each (31 March 2014: 47,500,000) | 475,00,000 | | 475,00,000 | |
| c | Reconciliation of shares outstanding at the beginning and at the end of the reporting period. | | | | |
| | | 31st March 2015 | | 31st March 2014 | |
| | | No. of shares | Amount (Rs.) | No. of shares | Amount (Rs.) |
| | At the beginning of the period | 475,00,000 | 475,00,000 | 475,00,000 | 475,00,000 |
| | Add: Shares Issued during the year | NIL | NIL | NIL | NIL |
| | Less: Shares bought back during the year | NIL | NIL | NIL | NIL |
| | Add: Other movements during the year | NIL | NIL | NIL | NIL |
| | Outstanding at the end of the period | 475,00,000 | 475,00,000 | 475,00,000 | 475,00,000 |
| d | Terms/rights attached to equity shares. The company has only one class of equity shares having par value of Re. 1 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed is as recommended by the Board of Directors and subject to the approval of the shareholders in the ensuing Annual General Meeting. For the year ended 31.03.2015, the amount of dividend per share recognised as distributions to equity shareholders is Rs.1.25 (31 March 2014: Re.1) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the realised value of the assets of the Company, remaining after payment of all preferential dues. The distribution will be in proportion to the number of equity shares held by the shareholders. | | | | |

| | | | | | |
|---|--|--------------------------|---------------------------|--------------------------|---------------------------|
| | | 31st March 2015 (Rs.) | | 31st March 2014 (Rs.) | |
| e | Shares held by holding/ ultimate holding company/ or their subsidiaries/ associates | | NIL | | NIL |
| f | Details of shareholders holding more than 5% shares in the Company | | | | |
| | | 31st March 2015 | | 31st March 2014 | |
| | | No. of shares | % of holding in the class | No. of shares | % of holding in the class |
| | Equity Shares of Re. 1 each fully paid | | | | |
| | Kitex Childrenswear Limited | 73,50,329 | 15.4744% | 73,50,329 | 15.4744% |
| | Sabu M Jacob | 34,64,631 | 7.2940% | 34,64,631 | 7.2940% |
| | Bobby M Jacob | 4,487 | 0.0094% | 3,000 | 0.0063% |
| | Sabu M Jacob and Bobby M Jacob | 38,46,950 | 8.0988% | 38,46,950 | 8.0988% |
| | Bobby M Jacob and Sabu M Jacob | 69,10,750 | 14.5489% | 69,10,750 | 14.5489% |
| | Renjitha Joseph | 30,91,500 | 6.5084% | 30,91,500 | 6.5084% |
| | Gopinathan C K | 24,90,000 | 5.2421% | 30,00,410 | 6.3167% |
| | C K G Super Market Limited | 30,55,000 | 6.4316% | 35,49,999 | 7.4737% |
| | As per records of the Company, including its Register of Members and other declarations received from them regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares. | | | | |
| | | 31st March 2015 (Rs.) | | 31st March 2014 (Rs.) | |
| g | Aggregate number of shares issued as fully paid up for consideration other than cash, bonus shares issued and shares bought back during the period of 5 years immediately preceding the reporting date. | | NIL | | NIL |
| | | 31st March 2015 (Rs.) | | 31st March 2014 (Rs.) | |
| h | Shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment, including the terms and amounts. | | NIL | | NIL |

4. RESERVES AND SURPLUS

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

5. LONG TERM BORROWINGS

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

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

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

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

6. DEFERRED TAX LIABILITY (Net)

| Sl No. | Particulars | 31st March 2015 (Rs.) | 31st March 2014 (Rs.) |
|--------|--|--------------------------|--------------------------|
| a | Deferred Tax Liability Fixed Assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting | 2378,91,833 | 2246,91,833 |
| | Gross Deferred Tax Liability | 2378,91,833 | 2246,91,833 |
| b | Deferred Tax Asset | | |
| | Impact of Expenditure charged (Gratuity) to Statement of Profit and Loss in the current year but allowed for tax purpose on payment basis | 120,27,138 | 86,27,138 |
| | Gross Deferred Tax Asset | 120,27,138 | 86,27,138 |
| | Net Deferred Tax Liability | 2258,64,695 | 2160,64,695 |

7. PROVISIONS

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

8. SHORT TERM BORROWINGS

| Sl No. | Particulars | 31st March 2015 (Rs.) | 31st March 2014 (Rs.) |
|--------|--|--------------------------|--------------------------|
| a | Loans Repayable on demand | | |
| | Packing Credit Loan From banks (Secured) | 11391,26,808 | 9051,15,025 |
| | | 11391,26,808 | 9051,15,025 |
| 1 | Terms of repayment of Packing Credits: Packing credit from Bank is repayable on demand and carries interest @ 10.45%. (Current rate for State Bank of India) | | |
| 2 | Working capital Limits from Bank is secured by | | |
| (i) | Primary Security: First charge in favour of State bank of India over the entire Current Assets of the Company, both present and future. | | |
| (ii) | Collateral Security: Second charge, in favour of State bank of India on the entire Fixed Assets of the Company (excluding vehicles purchased under the Hire Purchase), of which includes: 1. Equitable Mortgage on 3.75 Acres of land & building in Re. Sy No. 81/1 at Pattimattom Village, Kunnathunadu Taluk (Kizhakkambalam), Puthen cruz Sub-district, Ernakulam belonging to the Company. 2. Equitable Mortgage on 19.24 acres of land, building and plant & machinery of the fabric processing plant at Kizhakkambalam. 3. EM on 244.629 cents of Land in Re Sy No 76/3 in Block no 27 of Kizhakkambalam, Puthencruz sub district, Ernakulam belonging to the Company. | | |
| (iii) | Personal Guarantee of Mr. Sabu M Jacob, Managing Director. | | |

9. TRADE PAYABLES

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

10. OTHER CURRENT LIABILITIES

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

11. FIXED ASSETS (Amount in Rs.)

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

Notes:-

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

12. NON CURRENT INVESTMENTS

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

13. LOANS AND ADVANCES

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

14. TRADE RECEIVABLES AND OTHER ASSETS

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

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

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

16. CASH AND BANK BALANCES

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

17. REVENUE FROM OPERATIONS

| Sl No. | Particulars | 31st March 2015 (Rs.) | 31st March 2014 (Rs.) |
|--------|---------------------------------------|--------------------------|--------------------------|
| a | Sale of Products | | |
| | Sales - Export | 41561,92,734 | 32548,58,563 |
| | (A) | 41561,92,734 | 32548,58,563 |
| | Sales - Domestic | 6395,10,600 | 7784,89,496 |
| | Less: Sales Returns | 54,81,133 | 53,04,928 |
| | (B) | 6340,29,467 | 7731,84,568 |
| | Total (A)+(B) | 47902,22,201 | 40280,43,131 |
| b | Other Operating Revenues | | |
| (i) | Duty drawback Income | 2912,25,889 | 2331,26,935 |
| (ii) | Service Tax Refund on export of goods | 71,90,690 | 55,99,201 |
| (iii) | Sale of manufacturing Scrap | 104,94,616 | 1481,71,078 |
| (iv) | Job work Charges | 69,33,283 | - |
| (v) | Others | 48,92,619 | 71,60,141 |
| | (C) | 3207,37,097 | 3940,57,355 |
| | Total (A)+(B)+(C) | 51109,59,298 | 44221,00,486 |

18. OTHER INCOME

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

19. COST OF RAW MATERIALS CONSUMED

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

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

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

21. EMPLOYEES BENEFITS EXPENSE

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

22. OTHER EXPENSES

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

23. DEPRECIATION AND AMORTIZATION EXPENSES

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

24. FINANCE COSTS

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

25. EARNING PER SHARE

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

26. GRATUITY

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

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

27. LEASES

| | | | |
|---|---|----------------------------------|----------------------------------|
| A | Operating Lease: Company as Lessor Future minimum rentals receivable under operating lease is as follows: | | |
| | | 31st March 2015 (Rs.) | 31st March 2014 (Rs.) |
| | Within one year | 4,94,800 | 5,62,285 |
| | | 4,94,800 | 5,62,285 |
| B | Operating Lease: Company as Lessee | | |
| | The Company has taken various residential and office premises under operating lease agreements. These agreements are generally for a period of 11 months. The Company has also taken equipments on rent for shorter duration during the year. Minimum lease pay | | |

28. SEGMENT INFORMATION

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

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

29. RELATED PARTY DISCLOSURE

| | |
|--|---|
| Related parties with whom transactions have taken place during the year: | |
| a | Key Managerial Personnel: |
| i | Sabu M Jacob, Managing Director |
| ii | C Mohan, Director |
| iii | E M Paulose, Director |
| iv | Benni Joseph, Director |
| v | K L V Narayanan, Director |
| vi | Sindhu Chandrasekhar (w.e.f 16.03.2015) |
| vii | A.Babu, Company Secretary |
| viii | Boby Michael, General Manager Finance and Chief Financial Officer |

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

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

30. CONTINGENT LIABILITIES AND COMMITMENTS

| | |
|-----|--|
| 1 | Contingent Liabilities (to the extent not provided for) |
| i | Counter Guarantees issued by the Company for the guarantees issued by Banks amounts to Rs.7,26,77,157/- (Previous year- Rs.4,20,42,612/-). |
| ii | Letters of Credit Outstanding amounts to Rs.11,26,88,850/- (Previous year -Rs 16,92,15,995/-) |
| iii | Bills discounted - Rs. Nil (Previous year - Nil.) |
| iv | Customs, Income Tax, Provident Fund and Employee State Insurance Claims |
| a | Commissioner of Customs issued Show Cause Notice directing the company to remit Rs.3,25,20,531/- (inclusive of interest @ 24% as applicable) for the financial year 1997-98 towards non-fulfillment of export obligation. Company approached the Settlement Commission and remitted admitted liability of Rs.1,21,29,942/- during the financial year 2001-2002. Settlement Commission, issued final order on 03.07.2003 fixing total duty liability of Rs.2,20,61,171/- and directed the company to remit balance amount of Rs.99,31,229/- with simple interest at the rate 10% per annum. Aggrieved by the order of the Settlement Commission, the company filed a writ petition before Honourable High Court of Kerala, which was dismissed and the Company preferred an appeal against the same with the Hon Supreme Court. The Honourable Supreme court stayed the demand and instructed the Company to remit Rs.99,31,229/- and stayed the interest claimed. The company remitted Rs.99,31,229/- during the year. The Company had furnished Bank Guarantee for Rs.101.74 lakhs to the Office of the Commissioner of Customs |
| b | The Deputy Commissioner of Income Tax, Aluva has raised a demand for Rs.6,29,406/- while completing the assessment for the years 2003-04 and 2004-05. The demand was dismissed by the CIT(Appeals). The Tribunal has dismissed the appeal filed by the Revenue. However, the department has preferred an appeal before Hon. High Court of Kerala. The Company has received a refund of Rs.3,61,732/- with regard to assessment years 2003-04 and 2004-05. |
| c | The Asst Commissioner of Income Tax, Kochi had raised a demand of Rs.3,16,22,680 while completing the assessment for the Assessment Year 2008-09. The company had gone on appeal and obtained favorable orders from the CIT(Appeals) and Income Tax Appellate Tribunal. The Department has filed an appeal before the Honourable High court of Kerala. |
| d | The Joint Commissioner of Income Tax, Kochi had raised a demand of Rs.58,87,640/- while completing the assessment for the Assessment Year 2009-10. The company has remitted Rs.58,87,640/- against the same. The company had appealed against the same with the Commissioner of Income tax (Appeals). The CIT(Appeals) and obtained partial relief. The company has filed an Appeal against the order with the Income Tax Appellate Tribunal. |
| e | The Additional Commissioner of Income Tax, Kochi had raised a demand of Rs.48,72,980/- while completing the assessment for the Assessment Year 2011-12. The company has filed an appeal before the Commissioner of Income Tax (Appeals) against the order. |
| f | The Additional Commissioner of Income Tax, Kochi has raised a demand of Rs.19,48,040/- while completing the assessment for the Assessment Year 2012-13. The Company is in the process of filing an appeal against the order before the CIT(Appeals). |
| g | Asst. Provident Fund Commissioner (Enforcement) has determined a sum of Rs.1,31,86,588/- towards contributions payable for the period 2001 to 2006 as per the schemes framed under the Provident Fund Act. The company preferred an appeal before the Employees Provident Fund Appellate Tribunal against the order of the Asst. Provident Fund Commissioner. The Employees Provident Fund Appellate Tribunal directed the Company to remit Rs.52,74,636/- for staying the proceedings and subsequently upheld the orders of the Asst. Provident fund Commissioner (Enforcement). The Company deposited the amount since the Tribunal order was not in its favour. The Company filed an appeal with the Hon High Court of Kerala and the same was partially allowed in favor of the company. The balance amount of Rs 3,00,451/- has been further paid and total liability settled as per the order. The company has filed an appeal before the before Division bench of the Hon. High court for the disallowed portion 55,75,087/-. |
| h | The Regional Provident Fund Commissioner, Kochi vide his order dated 21.05.2014 has demanded a sum of Rs.31,24,050/- towards EPF dues for the period 08/11 to 03/12. The company has filed appeal before The Employees Provident Fund Appellate Tribunal and also the obtained stay of demand. An amount of Rs 12,49,620/- has been deposited towards the same |
| i | The Regional Provident Fund Commissioner, Kochi vide his review order dated 07.11.2014 has demanded a sum of Rs.20,44,752/- towards EPF dues for the period 04/12 to 08/12. The company has filed appeal before The Employees Provident Fund Appellate Tribunal and also obtained an interim stay of recovery from the Hon. High Court of Kerala. |
| j | The Regional Provident Fund Commissioner, Kochi vide his order dated 07.11.2014 has demanded a sum of Rs.59,88,655/- towards EPF dues for the period 09/12 to 01/14. The company has filed appeal before The Employees Provident Fund Appellate Tribunal and also obtained an interim stay of recovery from the Hon. High Court of Kerala. |

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

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

| SI No. | Based on and to the extent of information received from the Suppliers regarding their status under the Micro, Small and Medium Enterprise Development Act, 2006 as identified by Management and relied upon by the Auditors, the relevant particulars as at 31st March 2015 are furnished below: | | |
|--------|--|--------------------------|--------------------------|
| | Particulars | 31st March 2015 (Rs.) | 31st March 2014 (Rs.) |
| 1 | Dues remaining unpaid to Micro, Small and Medium Enterprises as at the end of the accounting year | 60,68,508 | 63,52,053 |
| 2 | Dues outstanding as at the end of the year for more than 45 days | NIL | NIL |

32. VALUE OF IMPORTS ON CIF BASIS

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

33. EXPENDITURE IN FOREIGN CURRENCY

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

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

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

35. SALES AND STOCK PARTICULARS OF FINISHED GOODS

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

36. EARNINGS IN FOREIGN CURRENCY

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

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

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

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

COMPRISING:

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

39. PAYMENT TO AUDITORS

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

40. LONG TERM CONTRACTS

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

41. IMPAIRMENT OF ASSETS

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

42. Donations

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

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

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

44. PREVIOUS YEAR FIGURES

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

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

For KOLATH & CO

Chartered Accountants
Firm Regn. No. 0089265

Sd/-

CA Liju V Rajan Kolath

Partner
Membership No. 209309

Kizhakkambalam
4th April, 2015

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

Sd/-

Sabu M Jacob

Managing Director

Sd/-

CA Bobby Michael

General Manager-Finance
Chief Financial Officer

Sd/-

CA Benni Joseph

Director

Sd/-

A Babu

Company Secretary

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

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

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

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

Sabu M Jacob
Chairman & Managing Director

Benni Joseph
Chairman CSR Committee

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2015

| | For the year ended 31st March, 2015 | For the year ended 31st March, 2014 |
|--|--|--|
| A) Cash flow from Operating activities | Rupees | Rupees |
| Net Profit/(Loss) before tax and extra ordinary items | 14166,74,774 | 8818,53,133 |
| Adjustment for : | | |
| Depreciation | 2132,94,388 | 968,00,070 |
| Interest paid | 1916,40,753 | 1061,59,460 |
| Profit/Loss on sale of Fixed Assets | 59,04,262 | 9,056 |
| Tax paid | (3638,25,549) | (2418,86,460) |
| Dividend Received | - | (51,800) |
| Interest received | (39,92,902) | (39,86,912) |
| Operating Profit before working capital changes | 14596,95,726 | 8388,96,547 |
| Adjustment for : | | |
| Trade & other receivable | (1287,60,616) | (1661,23,112) |
| Long term loans and advances | (76,73,790) | 709,83,071 |
| Margin Money Deposit | 128,07,753 | (39,95,130) |
| Inventories | (40,33,144) | 3506,18,222 |
| Trade Payables | (484,08,270) | 631,60,940 |
| Cash generation from operation | (1760,68,067) | 3146,43,991 |
| Net cash from operating activities | 12836,27,659 | 11535,40,538 |
| B) Cash flow from investing activities | | |
| Dividend Received | - | 51,800 |
| Interest Received | 39,92,902 | 39,86,912 |
| Sale of Fixed Assets | 156,43,332 | 2,500 |
| Payment for Fixed Assets | (3178,88,352) | (7202,44,669) |
| Net cash used in investing activities | (2982,52,118) | (7162,03,457) |
| C) Cash flow from financing activities | | |
| Interest paid | (1916,40,753) | (1061,59,460) |
| Dividend Paid including Dividend Distribution tax | (555,72,625) | (444,58,100) |
| Proceeds from Long term borrowings | 371,26,006 | 3210,76,675 |
| Proceeds from Working Capital borrowing | 2340,11,783 | 124,60,223 |
| Net cash from financing activities | 239,24,411 | 1829,19,338 |
| Net change in cash & cash equivalents (A+B+C) | 10092,99,952 | 6202,56,419 |
| Opening Cash and Cash equivalents | 9846,22,628 | 3643,66,209 |
| Closing Cash and Cash equivalents | 19939,22,580 | 9846,22,628 |
| 1 Componentets of Cash and Cash Equivalents | | |
| a Cash on hand | 10,13,323 | 5,65,039 |
| b Balance with Banks On current accounts | 19929,09,257 | 9840,57,589 |
| (A) | 19939,22,580 | 9846,22,628 |
| 2 Other Bank Balances | | |
| a Ear marked balances with banks On unpaid dividend accounts | 48,45,930 | 42,62,740 |
| b Margin money deposit | 338,08,176 | 471,99,119 |
| (B) | 386,54,106 | 514,61,859 |
| Cash and bank Balances as per Balance sheet (Note 16) | (A)+(B) | 10360,84,487 |

This is the cash flow statement referred to in our report of even date.

For KOLATH & CO

Chartered Accountants
Firm Regn. No. 0089265

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

Kizhakkambalam
4th April, 2015

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

Sd/-
Sabu M Jacob
Managing Director

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

Sd/-
CA Benni Joseph
Director

Sd/-
A Babu
Company Secretary

KITEX GARMENTS LIMITED

CIN: L 18101KL1992PLC006528

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

ATTENDANCE SLIP

23rd Annual General Meeting

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

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

Member's Name : _____

Proxy's Name : _____

Member's/ Proxy's Signature _____

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

Form No. MGT-11

CIN:L18101KL1992PLC006528

KITEX GARMENTS LIMITED

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

PROXY FORM

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

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

I/We,being the member(s) holding _____ shares of the above named Company, hereby appoint

1. Name : _____, Address _____ E.mail ID _____ Signature _____ or failing him

2. Name : _____, Address _____ E.mail ID _____ Signature _____ or failing him

3. Name : _____, Address _____ E.mail ID _____ Signature _____ or failing him as my/our proxy to attend and vote on a poll for me/us and on my/our

behalf at the 23rd Annual General Meeting of the Company, to be held on the 4th June,2015 at 10.30 A.M at Kizhakkambalam, Ernakulam and at any adjournment thereof in respect of the following resolutions as are indicated below:

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

Signed this ___ day of ___ 2015

Signature of shareholder

 Signature of
Proxy holder(s)
Affix Re.1
Revenue stamp

Note: This form duly filled up, stamped and signed by the appointer or his attorney duly authorized in writing or if the appointer is a Body Corporate, under the seal or signed by an attorney duly authorized by it shall be deposited at the Registered Office of the Company along with the power of Attorney, if any under which the Proxy Form is signed , not less than 48 hours before the time for holding the meeting.For the Resolutions, explanatory statement and notes, please refer to theNotice of the 23rd Annual General Meeting.



Registered Office

Building No. 9/536 A,
Kizhakkambalam, Aluva, Kochi 683562
Tel. 0484 - 4142000, Fax. 0484 - 2680604
email. sect@kitexgarments.com