

Seventeenth Annual Report 2008-09



KITEX

Kitex Garments Limited

Kitex Garments Limited

Board of Directors

Mr. Sabu M. Jacob
Mr. M. C. Jacob
Mr. Benni Joseph
Mr. C. Mohan
Mr. M. P. Kuriakose

Chairman & Managing Director

Auditors

M/s. Venkit and Hari
Chartered Accountants
Metro Plaza, North End
Market Road, Kochi - 682 014

Legal Advisors

M/s. Dandapani Associates
Advocates
Thirupati, T. D. Road
North End, Kochi - 682 035

Registered Office

Building No. 9 / 536 A
Kitex House Kizhakkambalam
Kochi - 683 562

Corporate Office

Kitex House
3rd Floor, Shenoy Chambers
Shanmugham Road
Kochi - 682 031

Bankers

State Bank of India
Punjab National Bank
The Federal Bank Limited

Share Transfer Agents

M/s. Cameo Corporate Services Limited
Subramanian Building No. 1
Club House Road, Chennai - 600 002
Tel No. : 044 - 28461832
Fax No. : 044 - 28460129
E-mail Id : cameo@cameoindia.com

	Contents	Page
1.	Notice	3
2.	Directors' Report and Annexure	5
3.	Management Discussion and Analysis	8
4.	Report on Corporate Governance	9
5.	Secretarial Compliance Certificate	13
6.	Auditor's Report	16
7.	Balance Sheet	20
8.	Profit and Loss Account	21
9.	Schedule Nos. 1 - 14	22-29
10.	Cash Flow Statement	30
11.	Additional Information	31
12.	Attendance Slip & Proxy Form	32

Kitex Garments Limited

NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of Kitex Garments Limited will be held at the Factory Premises of the Company at Building No. 9/536 A, Kizhakkambalam, Alwaye - 683 562 on Wednesday, the 30th September, 2009 at 10.00 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report for the year ended 31st March, 2009, audited Profit and Loss account of the company for the year, Balance Sheet as at that date, and the Report of the Auditors thereon.
2. To consider declaration of dividend for the year.
3. To appoint a Director in the place of Mr. Mohan C., who retires by rotation and, being eligible offers himself for re-appointment.
4. To appoint Auditors, M/s. Venkit & Hari, Chartered Accountants, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. RE-APPOINTMENT OF Mr. SABU M. JACOB AS MANAGING DIRECTOR.

TO consider, and if thought fit, to pass, with or without modification, the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the company hereby approves the re-appointment of Mr. Sabu M. Jacob as Managing Director of the company for a period of three years with effect from 16th August, 2009 on the following remuneration.

1. Salary : Rs. 2,00,000/- pm
2. Allowances : Rs. 50,000/- pm
3. Perquisites
 - a) Contribution to provident fund, Superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service, and
 - c) Encashment of leave at the end of the tenure.
4. Commission, subject to the condition that the total remuneration consisting of salary, allowances, perquisites and commission shall not exceed 5% of the net profit of the company for any financial year computed in accordance with the provisions of the Companies Act."

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

"RESOLVED FURTHER THAT the said salary, allowances and perquisites shall be payable as minimum remuneration in the event of absence or inadequacy of net profit in any financial year."

By Order of the Board of Directors
For KITEX GARMENTS LIMITED

Sd/-
SABU M. JACOB
Chairman & Managing Director

Kochi
30th June, 2009

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member.
2. The instrument appointing a proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Members are requested to notify any changes in their addresses to the company at the Registered Office by quoting their Folio Numbers.
4. Any clarification needed on the accounts should be lodged in writing at the Registered Office of the Company on or before 5 p.m. on 26-09-2009.
5. Persons representing corporate member shall bring proper authorisation issued in their favour.
Members / proxy holders / authorised representatives are requested to bring their photo id proof and the attendance slip dully filled in for attending the meeting.
6. The Share transfer books and the Register of members shall remain closed from 25th September, 2009 to 30th September, 2009, both days inclusive.
7. Applications for demat of shares, applications for transfer of shares and any related correspondence may be sent to the company's share transfer agents M/s. Cameo Corporate Services Limited, Subramanian Building, No. 1, Club House Road, Chennai - 600 002.
8. The Board of Directors have recommended a dividend at 25% (25 Ps. per Share of face value Re. 1/-) of the paid up capital for the year. If declared at the Annual General Meeting, the same will be paid to the share holders, whose names are on the register of members as on 30th September, 2009.
9. Explanatory Statement u/s 173(2) is annexed hereto in respect of the special business mentioned above.

Kitex Garments Limited

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

RE-APPOINTMENT OF MANAGING DIRECTOR

The tenure of Mr. Sabu M. Jacob as Managing Director expires on 15th August, 2009. Taking into consideration the valuable services rendered by him during the past sixteen years for the growth of the company, the Board of Directors at their meeting held on 30th June, 2009 re-appointed him as Managing Director for a further period of three years effective from 16th August, 2009 on a remuneration set out in the resolution.

He shall be eligible to the above salary, allowances and perquisites as minimum remuneration in the event of absence or inadequacy of profits in any financial year. The above remuneration has been recommended by the remuneration committee. As required under Sch. XIII of the Companies Act, 1956 the appointment and remuneration shall be approved by a special resolution of the share holders in general meeting.

Mr. Sabu M. Jacob is also the Managing Director of Kitex Childrenswear Limited.

None of the Directors other than Mr. Sabu M. Jacob and his father Mr. M. C. Jacob is concerned or interested in this resolution.

As required under Sch XIII the following information is given to the shareholders:

1. GENERAL INFORMATION:

- Nature of industry: Manufacture and export of readymade garments.
- Date of commencement of commercial production: 01-01-1996.
- 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:

	2008-09
Net Profit for the year (Rs. in lacs)	995.90
Weighted Average number of Equity Shares	4,75,00,000
Nominal value of Shares (Rs.)	1
Basic & Diluted Earnings per Share (Rs.)	2.10

- Export performance and net foreign exchange earnings:

Export performance: (Fob Value)	Rs. 17924 lacs
Net foreign exchange earnings:	Rs. 15192 lacs
Foreign investments or collaborators, if any:	Nil

2. INFORMATION ABOUT THE APPOINTEE:

- Background details: Mr. Sabu M. Jacob belongs to a family of entrepreneurs who have promoted many industrial units for producing textiles, garment, vessels, spices, umbrellas, school bags etc. The group promoted Kitex Garments Limited in 1992 with the object of exporting readymade garments. Mr. Sabu M. Jacob has been involved in the promotion and management of the company as Chairman and Managing Director right from its inception.

2. Remuneration during the past three years:	2006-07	2007-08	2008-2009
	Rs. (lacs)	Rs. (lacs)	Rs. (lacs)
	58.83	76.41	84.49

- 5 percent of net profit for the respective year
- Recognition or awards: The industrial unit is one of the few WRAP certified factories in India and has received certificates from reputed international buyers like Wal-Mart, Gerber, Disney etc. as one of their approved sources.
- Job profile and his suitability: It is proposed to re-appoint Mr. Sabu M. Jacob as the Managing Director of the company for a period of 3 years with effect from 16-08-2009. He has been in the same position for the last sixteen years and under his leadership the company has grown in size and reputation.
- Remuneration as detailed in the resolution.
- 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 w.r.t. the country of his origin): The proposed remuneration is considered reasonable with respect to the size of the company nature of industry and other factors. It is within the limits permitted under Schedule XIII of the Companies Act.
- Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: Mr. M. C. Jacob, father of Mr. Sabu M. Jacob is a director of the company. Mr. Sabu M. Jacob holds 14.97% shares in the company. The promoter's shareholding is 55.13% of the paid-up capital.

3. OTHER INFORMATION:

- Reason for loss or inadequate profits & steps taken or proposed to be taken for improvement: The company has been making profits, however the profits are restricted due to stiff competition from other established manufacturers in the international market. Even though the company is making every effort to increase its profitability in the coming years, the proposed minimum managerial remuneration of Rs. 2,50,000/- per month, which is within the permissible limit under Schedule XIII, may exceed the ceiling of 5% of the net profits as prescribed under Section 198 of the Companies Act.
- Expected increase in productivity and profits in measurable terms:

Year	2008-09 (Actual)	2009-10 (Expected)
Sales (Rs. in lakhs)	18239.00	23450.00
Net Profit (Rs. in lakhs)	996.00	1610.00

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

a) Brief resume of the director:

Mr. C. Mohan is a Member of the Institute of Company Secretaries of India and also a Member of the Institute of Cost and Works Accountants of India. He has been in professional practice as a Cost Accountant since 1995. Earlier he had held various management positions in reputed companies for more than twenty years. He has been functioning as an Independent Director of the Company since August, 2002.

b) Nature of his expertise in specific functional areas:

Finance Management, Accounts, Costing, Company Law and Taxation.

c) Names of Companies in which he holds directorship and membership of committees of the Board : Nil

d) Shares held by the Director (both own or held/for other persons on a beneficial basis) : Nil

e) Relationship with other directors: Nil

By Order of the Board of Directors
For KITEX GARMENTS LIMITED

Sd/-
SABU M. JACOB
Chairman & Managing Director

Kochi
30th June, 2009

Kitex Garments Limited

DIRECTORS' REPORT TO THE MEMBERS OF KITEX GARMENTS LIMITED

The Directors have pleasure to present their Seventeenth Annual Report, and the audited Annual Accounts for the year ended 31st March 2009.

FINANCIAL RESULTS

	Year ended 31 st March, 2009 (Rs. in lakhs)	Year ended 31 st March, 2008 (Rs. in lakhs)
Income from operations	20248.74	19479.32
Operating Profit	4510.69	3781.97
Profit before Financing Charges and Non cash expenditure	3838.13	3073.00
Profit before tax	1605.34	1451.85
Profit after tax	995.90	884.11

PERFORMANCE REVIEW

The export turnover, which was Rs. 17287.58 lacs in the previous year 2007-08, has increased to Rs. 17921.90 lacs during 2008-09, an increase of 4%. The export sales mainly consisted of Infant and Children's wear and Jackets intended for the USA market. The sale was effected through reputed US buyers. The increase in turnover with better foreign exchange realisation and processing in our own plant has resulted in increase in Operating profit from Rs. 3781.97 lacs to Rs. 4510.69 lacs during the year, an increase of 19%.

FUTURE PROSPECTS

The investments in the new processing factory and additions to the existing garments factory are fully operational during the last year which is reflected in the Operational profits for the financial year, which shows a noticeable growth of 19%. This is achieved despite the adverse market conditions existing in the export sector of readymade garments in wake of the slow down in the global economy. The markets are showing signs of recovery during the first quarter of the current financial year and your Directors are confident of achieving better working results for the next financial year.

DIVIDEND

Your directors recommend a dividend of 25% (25 Ps. per Share of face value Re. 1/-) for the year ended 31st March, 2009, an increase of 5% over the previous year ended 31st March, 2008, subject to the approval of the shareholders at the ensuing Annual General Meeting.

CAPITAL EXPENDITURE

As at 31st March 2009 the gross fixed assets stood at Rs. 14133.50 lacs and net fixed assets Rs. 12303.23 lacs. Additions during the year amounted to Rs. 2805.15 lacs, which include addition to building for Rs. 1868.36 lacs, Plant & machinery and other equipments amounting to Rs. 857.01 lacs.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors report that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- 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.

CORPORATE GOVERNANCE

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

DISCLOSURE OF PARTICULARS

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

DIRECTORS

Mr. Mohan C. is retiring by rotation and being eligible offers himself for re-appointment.

AUDITORS

M/s. Venkit and Hari, Chartered Accountants, Auditors of the Company will retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Sd/-
SABU M. JACOB
Chairman & Managing Director

Kochi
30th June, 2009

ANNEXURE TO THE DIRECTORS' REPORT

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

Name	Age (Yrs.)	Designation	Qualification	Experience (Yrs.)	Remuneration Received (Rs.)	Date of Commencement of employment	Last employment/ Designation
A. Employed for the full year							
1. Sabu M. Jacob	47	Managing Director	B. A. Economics	26	84,49,180	29-5-92	Kitex Ltd. Executive Director

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

A. CONSERVATION OF ENERGY

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

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

Disclosure of particulars with respect to conservation of energy.

POWER & FUEL CONSUMPTION

	Year Ended 31-03-2009	Year Ended 31-03-2008
Electricity		
a) Purchased		
Units (KWH)	29,38,620	37,85,073
Total Amount	(Rs.) 1,41,10,438	(Rs.) 1,49,13,188
Rate/Unit (Rs. KWH)	4.80	3.94
b) Own generation		
Through Diesel Generator		
Units (KWH)	33,93,600	24,21,364
Total Cost	(Rs.) 3,64,81,200	(Rs.) 1,99,76,255
Cost/Unit (Rs./KWH)	10.75	8.25

B. CONSUMPTION PER UNIT OF PRODUCTION

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

C. TECHNOLOGY ABSORPTION

Disclosure of particulars with respect to technology absorption:-

RESEARCH & DEVELOPMENT

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

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

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

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

3. FUTURE PLAN OF ACTION

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

4. EXPENDITURE IN R&D

Specific expenditure of recurring or capital nature is not involved.

Technology absorption, adoption and innovation.

EFFORTS

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

Kitex Garments Limited

BENEFITS

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

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

	2008 - 2009 (Rs. in lakhs)	2007 - 2008 (Rs. in lakhs)
Earnings on account of Exports	17924.07	17183.72
Outgo on account of Import & Expenditure	2732.38	2349.13

For and on behalf of the Board of Directors

Sd/-
SABU M. JACOB
Chairman & Managing Director

Kochi
30th June, 2009

MANAGEMENT DISCUSSION AND ANALYSIS

This report discusses and analyses the performance for the year ended 31st March, 2009.

> OVERALL REVIEW OF OPERATIONS

The Company is in the business of manufacturing and exporting garments. The Company made commendable achievement in the export of garments during the year under review. Total turnover reported for the year is Rs. 20248.74 lakhs, which is the record turnover since inception. The investments in the new processing factory and additions to the existing garments factory are fully operational during the last year which is reflected in the Operational profits for the financial year, which shows a noticeable growth of 19%.

> INDUSTRY

The Indian Textile Industry plays a vital role in the economy of the country by contributing to GDP, generating employment and earning foreign exchange. Last year the International Economy has gone through a recession which is reflected in the Indian readymade sector also. Signs of recovery are reflected in the global and local markets in very recent times, which is a positive note for the industry.

> OPPORTUNITIES AND THREATS

The conglomerates in America and Europe manufacturing and dealing in textiles and garments will be forced to depend upon India, China and the neighbouring countries to get the required output at the lowest possible cost either by outsourcing or contracting, due to availability of the raw materials and skilled labour in these countries. Due to the recession there is a slow down in the sector, but there is a tremendous market potential for the garments world wide.

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

> OUTLOOK

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

> INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

> FINANCIAL AND OPERATIONAL PERFORMANCE

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

> HUMAN RESOURCES/INDUSTRIAL RELATIONS

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

The Company is giving direct employment to 3322 employees during previous year. Industrial relations are cordial and satisfactory.

> CAUTIONARY STATEMENT

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

CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

2. BOARD OF DIRECTORS

Composition of the Board and category of Directors

Sl. No.	Category	Name of the Director
1.	Promoter - Chairman & Managing Director	Sabu M. Jacob
2.	Promoter Non-executive	M. C. Jacob
3.	Independent and Non-executive	Benni Joseph
4.	Independent and Non-executive	C. Mohan
5.	Independent and Non-executive	M. P. Kuriakose

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

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

Name of the Director	No. of Board Meetings Attended	Attendance at the AGM	No. of other Directorships held	No. of Membership in Committee of Board
Sabu M. Jacob	5	Present	1	NIL
M. C. Jacob	3	Absent	2	NIL
Benni Joseph	3	Absent	1	NIL
C. Mohan	5	Present	NIL	NIL
M. P. Kuriakose	5	Present	NIL	NIL

Five Board Meetings were held during the year on 30-06-2008, 31-07-2008, 31-10-2008, 31-01-2009 & 31-03-2009. Last Annual General Meeting was held on 29-09-2008.

3. CODE OF CONDUCT

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

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

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

I hereby confirm that:

"The company has obtained from all the members of the Board and senior management, affirmation that they have complied with the code of conduct for directors and senior management in respect of the financial year 2008-09".

4. AUDIT COMMITTEE

Brief description of terms of reference:

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

Composition, names of members and chairperson:

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

Note: The Committee has met four times on 27-06-2008, 27-10-2008, 26-01-2009 and 25-03-2009 during the year.

5. REMUNERATION COMMITTEE

The Committee has Mr. M. P. Kuriakose as Chairman and Mr. C. Mohan and Mr. Benni Joseph as Members. The Committee has met once on 27th June, 2008.

DIRECTORS REMUNERATION

The Managing Director was paid Remuneration of Rs. 24,00,000/- as salary, Rs. 6,00,000/- as allowances and Rs. 54,49,180 as commission for the year. Other non-executive directors were paid sitting fees as follows:

- | | |
|------------------------|--------------|
| 1. Mr. M. C. Jacob | Rs. 17,500/- |
| 2. Mr. Benni Joseph | Rs. 19,500/- |
| 3. Mr. C. Mohan | Rs. 23,500/- |
| 4. Mr. M. P. Kuriakose | Rs. 13,500/- |

6. SHAREHOLDER'S/INVESTORS GRIEVANCES COMMITTEE

Composition, names of members

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

Name and designation of the Compliance Officer: Mr. Vinod Kumar K. V., Company Secretary.

Company received oral & written enquiries from the shareholders, which were responded/replied immediately. The Committee met once on 27th June, 2008 for reviewing the status of the investor complaints.

7. GENERAL BODY MEETINGS

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

Year	Venue	Date	Day	Time
2007 - 08	Building No. 9/536A, Kizhakkambalam, Aluva - 683 562	29-09-2008	Monday	10.00 a.m.
2006 - 07	Building No. 9/536A, Kizhakkambalam, Aluva - 683 562	29-09-2007	Saturday	10.00 a.m.
2005 - 06	Building No. 9/536A, Kizhakkambalam, Aluva - 683 562	30-09-2006	Saturday	10.00 a.m.

- ❖ Whether special resolutions were passed through postal ballots : No
- ❖ Are votes proposed to be conducted through postal ballots this year : No

8. DISCLOSURES

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

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

The details of related party transactions are disclosed in Sch. 14 - Notes attached to and forming part of accounts.

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

3. **Compliance with Accounting Standards**

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

4. **Compliance Certificate from the Auditors**

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

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

The Company complies with the following non-mandatory requirements under Clause 49

- (a) **Remuneration Committee**

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

- (b) **Whistle Blower Policy**

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

Kitex Garments Limited

9. MEANS OF COMMUNICATION

Whether half-yearly reports sent to each household of shareholders:

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

Quarterly Results:

The quarterly results of the Company are published in Malayala Manorama and The Economic Times. A detailed report on Managerial Discussion and Analysis is enclosed herewith as part of Annual Report.

10. GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting : 30th September, 2009 at 10 a.m.
Venue : Building , 9/536A, Kitex House
Kizhakkambalam
2. Financial Year : 2008 - 09 April to March
3. Book closure date : 25th to 30th September, 2009 both days inclusive.
4. Dividend recommended for the year : 25% (25 Ps. per Share of face value Re. 1/-)
5. Listing on Stock Exchange : Cochin and Mumbai
6. Stock Code : COCHIN: KGR MUMBAI: 521248
7. Market Price Data (Face value of Re. 1) (BSE) : High: Rs. 8.48 Low: Rs. 2.91

Month	High	Low
April 2008	8.48	7.25
May 2008	8.29	7.15
June 2008	7.60	6.01
July 2008	7.20	5.12
August 2008	6.35	5.03
September 2008	5.90	4.34
October 2008	5.39	3.50
November 2008	4.88	3.02
December 2008	4.25	3.01
January 2009	3.99	2.91
February 2009	4.50	3.00
March 2009	4.29	3.35

8. Performance in comparison to broad-based indices: NA
9. Share transfer system: During the year the share transfers which were received in physical form and for which documents were valid and complete in all respects, were processed and the share certificates were returned within a period of 30 days from the date of receipt.
10. Distribution of shareholding:
 - (a) The shareholding pattern as on 31st March, 2009 is as follows:

Sl. No.	Category	No. of Shares	%
1.	Promoters	2,61,86,021	55.13
2.	Indian Financial Institutions, Banks and Mutual Funds	96,000	0.20
3.	Private Body Corporate, Indian Public and others	2,12,17,979	44.67

- (b) Distribution of shareholding as on 31-03-09.

Distribution of Shares	No. of Shareholders	% to total No. of Shareholders	No. of shares held	% to total Share Capital
Upto 500	3789	37	1022580	2
501 - 1000	3891	38	3768799	8
1001 - 2000	973	10	1683648	4
2001 - 3000	478	5	1285243	3
3001 - 4000	165	2	624455	1
4001 - 5000	321	3	1572780	3
5001 - 10000	324	3	2527811	5
Above 10000	231	2	35014684	74
TOTAL	10172	100.00	47500000	100.00

Kitex Garments Limited

11. **Dematerialisation of shares and liquidity:** The Company has arranged agreements with National Securities Depositories Limited (NSDL) and Central Depository Services Limited (CDSL) for Dematerialisation of shares through Cameo Corporate Services Limited.
12. **Outstanding GDR/ADR/Warrants or any convertible instruments, conversion instruments, conversion date and impact on equity:** NIL.
13. **Plant location:** Kizhakkambalam.
14. **Address for Correspondence:** P.B. No. 5, KIZHAKKAMBALAM, ALUVA - 683 562, KERALA.

Kochi
30th June, 2009

Sd/-
Sabu M. Jacob
Chairman and Managing Director

AUDITORS' CERTIFICATE

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 March 31, 2009 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the company for ensuring the compliance of the conditions of Corporate Governance. 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 the above-mentioned Listing Agreements.
4. We state that in respect of investor grievances received during the year ended March 31, 2009, no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Share holders and Investors Grievance Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Kochi
30th June, 2009

For and on behalf of
VENKIT AND HARI
Chartered Accountants

Sd/-
T. A. VENKITACHALAM
Partner - M.No. 21585

SECRETARIAL COMPLIANCE CERTIFICATE

CIN: Nominal Capital: Rs. 500,00,000/- (Rupees Five crore only)

To
The Members
M/s. KITEX GARMENTS LIMITED
P.B. No. 5, Kizhakkambalam,
Aluva - 683 562, Kerala

We have examined the Registers, Records, Books and Papers of M/s. KITEX GARMENTS LIMITED (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the Rules made there under and also the Provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2009. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company its Officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all Registers as stated in **Annexure A** to this certificate, as per the Provisions of the Companies Act, 1956 and the Rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the Forms and Returns as stated in **Annexure B** to this certificate, with the Registrar of Companies within the time prescribed under the Act and the Rules made there under.
3. The Company being a Public Limited Company has the minimum prescribed paid up capital.
4. The Board of Directors duly met 5 (Five) times on 30-06-08, 31-07-08, 31-10-08, 31-01-09 and 31-03-09 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members, from 25th September, 2008 to 29th September, 2008 and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March, 2008 was held on 29-09-2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extraordinary General Meetings were held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The contracts entered into are with Public Limited Companies and hence provisions of Section 297 is not applicable.
10. The Company has made necessary entries in the Register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approval from the Board of Directors, Members or Central Government.
12. The Board of Directors or duly constituted Committee of Directors has approved the issue of duplicate share certificates.
13. The Company has:
 - i) delivered all the Certificates, on allotment of securities and on lodgment thereof, for transfer/transmission or any other purpose in accordance with the provisions of the Act;
 - ii) deposited the amount of dividend declared including interim dividend in a separate bank account on 03-10-2008 which is within five days from the date of declaration of such dividend
 - iii) paid/posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and but unclaimed dividend was not transferred to a Unclaimed Dividend account.
 - iv) no amount was due to be transferred to the Investor Education and Protection Fund pursuant to Section 205 C of the Act.
 - v) The Company has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors, directors to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director/Wholtime Director/Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approval of the Central Government/Company Law Board/Regional Director/Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other Firms/Companies to the Board of Directors pursuant to the provisions of the Act and the Rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.

Kitex Garments Limited

20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares/debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares in compliance with the Provisions of the Act.
23. The Company has not invited/accepted any deposits falling within the purview of Section 58A during the financial year.
24. The amount borrowed by the company from directors, members, public, financial institutions, banks and others during the financial year ending 31st March, 2009 are within the borrowing limits of the company and that necessary resolutions as per section 293(1)(d) of the act have been passed in duly convened extra ordinary general meeting.
25. The company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. The Company has not altered the Provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the Provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny and complied with the provisions of the Act.
28. The Company has not altered the Provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
29. The Company has not altered the Provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted a separate provident fund trust for its employees or class of its employees as contemplated under Section 418 of the Act.

**For SVJS & Associates
Company Secretaries**

Sd/-

**P. Sivakumar
Managing Partner**

Kochi
30-06-2009

Kitex Garments Limited

KITEX GARMENTS LIMITED

CIN: L1810KL1992PLC006528

SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31-03-2009

ANNEXURE A

Registers as maintained by the Company

Statutory Registers

1. Register of Charges u/s 143
2. Register of Members u/s 150
3. Minutes Book of Meetings of Directors u/s 193
4. Minutes Books of Proceedings of General Meetings u/s 193
5. Books of Account u/s 209
6. Register of Disclosure of Interest by Directors
7. Register of Directors, Managing Director, Manager and Secretary u/s 303
8. Register of Directors shareholding u/s 307
9. Register of Investments u/s 372A.
10. Register of Particulars of Contracts u/s 301.

Other Registers:

1. Register of Fixed Assets
2. Register of Share Transfer
3. Register of Directors Attendance
4. Register of Proxies
5. Register of Shareholders attendance.

ANNEXURE B

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ended on 31st March, 2009:

Sl. No.	Form No./ Return	Filed u/s	For	Date of filing	Whether filed in time Yes/No	Additional fee paid Yes/No
1.	Form DIN 3	Rule 6	Intimation of DIN by the Company to the Registrar	30-10-2008	Yes	No
2.	Form 23AC and 23ACA	220	Balance Sheet & Profit and Loss account for the Yr. 2007-08	09-01-2009	No	Yes
3.	Form 20B	159	Annual Return upto 29-09-08	21-01-2009	No	Yes
4.	Form 8	125, 127	Creation of Charge	17-11-2008	No	Yes
5.	Form 8	125, 127	Creation of Charge	31-01-2009	No	Yes

For SVJS & Associates
Company Secretaries

Sd/-

P. Sivakumar
Managing Partner

Kochi
30-06-2009

AUDITOR'S REPORT

The Members of KITEX GARMENTS LIMITED

1. We have audited the attached Balance Sheet of M/s. KITEX GARMENTS LIMITED, as at 31st March, 2009, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, in which are incorporated the returns from Taipei Branch audited by a member of Taipei Certified Public Accountants as Branch Auditor, appointed by the Company. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from Taipei branch. The Branch Auditor's Report on the accounts of Taipei branch has been forwarded to us and have been suitably dealt with by us in preparing this report;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the branch;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give read together with the notes and schedules attached thereto the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
VENKIT AND HARI
Chartered Accountants

Sd/-

T. A. VENKITACHALAM
Partner - M.No.: 21585

Kochi
30th June, 2009

Kitex Garments Limited

Annexure referred to in paragraph 3 of the Auditor's Report of even date to the members of the KITEX GARMENTS LIMITED on the Accounts for the year ended on 31st March, 2009.

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

(i) Fixed Assets:

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) Fixed Assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
- c) In our opinion, substantial part of the fixed assets of the Company have not been disposed off during the year.

(ii) Inventories:

- a) The inventories have been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
- b) In our opinion, the procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) In our opinion, the company is maintaining proper records of inventories. No material discrepancies have been noticed on physical verification of inventories as compared to book records.

(iii) Loans taken/granted:

- a) The Company has granted advances to one company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year is Rs. 484 lacs and the year end balance of such advance amounts to Rs. 18 lacs.
- b) In our opinion, the rate of interest and other terms and conditions of such advance are not prima facie prejudicial to the interest of the company.
- c) In respect of the aforesaid advances the company has fully repaid the advance and only interest charged is outstanding.
- d) In our opinion, during the year Company has not taken any fresh loans, secured or unsecured, from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly Sub-clause (e) to (g) of Clause (iii) of the Order are not applicable.

(iv) Internal Control:

In our opinion, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not noticed any major weakness in the internal control system.

(v) Section 301:

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

(vi) Deposit from Public:

In our opinion, since the Company has not accepted any deposits from the public during the year, Clause 4(vi) of the order is not applicable to the Company.

(vii) Internal Audit:

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

(viii) Cost Records:

We are informed that the Central Government has prescribed maintenance of cost records by the company under Section 209(1)(d) of the Act. In our opinion and according to the information provided to us we are of the view that the prescribed accounts and records have been made and maintained. However, we have not made detailed examination of the records with a view to determine whether they are accurate and complete.

(ix) Payment of Statutory Dues:

a) In our opinion and according to the information and explanation given to us, the company was generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service Tax, Customs duty, Cess and other material statutory dues as applicable with appropriate authorities during the year. We are informed that the excise duty is not applicable for company's product.

In our opinion, no undisputed arrears of statutory dues are outstanding as on 31st March, 2009 for a period more than six months from the date they became payable.

b) According to the information and explanation given and as per the records produced to us, as at the year end following dues demanded by the relevant authority have not been deposited on account of pending disputes.

Name of Statute	Nature of the dues	Amount (Rs.)	Period to which it relates	Forum where disputed
Customs Act	Customs Duty	3,25,20,531/- (out of which Rs. 1,21,29,942/- has been paid)	FY 1997-98	Honorable High Court of Kerala
Customs Act	Customs Duty	27,52,846 (out of which Rs. 5,00,000/- has been deposited)	AY 2004-05	Commissioner of Customs (Appeals)
Income Tax Act, 1961	Income Tax	12,57,308/- (out of which Rs. 1,00,000/- has been deposited)	AY 1999-00, 01-02 & 02-03	Income Tax Appellate Tribunal
Income Tax Act	Income Tax	38,32,909/- (out of which Rs. 5,00,000/- has been deposited).	AY 2006-07	Commissioner of Income Tax (Appeals)
Provident Fund Act	Provident Fund	1,31,86,588 (out of which Rs. 52,74,636/- has been deposited)	FY 1999-00 to 2001-02	Provident Fund Appellate Tribunal
Employees State Insurance Act	Employee State Insurance	6.11 lacs (out of which Rs. 50,000/- has been deposited)	FY 1999-00 to 2001-02	Honorable ESI Court

(x) Accumulated Losses/Cash Losses:

The company has no accumulated losses as at 31st March, 2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

(xi) Default in Repayment of Dues:

In our opinion and according to the records produced to us, the company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date.

(xii) Grant of Secured Loans & Advances:

In our opinion the company has not granted any loan and advance on the basis of security by way of pledge of shares, debentures and such other securities during the year.

(xiii) Special Statute Chit Fund Companies, Nidhis/Mutual Benefit Fund/Societies:

In our opinion, the provisions of special statute applicable to a chit fund or nidhi/mutual benefit fund/society are not applicable to the Company for the year under review.

Kitex Garments Limited

(xiv) Company Dealing or Trading in Shares, Securities etc.:

In our opinion the Company has not dealt in or traded in shares, securities, debentures and other investments during the year under review. The investment made in equity share is held in its own name.

(xv) Provision of Guarantee:

In our opinion and according to the explanations given, the Company has not given any guarantees for loans taken by others from banks or financial institutions.

(xvi) Term Loans:

In our opinion and according to the explanations given, on an overall basis the term loans were applied for the purpose for which they were raised.

(xvii) Usage of Funds:

On the basis of an overall examination of the Balance Sheet of the Company, in our opinion, funds raised on Short Term basis have not been used for Long Term investment.

(xviii) Preferential Allotments:

The Company has not made any preferential allotment of shares to parties and companies listed in the register maintained under Section 301 of the Companies Act, 1956 during the year under review.

(xix) Creation of Security for Debenture Issue:

The Company has not issued any Debentures.

(xx) Disclosure of End-use of Funds:

During the year under review the Company has not raised any money through public issue.

(xxi) Frauds:

On the basis of information and explanation given during the course of our audit, we report that we have neither come across nor have been informed of any material fraud on or by the Company noticed or reported during the year under review.

Kochi
30-06-2009

For and on behalf of
VENKIT AND HARI
Chartered Accountants

Sd/-
T. A.VENKITACHALAM
Partner - M.No. 21585

Kitex Garments Limited

BALANCE SHEET AS AT 31ST MARCH, 2009

Particulars	Sch. No.	As At 31st March, 2009 (Rupees)	As At 31st March, 2008 (Rupees)
I SOURCES OF FUNDS			
1. SHARE HOLDERS FUNDS			
a) Share Capital	1	47,500,000	47,500,000
b) Reserves & Surplus	2	336,187,631	250,490,976
2. LOAN FUNDS			
a) Secured Loans	3	1,378,846,595	1,146,109,318
3. DEFERRED TAX LIABILITY (NET)		126,685,647	102,021,041
TOTAL		1,889,219,873	1,546,121,335
II APPLICATION OF FUNDS			
1. FIXED ASSETS			
a) Gross Block	4	1,413,350,205	1,140,106,308
b) Less: Depreciation		<u>183,027,689</u>	<u>126,482,284</u>
c) Net Block		1,230,322,516	1,013,624,024
d) Capital Work in Progress		6,847,046	133,376,920
2. INVESTMENTS	5	43,400	43,400
3. CURRENT ASSETS, LOANS AND ADVANCES			
a) Inventories	6	241,378,506	177,740,666
b) Sundry Debtors		553,141,058	312,494,475
c) Cash & Bank Balances		28,560,316	76,499,851
d) Loans & Advances		<u>76,939,724</u>	<u>119,818,211</u>
		900,019,604	686,553,203
4. LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	7	183,890,104	236,533,462
Provisions		<u>64,122,589</u>	<u>50,942,750</u>
		248,012,693	287,476,212
Net Current Assets		652,006,911	399,076,991
TOTAL		1,889,219,873	1,546,121,335
Notes attached to and forming part of Accounts	14		

This is the Balance Sheet referred to in our report of even date.

For and on behalf of
VENKIT AND HARI
Chartered Accountants

Sd/-
T. A. VENKITACHALAM
Partner - M. No. 21585

Sd/-
SABU M. JACOB
Managing Director

For and on behalf of the
BOARD OF DIRECTORS

Sd/-
C. MOHAN
Director

Sd/-
BENNI JOSEPH
Director

Sd/-
VINOD KUMAR K. V.
Company Secretary

Kochi
30th June, 2009

Kitex Garments Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009			
	Sch. No.	Year Ended 31st March, 2009 (Rupees)	Year Ended 31st March, 2008 (Rupees)
INCOME			
Sales	8	1,823,876,056	1,761,095,730
Other Income	9	200,997,773	186,836,087
Stock Differential	10	15,036,431	4,738,137
TOTAL		2,039,910,260	1,952,669,954
EXPENDITURE			
Manufacturing Expenses	11	1,203,164,634	1,200,820,040
Employees remuneration and benefits		385,676,488	373,653,436
Administrative, Selling & General Expenses	12	67,256,019	70,897,012
Financing Charges	13	162,471,843	112,930,375
Depreciation	4	60,806,858	49,183,613
TOTAL		1,879,375,842	1,807,484,476
Profit Before Tax		160,534,418	145,185,478
Provision towards :			
- Current Taxation		35,000,000	16,400,000
- Deferred Taxation (Net)		24,664,606	40,109,115
- Fringe Benefit Tax		1,280,000	1,300,000
- Tax adjustments for earlier years		-	(1,034,192)
Profit After Tax		99,589,812	88,410,555
Profit as per last Balance Sheet		236,780,976	166,184,946
Profits available for appropriation		336,370,788	254,595,501
Less: Proposed Dividend		11,875,000	9,500,000
Tax on Dividend		2,018,157	1,614,525
Transferred to General Reserve		10,000,000	6,700,000
Profit carried forward to Balance Sheet		312,477,631	236,780,976
Earnings per share (See Notes A-12 of Sch-14)		2.10	1.86
Notes attached to and forming part of accounts	14		

This is the Profit and Loss Account referred to in our report of even date.

For and on behalf of
VENKIT AND HARI
Chartered Accountants

For and on behalf of the
BOARD OF DIRECTORS

Sd/-
T. A. VENKITACHALAM
Partner - M. No. 21585

Sd/-
SABU M. JACOB
Managing Director

Sd/-
C. MOHAN
Director

Sd/-
BENNI JOSEPH
Director

Sd/-
VINOD KUMAR K. V.
Company Secretary

Kochi
30th June, 2009

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009

	As at 31-03-09 (Rupees)		As at 31-03-08 (Rupees)
SCHEDULE - 1			
SHARE CAPITAL			
AUTHORISED			
5,00,00,000 Equity Shares of Re. 1/- each		<u>50,000,000</u>	<u>50,000,000</u>
ISSUED, SUBSCRIBED & PAID UP:			
4,75,00,000 Equity Shares of Re. 1/- each fully paid up [of the above 9,37,500 Shares of Re. 1/- each are issued for consideration other than cash]		<u>47,500,000</u>	<u>47,500,000</u>
SCHEDULE - 2			
RESERVES & SURPLUS			
Capital Reserve			
Investment Subsidy		2,210,000	2,210,000
General Reserve			
Opening Balance	11,500,000		
Add : Transferred from Profit & Loss Account	<u>10,000,000</u>	21,500,000	11,500,000
Profit & Loss Account			
Balance carried forward		312,477,631	236,780,976
TOTAL		<u><u>336,187,631</u></u>	<u><u>250,490,976</u></u>
SCHEDULE - 3			
SECURED LOAN			
Loans from Banks :			
Term Loan		792,079,068	685,272,268
Working Capital		574,214,958	454,478,719
Hire Purchase Credits (Net)		12,552,569	6,358,331
TOTAL		<u><u>1,378,846,595</u></u>	<u><u>1,146,109,318</u></u>

**SCHEDULE - 4
FIXED ASSETS**

SL. No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Balance as on 01-04-08 Rs.	Additions during the year Rs.	Deletions during the year Rs.	Balance as on 31-03-09 Rs.	Upto 01-04-08 Rs.	For the Year Rs.	Adjustments Rs.	Upto 31-03-09 Rs.	As on 31-03-09 Rs.	As on 31-03-08 Rs.
I	LAND	17,750,471	1,298,847	-	19,049,318	-	-	-	-	19,049,318	17,750,471
II	BUILDING	353,331,389	186,835,713	-	540,167,102	34,796,512	12,072,354	-	46,868,866	493,298,236	318,534,877
III	PLANT & MACHINERY	686,059,081	57,660,591	5,134,198	738,585,474	59,002,605	38,443,385	3,353,273	94,092,717	644,492,757	627,056,476
IV	FURNITURE & FITTINGS	21,378,208	6,539,812	-	27,918,020	9,944,190	1,790,141	-	11,734,331	16,183,689	11,434,018
V	VEHICLES	20,825,341	140,000	2,136,516	18,828,825	6,151,494	2,005,289	908,181	7,248,602	11,580,223	14,673,848
VI	OTHER ASSETS	40,761,818	28,039,648	-	68,801,466	16,587,484	6,495,689	-	23,083,173	45,718,293	24,174,334
	TOTAL FOR THE YEAR	1,140,106,308	280,514,611	7,270,714	1,413,350,205	126,482,285	60,806,858	4,261,454	183,027,689	1,230,322,516	1,013,624,024
	PREVIOUS YEAR	992,733,415	148,164,837	791,944	1,140,106,308	77,546,600	49,183,613	247,929	126,482,284	1,013,624,024	915,186,815

Kitex Garments Limited

	As at 31-03-09 (Rupees)	As at 31-03-08 (Rupees)
SCHEDULE - 5		
INVESTMENTS		
Long Term - fully paid up - Quoted - Non-Trade	43,400	43,400
1400 Shares of Punjab National Bank at cost (Market value of the Shares as on 31st March, 2009 is Rs. 5.75 lakhs (previous year Rs. 7.14 lakhs)		
SCHEDULE - 6		
CURRENT ASSETS LOANS & ADVANCES		
A. CURRENT ASSETS		
(I) INVENTORIES		
(As taken, Valued & Certified by the Management)		
Raw Materials, Stores & Spares	212,653,625	164,052,216
Finished Goods	28,724,881	13,688,450
TOTAL	241,378,506	177,740,666
(II) SUNDRY DEBTORS		
(Unsecured and Considered Good)		
i) Debts outstanding for a period exceeding six months	303,729	19,922,082
ii) Other Debts	552,837,329	292,572,393
TOTAL	553,141,058	312,494,475
(III) CASH AND BANK BALANCES		
i) Cash in hand	1,854,251	5,318,320
ii) Balance with Sheduled banks		
in Current Account	3,982,364	55,454,464
in Deposit Account	20,588,654	14,890,274
in Dividend Account	924,003	435,490
iii) Balance with The International Commercial Bank of China (Maximum balance during the year Rs. 13.89 lakhs [Previous year Rs. 16.35 lakhs])	1,211,044	401,303
TOTAL	28,560,316	76,499,851
B. LOANS & ADVANCES		
(unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received	68,310,461	110,750,181
Deposits	8,629,263	9,068,030
TOTAL	76,939,724	119,818,211
SCHEDULE - 7		
Current Liabilities		
Sundry Creditors	163,552,647	202,458,482
Other Liabilities	19,411,554	33,637,690
Unpaid Dividend	925,903	437,290
TOTAL	183,890,104	236,533,462
Provisions		
For Taxation	40,423,218	35,187,551
For Dividend	11,875,000	9,500,000
For Gratuity	11,824,371	6,255,199
TOTAL	64,122,589	50,942,750
	Year ended 31-03-09 (Rupees)	Year ended 31-03-08 (Rupees)
SCHEDULE - 8		
SALES		
Domestic Sales	31,686,466	32,337,947
Export Sales	1,792,189,590	1,728,757,783
TOTAL	1,823,876,056	1,761,095,730

Kitex Garments Limited

	Year ended 31-03-09 (Rupees)	Year ended 31-03-08 (Rupees)
SCHEDULE - 9		
OTHER INCOME		
Duty Drawback	165,200,244	167,907,059
Interest Received	4,047,564	5,197,876
Miscellaneous Income	12,042,022	2,335,661
Exchange Rate Fluctuation (Net)	19,707,943	11,395,491
TOTAL	<u>200,997,773</u>	<u>186,836,087</u>
SCHEDULE - 10		
STOCK DIFFERENTIAL		
FINISHED GOODS		
Opening Stock	13,688,450	8,950,313
Closing Stock	28,724,881	13,688,450
TOTAL	<u>15,036,431</u>	<u>4,738,137</u>
SCHEDULE - 11		
MANUFACTURING EXPENSES		
Opening Stock	164,052,216	96,719,105
Raw Materials Purchased	894,344,918	859,631,682
Processing Charges	283,048,353	353,877,926
Stores & Spares	11,560,467	7,650,015
Less: Closing Stock	212,653,625	164,052,216
Raw Material Consumed	1,140,352,329	1,153,826,512
Power & Fuel	50,591,639	34,889,443
Freight & Transportation	12,220,666	12,104,085
TOTAL	<u>1,203,164,634</u>	<u>1,200,820,040</u>
SCHEDULE - 12		
ADMINISTRATIVE, SELLING & GENERAL EXPENSES		
Sitting fees to Directors	74,000	74,000
Travelling Expenses	7,537,998	10,333,173
Postage, Telegram & Telephone	1,715,908	2,143,495
Rent	3,149,604	3,123,961
Audit Fees	200,000	200,000
Repairs & Maintenance		
a. Building	3,386,191	2,261,586
b. Machinery	5,069,825	3,002,550
c. Others	9,283,347	7,881,343
Insurance	10,661,055	11,199,714
Licence, Taxes & Fees	2,622,369	1,583,360
Legal & Professional Charges	1,904,811	1,182,628
Carriage Outwards	5,356,936	13,300,654
Printing & Stationary	3,365,718	4,703,525
Selling Expenses	10,537,701	9,239,772
General Expenses	2,390,556	667,251
TOTAL	<u>67,256,019</u>	<u>70,897,012</u>
SCHEDULE - 13		
FINANCING CHARGES		
Interest on Term Loan	86,153,984	73,128,860
Interest on Others	40,884,370	20,476,164
Bank Charges	35,433,489	19,325,351
TOTAL	<u>162,471,843</u>	<u>112,930,375</u>

SCHEDULE - 14

NOTES ATTACHED TO AND FORMING PART OF ACCOUNTS

A. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING STANDARDS

1. GENERAL

The Company follows the mercantile system of accounting and recognizes Income and Expenditure on accrual basis. The accounts are prepared on historical cost basis, as going concern, and are consistent with generally accepted accounting principles.

2. INVENTORY VALUATION

Inventories are valued as under:

- a) Raw materials and Stores & Spares are valued at cost under FIFO basis.
- b) Finished goods are valued at cost or net realizable value whichever is lower.

3. CASH FLOW STATEMENT

The cash flow statement is prepared under "indirect method" and the same is annexed.

4. CONTINGENT LIABILITIES

These are disclosed by way of notes on the Balance Sheet. Provision is made in the accounts in respect of those contingencies which are likely to materialize into liabilities after the year end, till the finalisation of accounts and have material effect on the position stated in the Balance Sheet.

5. DEPRECIATION

- a) Depreciation has been charged on Fixed Assets under straight-line method at the rates and in the manner given under Schedule XIV of the Companies Act, 1956.
- b) Computer software has been written off over a period of three years.

6. REVENUE RECOGNITION

The company recognises sale at the point of despatch of goods to the customer. Other revenue/income are generally accounted on accrual basis as and when they are earned.

7. FIXED ASSETS

Fixed Assets are stated at cost less accumulated depreciation. Assets under installation or construction as at the Balance Sheet date are shown as capital work in progress. Expenditure during construction period in respect of new project/expansion is allocated to the respective fixed assets on their being ready for commercial use.

Fixed Assets include Vehicles Rs. 79,51,159/- & Software Rs. 55,01,145/- (Previous Year Vehicle Rs. 91,30,837/- & Software Nil), which are purchased under Hire Purchase Credit.

8. FOREIGN CURRENCY

- a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction.
- b) Any income or expense on account of exchange rate difference is recognized in the Profit and Loss Account.
- c) In respect of financial statement of foreign branch:
 - i) Revenue items other than depreciation are translated using average exchange rate prevailed during the accounting period.
 - ii) Fixed Assets are translated using exchange rate prevailing on the date of acquisition of asset.
 - iii) Current Assets and Current Liabilities on the Balance Sheet date are translated using exchange rate prevailing at the year end.

9. INVESTMENTS

Investments are valued at acquisition cost.

10. RETIREMENT BENEFITS

The liability for gratuity and leave encashment are provided on the basis of actuarial valuation carried out by an independent actuary. Contributions to Provident Fund and Family Pension Fund are funded as a percentage of salary/wages.

11. BORROWING COST

Borrowing costs that are attributable to the acquisition or construction of qualifying asset are capitalized as part of the cost of such asset up to the date when such asset is ready for its intended use. All other borrowing costs are charged off to revenue.

12. SEGMENT REPORTING

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

	2008-2009	2007-2008
Export Sales	Rs. 1,79,21,89,590	Rs. 1,72,87,57,783
Domestic Sales	Rs. 3,16,86,466	Rs. 3,23,37,947

Kitex Garments Limited

13. INFORMATION ON RELATED PARTY TRANSACTIONS

Nature of Transactions	Director	Company Controlled by Directors/Relatives	
	Mr. Sabu M. Jacob	Kitex Childrenswear Ltd.	Kitex Ltd.
	Rs.	Rs.	Rs.
Sale of Goods		2,07,00,000	
Purchase/Processing of Goods		19,17,53,426	6,12,94,851
Remuneration	84,49,180		
Work Advance		4,84,08,116	
Interest Charges		23,15,019	

14. HIRE PURCHASE ASSETS

Due	Total Minimum Lease Payments Outstanding	Future Interests on Outstandings	Present Value of Minimum Lease Payments
	Rs.	Rs.	Rs.
1. Within One year	45,09,003	13,63,942	31,45,061
2. Later than One year but not later than Five years	1,07,39,902	13,32,394	94,07,508
Total	1,52,48,905	26,96,336	1,25,52,569

15. EARNING PER SHARE

	2008-09	2007-08
Net Profit for the year (Rs. in lacs)	995.90	884.11
Weighted Average number of Equity Shares	4,75,00,000	47,500,000
Nominal value of Shares (Rs.)	1.00	1.00
Basic & Diluted Earnings per Share (Rs.)	2.10	1.86

16. INCOME TAX

- Provision for Taxation is made on the basis of the taxable income computed for the current accounting period in accordance with the Income Tax Act, 1961.
- Deferred Tax on account of timing difference between taxable and accounting income is provided considering the tax rates and tax laws enacted or substantially enacted by the Balance Sheet date, in accordance with Accounting Standard - 22 of the Institute of Chartered Accountants of India.
- The Deferred Tax Liability comprises the following:

Deferred Tax Liabilities	As on 31-03-2009	As on 31-03-2008
1. On account of accumulated depreciation difference	13,07,50,308	10,41,47,183
	13,07,50,308	10,41,47,183
Deferred Tax Assets		
1. Provision for Gratuity	40,19,104	21,26,142
2. Disallowance u/s 40A	45,557	
	40,64,661	21,26,142
Net Deferred Tax Liability	12,66,85,647	10,20,21,041

17. IMPAIRMENT OF ASSETS

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

B. INFORMATION PURSUANT TO SCHEDULE VI OF THE COMPANIES ACT, 1956

1. LICENSED AND INSTALLED CAPACITY AT 31ST MARCH, 2009 AND PRODUCTION FOR THE YEAR

Class of Goods	Units	Licensed capacity	Licensed capacity	Installed capacity	Installed capacity	Actual Production	Actual Production
		2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
Readymade Garments Cotton undergarments Knitted other cotton knitted wears	Nos.	NA	NA	6,50,00,000	6,50,00,000	6,29,11,612	5,76,39,433

Kitex Garments Limited

2. PRODUCTION, SALE AND STOCK PARTICULARS OF FINISHED GOODS

Class of Goods	Opening Stock	Opening Stock	Production/Return	Sales	Sales	Closing Stock	Closing Stock
	Qty. (Nos.)	Value (Rs.)	Qty. (Nos.)	Qty. (Nos.)	Value (Rs.)	Qty. (Nos.)	Value (Rs.)
Readymade Garments Current Year	667005	1,36,88,450	57639433	56842909	1,82,38,76,056	1463529	2,87,24,881
Previous Year	418675	89,50,313	62911612	62663282	1,76,10,95,730	667005	1,36,88,450

3. PARTICULARS OF CONSUMPTION OF RAW MATERIALS AND STORES & SPARES

Particulars	Consumption Current Year (Qty.)	Value (Rs.)	Previous Year (Qty.)	Value (Rs.)
Fabric - Indigenous	2554098 kgs. 2133431 mts.	763455058	2828507 kgs. 3276780 mts.	772087255
Fabric - Imported	743223 mts.	53236076	454285 mts.	32848271
Total		816691134		804935526
OTHERS				
Imported		158731130		147226792
Indigenous		164930065		201664195
Total		323661195		348890987
Grand Total		1140352329		1153826513

4. CONSUMPTION OF RAW MATERIAL AND STORES & SPARES

Particulars	Value (Rs.) Current Year	Percentage	Value (Rs.) Previous Year	Percentage
Imported	211967206	19	180075063	16
Indigenous	928385123	81	973751450	84
Total	1140352329		1153826513	

5. VALUE OF IMPORTS ON CIF BASIS

In respect of	Current Year	Previous Year
Raw material	Rs. 26,16,91,998	Rs. 18,52,86,853
Capital goods	Rs. 44,89,239	Rs. 4,22,70,445

6. EXPENDITURE IN FOREIGN CURRENCY

On account of	Current Year	Previous Year
Taiwan Branch Expenses	Rs. 70,56,745	Rs. 67,33,153
Sales Promotion Expenses	Nil	Rs. 6,22,188

7. EARNINGS IN FOREIGN EXCHANGE

F O B Value of exports	Current Year	Previous Year
	Rs. 179,24,06,554	Rs. 171,83,71,942

8. PAYMENT TO AUDITORS

	Current Year	Previous Year
	(Rs.)	(Rs.)
For Audit	1,20,000	1,20,000
Other Services		
i) Tax Audit	50,000	50,000
ii) Company Law matters	20,000	20,000
iii) Reimbursement of Expenses	10,000	10,000
Total	2,00,000	2,00,000

C. OTHER NOTES

1. CONTINGENT LIABILITIES

- (i) Counter Guarantees issued by the Company for the guarantees issued by Banks amount to Rs. 2,01,03,215/- (Previous year Rs. 1,96,50,355/-).

Kitex Garments Limited

- (ii) During the financial year 2001-2002, Office of the Commissioner of customs issued show cause notice directing the company to remit Rs. 3,25,20,531/- (inclusive of interest @ 24% as applicable) towards non-fulfillment of export obligation. Company approached settlement commission and remitted admitted liability of Rs. 1,21,29,942/- during the financial year 2001-2002. Settlement commission issued final order on 03-07-2003 fixing total duty liability at Rs. 2,20,61,171 and directed the company to remit balance amount of Rs. 99,31,299 with simple interest at the rate of 10% per annum. Aggrieved by the order of settlement commission company filed writ petition before Hon'ble High Court of Kerala, who stayed the proceedings. The matter is still pending before the Hon. High Court for disposal. Company has furnished Bank Guarantee for Rs.101.74 lakhs to Office of the Commissioner of Customs.
- (iii) During the year 2005-06 Employee State Insurance Corporation has demanded an amount of Rs. 6.11 lakh for the years 1999-00 to 2001-02. The company has disputed the claim and obtained Stay from the Hon'ble ESI Court against deposit of Rs. 50,000/-.
- (iv) For the Assessment Years 1999-2000, 2000-2001 & 2002-2003 the Deputy Commissioner of Income Tax, Aluva demanded Rs 12,57,308/- (inclusive of Interest) towards difference in amount claimed u/s 80 HHC. The company preferred an appeal against this demand and the matter is before the Income Tax Appellate Tribunal. The company has obtained stay from the Tribunal against deposit of Rs. 1,00,000/-.
- (v) The Deputy Commissioner of Income Tax, Aluva demanded Rs. 38,32,909/- while completing the assessment for the year 2006-07. The company preferred an appeal before the Commissioner of Income Tax (Appeals) by remitting an amount of Rs. 5,00,000/-, which is pending disposal.
- (vi) Asst. Commissioner of Customs has demanded customs duty of Rs. 27,52,846/- on the import of snap buttons, which is claimed as exempt by the Company. Commissioner of customs (Appeals) has stayed the proceedings with a direction to make a pre-deposit of Rs. 5 lakhs. The company deposited the amount and the proceeding is stayed.
- (vii) Asst. Provident Fund Commissioner (enforcement) has determined a sum of Rs. 1,31,86,588/- contributions payable for the period 1999-00 to 2005-06 as per the schemes framed under Provident Fund Act. Company preferred appeal before Provident Fund Appellate Tribunal against the order of Asst. Provident Fund Commissioner. Provident Fund Appellate Tribunal has stayed the proceedings and directed the company to remit Rs. 52,74,636. Company deposited the amount and the appeal is yet to be disposed off.
- 2. SECURED LOANS**
- (a) Term Loans from Banks are secured by
- (i) First charge on all immovable properties both present and future.
- (ii) First charge by way of hypothecation of all movable asset (Other than those provided to bank for working capital limit) both present and future.
- (iii) Personal guarantee of the Directors/Promoters Mr. M. C. Jacob, Mr. Sabu M. Jacob and Mr. Bobby M. Jacob.
- (b) Working Capital Loan from Banks are secured by hypothecation of Inventory and finished goods and second charge on all immovable property, both present and future.
- (c) Hire Purchase Loan is secured by hypothecation of the vehicle so purchased.
3. Employee Remuneration and benefits includes Managing Director's remuneration of Rs. 84,49,180/-.

COMPUTATION OF MANAGING DIRECTOR'S REMUNERATION UNDER SECTION 198, 309 & 349 OF THE COMPANIES ACT, 1956

Profit before tax as per Profit & Loss Account		160534418
Add: Managing Directors' Remuneration	8449180	
Net Profit		168983598
Remuneration payable to Managing Director @ 5% of the profit		8449180

4. Balance with Scheduled Banks includes Rs. 2,05,88,654/- (Previous Year Rs. 1,48,90,274/-) kept as margin for Letter of Guarantee/ Letter of Credit.
5. There are no Micro and Small Enterprises to whom the company owes dues, which are outstanding for more than 45 days as at March 31, 2009. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.
6. Arrangements have been made to collect confirmation from Debtors and Creditors.
7. Previous year figures have been re-grouped or re-arranged in order to suit the Current Year's groupings.

SIGNATURES TO SCHEDULE 1 TO 14

For and on behalf of
VENKIT AND HARI
Chartered Accountants

Sd/-
T. A. VENKITACHALAM
Partner - M. No. 21585

Sd/-
SABU M. JACOB
Managing Director

For and on behalf of the
BOARD OF DIRECTORS

Sd/-
C. MOHAN
Director

Sd/-
BENNI JOSEPH
Director

Sd/-
VINOD KUMAR K. V.
Company Secretary

Kochi
30th June, 2009

Kitex Garments Limited

CASH FLOW STATEMENT FOR THE YEAR 2008-2009

	For the year ended 31st March, 2009 Rupees	For the year ended 31st March, 2008 Rupees
A) Cash Flow from Operating Activities		
Net Profit/(Loss) before tax and extraordinary items	160,534,418	145,185,478
Adjustment for :		
Depreciation	60,806,858	49,183,613
Interest	127,038,354	93,605,023
Loss on sale of Fixed Assets	1,889,256	264,016
Tax paid	20,788,795	(19,452,058)
Dividend Received	(18,200)	(8,400)
Operating Profit before working capital changes	329,461,891	268,777,672
Adjustment for :		
Trade & other receivable	(208,023,633)	(100,094,333)
Margin Money Deposit	(5,698,379)	(729,830)
Inventories	(63,637,840)	(72,071,248)
Trade Payables	(44,069,469)	70,174,416
Cash generation from operation	8,032,569	166,056,677
Cash flow before extraordinary items	8,032,569	166,056,677
Extraordinary items	-	-
Net cash from operating activities	8,032,569	166,056,677
B) Cash flow from investing activities		
Dividend Received	18,200	8,400
Sale of Fixed Assets	1,120,004	280,000
Investment Subsidy	-	210,000
Payment for Fixed Assets	(154,614,454)	(149,642,113)
Net cash used in investing activities	(153,476,250)	(149,143,713)
C) Cash flow from financing activities		
Interest paid	(127,038,354)	(93,605,024)
Proposed dividend	(11,875,000)	(9,500,000)
Dividend Tax	(2,018,157)	(1,614,525)
Proceeds from Long term borrowings	113,001,038	8,099,027
Proceeds from Working Capital borrowing	119,736,239	3,729,553
Net cash from financing activities	91,805,766	(92,890,969)
Net change in cash & cash equivalents (A+B+C)	(53,637,915)	(75,978,005)
Opening Cash and Cash equivalents	61,609,577	137,587,582
Closing Cash and Cash equivalents	7,971,662	61,609,577

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

For and on behalf of
VENKIT AND HARI
Chartered Accountants

For and on behalf of the
BOARD OF DIRECTORS

Sd/-
T. A. VENKITACHALAM
Partner - M. No. 21585

Sd/-
SABU M. JACOB
Managing Director

Sd/-
C. MOHAN
Director

Sd/-
BENNI JOSEPH
Director

Sd/-
VINOD KUMAR K. V.
Company Secretary

Kochi
30th June, 2009

Kitex Garments Limited

Additional Information Pursuant to Part IV of Schedule VI to Companies Act, 1956

I. Registration Details	
Registration No.	6528
State Code No.	09
Balance Sheet Date	31-03-2009
II. Capital Raised During the Year	(Rs. in 000's)
Public Issue (Issue through the prospectus)	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil
III. Position of Mobilisation and Deployment of Funds	
Total Liabilities	1889220
Total Assets *	1889220
Sources of Funds	
Paid-up Capital	47500
Reserves and Surplus	336188
Secured Loans	1378847
Deferred Tax Liability	126685
Application of Funds	
Net Fixed Assets	1230323
Capital Work in Progress	6847
Investments	43
Net Current Assets	652007
*Net of Current Liabilities and Provisions	
IV. Performance of Company	
Gross Revenue	2039910
Total Expenditure	1879376
Profit Before Tax	160534
Profit After Tax	99590
Earning Per Share in Rs.	2.10
Proposed Final Dividend Rate	25 Ps per share of face value Re 1/-
V. Generic Name of Principal Product of Company	
(As per Monetary Terms)	
Item Code No. and Product Description	Garments

For and on behalf of the
BOARD OF DIRECTORS

Sd/-
SABU M. JACOB
Managing Director

Sd/-
C. MOHAN
Director

Sd/-
BENNI JOSEPH
Director

Sd/-
VINOD KUMAR K. V.
Company Secretary

Kochi
30th June, 2009

Kitex Garments Limited

KITEX GARMENTS LIMITED

Building No. 9/536, Kitex House, Kizhakkambalam - 683 562, Alwaye, Kerala, India

ATTENDANCE SLIP

17th Annual General Meeting

Reg. Folio / DP & Client No.

No. of Shares Held

I certify that I am a registered Shareholder / Proxy for the registered shareholders of the Company. I hereby record my presence at the Seventeenth Annual General Meeting of the Company at the Factory Premises of the Company at Building No. 9/536 A, Kizhakkambalam on Wednesday the 30th September, 2009.

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 / Authorized Representatives are requested to show their Photo ID Proof for attending the meeting
 3. Authorized Representatives of corporate members shall produce proper authorization issued in their favour.

KITEX GARMENTS LIMITED

Building No. 9/536, Kitex House, Kizhakkambalam - 683 562, Alwaye, Kerala, India

FORM OF PROXY

I/We of in the district of being a member/members of the above named Company hereby appoint Shri of in the district of or failing him of in the district of as my / our proxy to vote for me / us on my / our behalf at the Seventeenth Annual General Meeting of the Company to be held on 30th September, 2009.

Affix
1 Rupee
Revenue
Stamp

Signed this day of 2009.

Note : This form duly filled up, stamped and signed by the appointer or his attorney duly authorised in writing or if the appointer is a Body Corporate, under the seal or signed by an attorney duly authorised 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.