Kitex Garments Limited
(L18101KL1992PLC006528)
P. B. No. 5, Kizhakkambalam - 683562, Alwaye, Kochi, Kerala
Phone: 91 484 4142000, Fax: 91 484 2680604
Email: kgl@kitexgarments.com website: www.kitexgarments.com

Ref.: KGL/SE/18-19/AR2018

July 28, 2018

To,

The Secretary	**The Secretary**
BSE Limited Corporate Relationship Department, 1st Floor, New Trading Ring, Rotunda Building, P J Towers, Dalal Street, Fort Mumbai, Maharashtra – 400 001	National Stock Exchange of India Limited 'Exchange Plaza', Bandra - Kurla Complex Bandra (E), Mumbai, Maharashtra - 400051.

Dear Sir/ Ma'am,

Sub: - **SUBMISSION OF ANNUAL REPORT FOR THE YEAR 2017-18**

As per Regulation 34 read with Regulation 10 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, we are forwarding herewith the Annual report of the company for the year 2017-18 as approved by the shareholders at their meeting held on July 28, 2018.

This is for your information and doing the needful.

Thanking you,

For **Kitex Garments Limited**

A Babu
Company Secretary &
Compliance Officer

Enclosure: as above

Kitex Garments Ltd

Annual Report 2017 - 2018

PROFOUNDLY ADVANCED DEEPLY INVOLVED

"Kitex business is undergoing a dynamic transition taking the company to the next level. The management is **DEEPLY INVOLVED** in further improving company's global advantage. The succeeding few years are going to be very important to our company as we capitalize on the company's inherent strengths which are primarily our **PROFOUNDLY ADVANCED** processes, practices and the way we engage with our customers"

Sabu M Jacob
-Chairman & Managing Director

Our Illustrious Founder & Our Founding Vision

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

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

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

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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.

CHAIRMAN'S MESSAGE

To ensure quality, reliability and for the better co-creation of value, many buyers are doing away with multiple suppliers and are consolidating the purchase from large and more dependable partners. Our company being one of the largest infant garment manufacturer in the world, is poised to benefit from this trend.

Dear Shareholders

Welcome to the 26th annual report of your company Kitex Garments Limited.

Kitex business is undergoing a dynamic transition taking the company to the next level. The management is deeply involved in further improving our global advantage. The succeeding few years are going to be very important to our company as we capitalize on the company's inherent strengths which are primarily our profoundly advanced processes, practices and the way we engage with our customers.

FY17-18 has been a challenging year with respect to our top line and margins. Revenue from operations grew by 2% on year to year basis. Our margins and performance were adversely impacted due to Increase in raw material costs, Reduction in export Incentives due to GST implementation and further one of our client has filed a petition in the bankruptcy court in USA to wind down its US operations. A motion before the court is pending from suppliers including our company. The company is in the process of recovery of receivables. We consider this as an impact limited to FY18 as the allocated capacity for the client has already been taken up by other clients.

Innovation is our key constituent for increasing our competitive advantage. Despite the unforeseen challenges from the external environment we continue to strengthen our internal operations by upgrading technology, streamlining processes and rationalization of human resources. This is in line with our goal to enhance our capacity by the year 2021. This strategy is also consistent with supplier consolidation trend among major infant garment buyers in our markets. To ensure quality, reliability and for the better co-creation of value, many buyers are doing away with multiple suppliers and are consolidating the purchase from large and more dependable partners. Our company being one of the largest infant garment manufacturers in the world is poised to benefit from this trend. The Kitex USA LLC licensed brand “Lamaze” and Own Brand “Little Star” have already started establishing their market presence. The company is providing value added service in the form of design services to its clients.

The global market is abuzz with debates and impact analysis on the recent escalation of trade sanctions between USA and China. In the event of further escalation of this development, global buyers particularly those based in the US may restructure their supply chains and opt for sourcing products from countries other than China. This could create a substantial opportunity for manufacturers in other countries including India. The supplier consolidation trend as well as the Trade war related fallout is already unfolding more opportunities that support growth in the near future as well as long term.

Stepping into FY19 towards the vision of becoming a global player of substance, due attention is being given to our quality processes with focus on health, safety and comfort of Infants – who are end users of our products. Read Page 8 and 10 for more details on our value chain and product stewardship

Corporate Social Responsibility

In our founding principle adding socio economic value is considered as the essential core outcome of doing business. Over the years we have been able to transform lives in Kizhakkambalam Panchayath, where our unit is located, with respect to improving livelihoods, creating housing and public infrastructure, food security programs, education, agriculture and health.

During the year we carried out several social initiatives and took up many new initiatives touching upon Housing, Food Security, Education, Health, Drinking Water and Livelihood. Read Page 14, 15 & 16 for more details.

The Board joins me in expressing our deep appreciation for the interest shown by various stakeholders and this is clearly depicted by the growth in numbers of our Shareholder community from 28000 to 40000 shareholders as on the close of the financial year 2017-18. I take this opportunity to thank our employees, customers, bankers, investor's suppliers and Government for reposing their trust in the management. We assure you our commitment for continued growth.

Sabu M Jacob
Chairman & Managing Director

SOCIAL ECONOMIC VALUE ADDED

DEEPLY INVOLVED

REVENUE
₹ 55,725.42 lakhs

PROFIT BEFORE TAX
₹ 10,748.93 lakhs

PROFIT AFTER TAX
₹ 7,002.24 lakhs

TAXES PAID
₹ 4,000 lakhs

SALARIES PAID
₹ 9,851.37 lakhs

CSR EXPENDITURE
₹ 1,275.12 lakhs

DIVIDEND PER SHARE
₹ 1.50 per share

TOTAL DIVIDEND
₹ 997.50 lakhs

MARKET CAP
₹ 149,126.25 lakhs

EARNINGS PER SHARE
₹ 10.53 per share

FINANCIAL HIGHLIGHTS

(Rupees in Lakhs)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Income						
Sales	31,698.33	44,221.00	51,109.59	54,581.67	54,590.13	55,725.42
Other Income	402.51	1,334.36	1,342.34	1,981.66	199.77	267.07
Total	**32,100.85**	**45,555.36**	**52,451.94**	**56,563.33**	**54,789.90**	**55,992.49**
Expenditure						
Cost of Raw Materials Consumed	16,126.71	23,477.44	20,978.53	20,976.48	21,096.16	25,404.54
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	389.11	118.23	(21.54)	29.72	(1,575.74)	(3,735.78)
Employees Benefits Expense	4,376.44	5,697.16	7,450.07	8,361.72	9,182.86	9,851.37
Finance Costs	1,147.20	1,061.59	1,916.41	1,375.67	926.68	581.18
Depreciation and amortization expense	862.13	968.00	2,132.94	2,127.31	2,036.28	2340.14
Other Expenses	4,795.17	5,414.40	5,828.78	6,586.93	8,853.55	10,802.12
Total	**27,696.76**	**36,736.83**	**38,285.19**	**39,457.83**	**40,519.79**	**45,243.57**
PBT	4,404.08	8,818.53	14,166.75	17,105.50	14,270.11	10,748.92
Current Tax	1,485.00	2,536.00	4,217.00	6,094.00	5,312.70	3,978.82
Deferred Tax	(18.60)	545.65	98.00	(198.00)	(296.67)	(232.13)
PAT	2,937.68	5,736.88	9,851.75	11,209.50	9,254.08	7,002.23
Capital	475.00	475.00	475.00	475.00	475.00	665.00
Earnings per equity share	6.18	12.08	20.74	23.60	19.48	10.53

KITEX GARMENTS AT A GLANCE

Established in 1992 Kitex Garments Ltd is into 100% exports of cotton and organic cotton garments especially infants wear. The company exports its products to US and European markets. In 1995 the company went public and the shares are currently listed on NSE & BSE. The vertically integrated manufacturing plant makes infants wear as well as fabrics

Our Products

⊙Body Suits ⊙Rompters ⊙Bibs ⊙Burps ⊙Sleepwear ⊙Training Pants ⊙Sleep N Play ⊙Gowns ⊙Skirts & Skorts ⊙Panty ⊙Blankets ⊙Mitten / Booties ⊙Diaper Covers ⊙Stretchy

Number of employees

4,372

Per day Capacity (Infant wear) units

360,000

Built up area sq.ft.

600,000

Textile Capacity per day (Tons)

50

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

CREATING VALUE DEEPLY INVOLVED

INPUTS

PRODUCTION
- Yarns
- Oekotex Certified Imported Dyestuffs
- Advanced Machineries

HUMAN
- 4,372 Employees

FINANCIAL
- Debt Equity Ratio
- Capital Employed
- Capex

INTELLECTUAL
- Brand
- Service Concepts
- Partnering with clients
- Training
- Design Centre
- Quality

SOCIAL & RELATIONSHIP
- Safety of employees
- Health & Catering for workforce
- Human Rights
- CSR initiatives

STRATEGY

CUSTOMER INSIGHT
Developing infant apparels in accordance with their needs. Co-creation of value with customers and suppliers. Design as value addition

OPERATIONAL PROCESSES
Focus on technology adoption, automation and operational excellence.

EMPLOYEES
Focus on ensuring employee wellbeing, performance management and target setting

OUTPUT

PRODUCTS
Body Suits, Rompers, Sleepwear, Bibs, Burbs and Training Pants

BY-PRODUCTS AND RESIDUALS
Effluent: effluent is treated before discharge and waste.
Biological wasted used for biogas.
Water discharged is treated.

SERVICES
Innovation and R&D
Design studio

IMPACTS

FINANCIALS
Financial
Revenue
Profit after Tax
Salaries Paid
CSR expenditure
Taxes paid

SOCIAL & ENVIRONMENT
Indirect and direct employment
Human rights impacts
Value creation with local communities
Skill Development
Generation of Renewable energy
Nil /Minimal emissions

OUR PRODUCT VALUE CHAIN PROFOUNDLY ADVANCED

Having an integrated and traceable value chain which meets various global standards at various stages of the product supply chain is the key global differentiator at Kitex. The value chain at kitex primarily consists of an external and internal value chain. We purchase yarns, dyestuffs and chemicals from approved sources and are tested as per Oekotex Standard 100 Class-I and GOTS Organic standards. The dye recipes, dye dispensing and yard dyeing are done using robotic technology for accuracy and quality.

Kitex uses the most advanced knitting machinery including fully robotised yarn dyeing machine to convert yarn in to greige fabric which is bleached using advanced German machinery and further dyed using colour pad technology. Dyed fabrics are washed and printed on modern rotary printing machines. The fabrics thus produced confirms to all product safety standards and meet strict international quality norms (CPSIA). Fabrics are further cut by using automated spreading and cutting machines. Advanced embroidery machines, cutting-edge- IT enabled sewing procedure takes the process to the final product stage which confirms to Oekotex Standard 100 Class1, GOTS and CPSIA. We have special software in production which monitors hourly individual operator efficiency.

At Kitex product stewardship is managed through four core elements

Raw Material and inputs sourcing from reliable and certified sources as per prescribed standards

The entire product supply chain is managed and maintained as per out customers product traceability programmes

To deliver the most innovative products and services to our customers

Quality Assurance and all stages of the supply chain – sourcing, manufacturing and dispatch

PRODUCT STEWARDSHIP PROFOUNDLY ADVANCED

Worldwide Responsible Accredited Production (WRAP)

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

Supplier Compliance Audit Network (SCAN)

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

Workplace Conditions Assessment (WCA)

The Workplace Conditions Assessment (WCA) program provides a powerful, cost-effective solution for companies and facilities seeking to improve workplace conditions efficiently and in accordance with widely accepted industry standards and best practices. WCA addresses all key elements of sustainability and ethical practices related to work place people, products, and environment.

Global Organic Textile Standard (GOTS)

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

Supplier Qualification Program (SQP)

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

Consumer Product Safety Commission (CPSC)

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

Oeko-Tex

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

Global Security Verification

Kitex Garments is rated as 'Low Risk' by GSV for compliance to Customs Trade Partnership against Terrorism (C-TPAT) and Border Security requirements laid out by the government of United States. 'Low Risk' is GSV's highest possible rating and assures Governments, Manufacturers and Retailers that the supply chain operates in a secure and efficient manner.

OUR PEOPLE DEEPLY INVOLVED

Number of employees

4,372

Male - 2013 | Female-2359

26

Average age of employees

The Company's HR philosophy is to establish and build a high performing organization, where each individual is motivated to perform to the fullest capacity. The Company is giving direct employment to 4372 employees. The Company endeavours to be an 'Employer of Choice' by fostering an environment of aspirational goal setting, continuous improvement, in addition to health and safety, and corporate responsibility.

Safety, health & recreation of the employees are paramount to Kitex. We strive to provide our people with all required amenities and workplace facilities

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

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

Recreation: Each block is provided with two Plasma Televisions to cater to the varying linguistic needs of the inmates. Recreational activities are arranged for boosting the morale and mental health of employees. Workers can relax themselves by involving in indoor and outdoor games such as caroms, chess, shuttle, etc. We also provide prayer hall facility for the workers. A separate waiting room is arranged for the visitors. On Sundays and holidays the hostel inmates are provided with facilities for shopping in nearest cities with transportation and support. To meet the religious needs of the inmates, transports are being provided in the morning and evening to nearby places of worship.

OCCUPATIONAL HEALTH & SAFETY DEEPLY INVOLVED

Our OH&S Policy

The management remains committed to provide and maintain safe and healthy working conditions to prevent injury and ill health to its employees by continually improving the work environment with the active cooperation and participation of the employees at all levels and by complying with applicable legal and other requirements that relate to occupational health and safety performance

Key OHS strategy

Work place safety is primarily the individual's responsibility.

The management have implemented various preventive measures to avoid injury and ill health through participative safety management practices.

The management will comply with applicable legal and other requirement that relate to OH&S hazards.

OH&S essentials are imparted during the staff induction and periodic training and awareness are organised at Kitex.

Apart from employees, our suppliers, visitors, customers or any other individuals who visit the company shall adhere to the safe work practices/ procedures.

OH&S performance will be reviewed through appraisal of set objectives and periodical audits.

Medical Support

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

CORPORATE SOCIAL RESPONSIBILITY

DEEPLY INVOLVED

Kitex Garments Limited (KGL) CSR policy is focused on improving the quality of people's lives in the society through various programmes on Eradicating Hunger and Poverty, Education and Skill Development, ensuring good Health & Wellness, Environment Sustainability and making available Safe Drinking Water. The Projects undertaken will be within the broad framework of Schedule VII of the Companies Act, 2013.

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.

The Key activities/ initiatives of Kitex CSR conducted during the FY 2017-18 are detailed below

Agriculture

Promoting sustainable agricultural practices has always been one of the CSR initiative of the company. It includes farmer participative modern group farming in over 1100 acres of farmland in Kizhakkambalam Panchayat. Out of this, 1000 acres were used for rice farming, vegetable framing and fruits cultivation. A total of Rs. 86.87 Lakhs have been spent cumulative upto this year end.

FY 18 Outlay
₹ 87 Lakh

Safe drinking water and water Security

The programme focuses on supply of safe drinking water to some of the backward colonies located in and near the Factory premises at Kizhakkambalam. 75 permanent wells were constructed and 30 wells were maintained during the last year. Total of 119 water connection from water bank has been provided. Kitex is also investing in building capacities of communities to harvest and conserve water. This has been achieved by building water harvesting structure, blending modern technologies with local situations. Kitex initiated dredging of all canals in and around Kizhakkambalam by removing dumped wastes and thereby securing it useful for the agriculture and drinking needs.

FY 18 Outlay
₹ 15.66 Lakh

Education

Kitex has been providing nutritious lunch to the students. The Company is also funding edu infrastructure and have spent Rs. 5 lakh on education and allied activities during the year.

FY 18 Outlay
₹ 5 Lakh

Food Security Programme

Kitex has been distributing essential food materials including vegetables at a very moderate prices on a daily basis to those who are from economically backward sections of the society. This benefit was funded with an amount of Rs. 16.50 lakh and was extended to about 6000 families in Kizhakkambalam Panchayat area during last year.

FY 18 Outlay
₹ 16.5 Lakh

Health Care

The company conducts Regular Health and Medical Check-up Camps for the benefit of the inhabitants of Kizhakkambalam Panchayat. Free medicines were distributed and follow up medical facilities were extended on a regular basis to those who are in need. The Company through its 'mother and child' initiative, is working on women's health with specific focus on providing egg and milk to pregnant women and children below 5 years. The company also extends its free ambulance services to the needy on demand for patients who must undergo periodical dialysis.

FY 18 Outlay
₹ 2.75 Lakh

Housing

The company has introduced Housing scheme 'Ente Veedu Scheme' in the year 2016 whereby 650 houses including sanitation, colony renovation, toilets etc were planned for construction. Out of total, 144 houses are completed. In Njaraloor Colony, Vilangu colony, Makanikara Colony and Kanappuram Colony under Kizhakkambalam Panchayat, 73 houses is almost getting completed. During the reporting period, 72 houses were maintained and around 33 houses were proposed to be maintained during the FY 2018-19.

FY 18 Outlay
₹ 7 Crore

Infrastructural development

Kitex is developing the basic infrastructure in and around Kizhakkambalam Panchayat by broadening the exiting roads, development of new roads, side protection of the roads, improving drainage facilities, scientific rain water harvesting and other allied activities. It has identified around 1000 street light posts for upgrading to LED lights, thereby conserving the energy for the future. Transformation of street light to LED light is in progress and the Company has purchased new crane embedded in vehicle under this programme.

FY 18 Outlay
₹ 4.5 Crore

A new beginning for employment generation

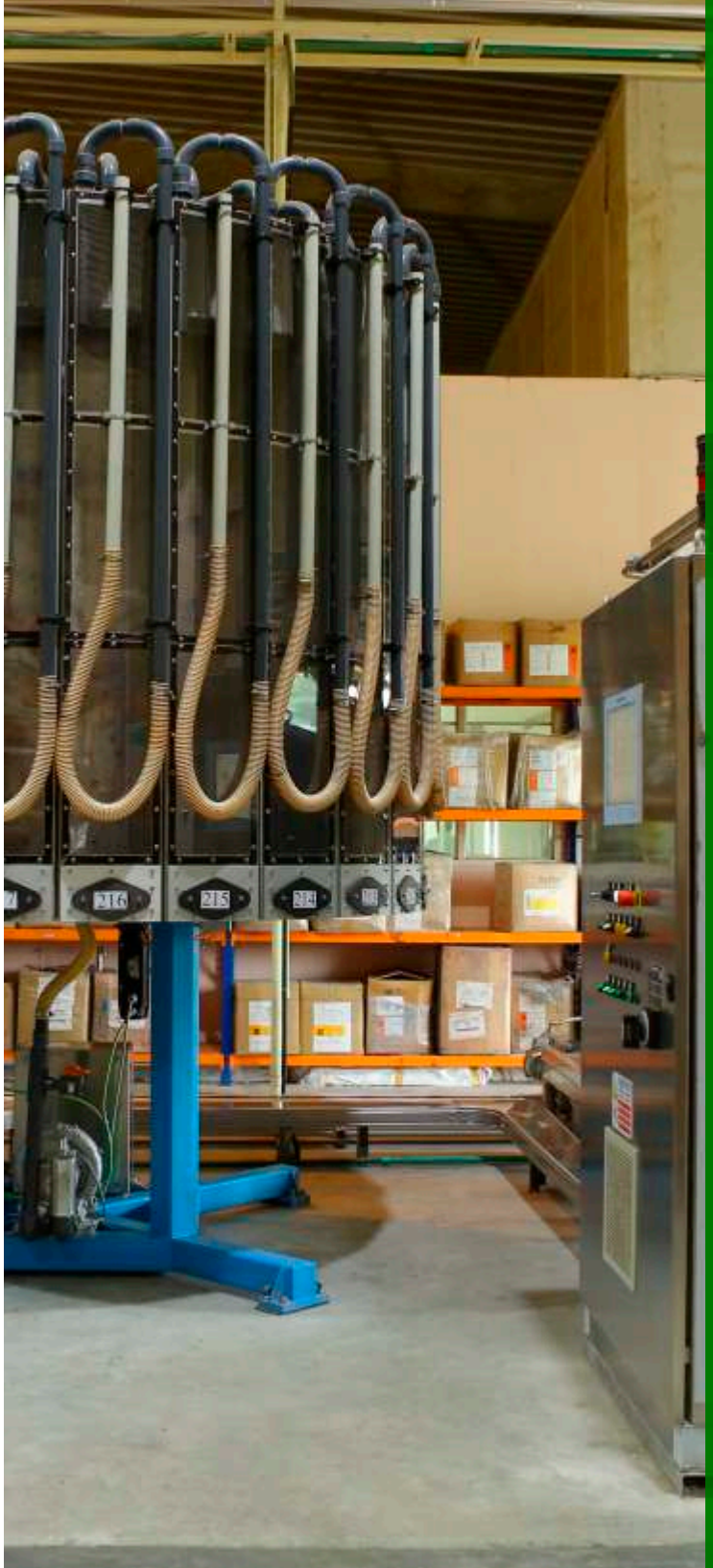
Your Company has started new scheme 'Adu Gramam' (Goat farming) and "Kozhi Grahmam" (Poultry Farming) farms whereby 219 families were provided 5 goats per cage per family and 200 per cage per family on their request in Kizhakkambalam panchayath free of cost.

By extending the above programs, your company have generated more than one lakh job hours of employment for the local population in Kizhakkambalam.

FY 18 Outlay
₹ 0.86 Lakhs

ENERGY CONSERVATION PROFOUNDLY ADVANCED

Kitex Garments is committed in conducting its business in an environmentally responsible manner by continuously updating and implementing best technological solutions in terms of process, cost management, choice of equipment quality, process efficiency, and using advanced water purification mechanisms, the company is getting closer to its dream of zero-discharge plants.



Energy consumed by knitting/ garmenting machines in our unit are only half of energy what is consumed by conventional machines.

Approximately 40% of the energy is saved due to implementation of VFD (Variable Frequency Drive) system in all the machines. Also 18% fire wood consumption is reduced due to condensate and heat recovery systems.

Biological wastes produced at the facility are utilized and converted to bio gas which is used at our hostel kitchens as fuel.

Our facility is situated in a location that gets abundant rain. Rain water is harvested which in turn helps to save water that can otherwise be used for various manufacturing and general purposes.

Our processing house uses 25% water and 50% Steam lesser than conventional dyeing method. 100% of the treated water is being used for our own irrigation and gardening purpose.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Sabu M Jacob – Chairman & Managing Director
Prof. E.M Paulose – Independent Director
Mr. Benni Joseph – Independent Director
Mr. K L V Narayanan – Non Executive and Non Indpendent Director
Mr. C P Philipose – Independent Director
Ms. Sindhu Chandrasekhar- Woman Director

BOARD COMMITTEES

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

Nomination and Remuneration Committee
Prof. E.M Paulose – Chairman
Mr. Benni Joseph – Member
Mr. K L V Narayanan – Member

Stakeholders Relationship Committee
Mr. K L V Narayanan - Chairman
Mr. Sabu M Jacob - Member
Ms. Sindhu Chandrasekhar - Member

CSR Committee
Mr. Sabu M Jacob - Chairman
Mr. Benni Joseph - Member
Mr. K L V Narayanan - Member
Mr. C P Philipose, Member

KEY MANAGERIAL PERSONNEL

Mr. Sabu M Jacob - Chairman, Managing Director & Chief Financial Officer
Mr. A. Babu - Company Secretary

INDEPENDENT STATUTORY AUDITORS & INCOME TAX CONSULTANTS

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

INTERNAL AUDITORS

M/s.K Venkitachalam & Aiyer & Co. Kochi

SECRETARIAL AUDITORS

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

LEGAL ADVISORS

M/s. Joseph and Kurian, Advocates, Kochi

BANKER

State Bank Of India

SHARE TRANSFER AGENTS

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

REGISTERED OFFICE & FACTORY

Kitex Garments Limited
(CIN: L18101KL1992PLC006528)
Building No. 9/536A, Kizhakkambalam - 683562,
Alwaye, Kochi, Kerala
Phone: 91 0484 4142000, Fax: 91 484 2680604
Website: www.kitexgarments.com,
E-mail: sect@kitexgarments.com

LISTED IN STOCK EXCHANGES:

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

MANAGEMENT DISCUSSION & ANALYSIS

Global Economy 2017

In 2017, global economic growth reached 3 per cent—the highest growth rate since 2011—and growth is expected to remain steady for the coming year. The improved global economic situation provides an opportunity for countries to focus policy towards longer-term issues such as low carbon economic growth, reducing inequalities, economic diversification and eliminating deep-rooted barriers that hinder development.

US Economy 2017

The US economy grew 2.3% for the year ended December 2017. According to estimates the growth was ahead of the 1.5% growth in 2016, but slower than 2015. It's also below the 3% target the President Trump has set for his first term. Overall, the economy is healthy. Americans are shopping, businesses are investing, and the stock market is booming. Consumer confidence is the highest since 2000, unemployment is the lowest in 17 years, and the country has added jobs every month for more than seven years.

USA Textile, Apparel Trends 2017

Childrenswear outpaced womenswear and menswear in retail value growth terms in 2017. A mixture of demographic, macroeconomic and social trends stimulated growth. According to a report by Euromonitor children's fashion is on the rise and parents enjoy dressing their children in scaled-down versions of their outfits. Mini-me fashion is largely influenced by social media and the sharing community, as parents like to take photos of mini-me styles and share with their families, friends and followers on social media platforms.

Strategic Environment & Kitex Advantages

The United States is the most important textile import market in the world, and one of the most important export targets of developing countries. In view of its ecological environment and consumer health, the United States has put forward increasingly strict environmental protection systems and standards for imported textile products, and its environmental trade barriers have been steadily strengthened. At present, the textile imports of the United States is predominantly from China and India-more than one third of all their imports. China and India both have comparative advantages in the import trade of textile raw materials and clothing in the United States (U.S.).

Buyers in USA and other developed markets conduct assessments of political, social, economic, trade, labour and intellectual property protection conditions in the countries and suppliers. Suppliers are expected to adhere to the requirements of the U.S. Customs and Border Protection's Customs-Trade Partnership Against Terrorism ("C-TPAT") program, including standards relating to facility security, procedural security, personnel security, cargo security, and the overall protection of the supply chain.

Having an integrated and traceable value chain which meets various global standards at various stages of the product supply chain is the key global differentiator at Kitex. The value chain at kitex primarily consists of an external and internal value chain. We purchase yarns, dyestuffs and chemicals from approved sources and are tested as per Oekotex Standard 100 Class-I standards and GOTS Organic standards. The dye recipes, dye dispensing and yard dyeing are done using robotic technology for accuracy and quality.

For details of Kitex Value Chain and product safety certifications refer Page 9 and 11

About the company's operations

Kitex is in the business of manufacturing infant garments and world's leading manufacturer of specialized infant apparels for 0-2 years . The company's products are sold in over 18 countries through clients such as Gerber, Walmart, Amazon, Mothercare, Carters, The Children's Place, Kohl's, Buy-Buy Baby, Ross Stores and Target. In terms of clients the key market for the company is USA (99%) followed by Europe (1%). Company has an Associate in USA by name Kitex USA LLC which takes care of the new forward integration initiatives in USA & Canada. The company has also set up a Design Studio in US for valued added design services.

The company has been allotting regular capex for improvement of technology and infrastructure and is in the process of upgrading its current facilities so as to expand its capacity. It is a vertical set-up with knitting and processing of fabrics, until finished garments are done in-house.

The facility at Kizhakkambalam near Kochi in India is a 240 meters long and 70 meters wide that covers an area of 180,768 sq. ft, one of the largest in the world under one roof. The process line is equipped with digital dispenser system for error-free, automatic and computer controlled preparation of color guidelines, high quality knitting machines, most modern dyeing, printing and finishing machines that use cutting-edge technology. Its garmenting unit uses latest machinery for pattern Computer-Aided-Design (CAD), plotting and grading. It has Automatic spreader machines which enhance the speed of spreading and Automated cutting machines that enable faster & precision cutting.

The factory is equipped with latest sewing machinery ensures stain-free, quality sewing and state-of-the-art spectrophotometer ensures electronic color reading & transmission. The plant produces knitted fabrics that are of exceptional quality, and is well appreciated and recognized by reputed childrenwear apparel brands in the United States and Europe.

Review of Financial Performance

Your Company reported a marginal top-line growth of 2.04% over the previous Year. At standalone level, the gross revenue from operations stood at Rs. 55,725.42 lakhs compared with Rs. 54,590.13 lakhs in the previous year. The Operating Profit before Tax stood at Rs.10,748.92 lakhs as against Rs. 14,220.73 lakhs in the previous Year. The net profit for the year stood at Rs. 7002.23 lakhs against Rs. 9,221.79 lakhs reported in the previous year.

The Company continues to retain its market leadership in Infantswear with pan US distribution network of our customers. The Consolidated Gross Revenue from operations for FY 2017-18 was Rs. 55,725.42 lakhs registering a growth of 2.06%. The consolidated profits after tax stood at Rs. 7002.23 lakhs.

During the year under review, your company has received order confirmations from major Infant Garment buyers viz., Gerber Childrenswear LLC, Carters, Buy-Buy Baby, Ross Stores, Amazon, Target, Walmart who can contribute major part of your Company's turnover in coming years.

Risks & Risk Management

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 the Internal Auditor.
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.

Seasonality

The company experience seasonal fluctuations in the sales and profitability due to the timing of certain holidays and key retail shopping periods, which generally has resulted in lower sales and gross profit in the first half of the calendar year versus the second half of the year. Accordingly, our results of operations during the first half of the year may not be indicative of the results we expect for the full 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.

Apart from the above the company has engaged Messrs. K Venkitachalam Aiyer & Co, Chartered Accountants to conduct Internal Audit during the year 2017-18.

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 4372 employees. Industrial relations are cordial and satisfactory.

Employee Welfare, OH&S

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

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

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

Recreation: Each block is provided with two Plasma Televisions to cater to the varying linguistic needs of the inmates. Recreational activities are arranged for boosting the morale and mental health of employees. Workers can relax themselves by involving in indoor and outdoor games such as caroms, chess, shuttle, etc. We also provide prayer hall facility for the workers. A separate waiting room is arranged for the visitors. On Sundays and holidays the hostel inmates are provided with facilities for shopping in nearest cities with transportation and support. To meet the religious needs of the inmates transports are being provided in the morning and evening to nearby places of worship.

Occupational Health & Safety: The management remains committed to provide and maintain safe and healthy working conditions to prevent injury and ill health to its employees by continually improving the work environment with the active cooperation and participation of the employees at all levels and by complying with applicable legal and other requirements that relate to occupational health and safety performance.

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.

NOTICE

Notice is hereby given that the 26th Annual General Meeting of the Members of Kitex Garments Limited will be held on Saturday, July 28, 2018 at the Factory Premises of the Company at Building No. 9/536A, Kizhakkambalam, Kochi – 683 562, Kerala at 10.00 A.M. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt Audited Financial Statements (including the Consolidated financial statements) of the Company for the year ended March 31, 2018 together with the Report of the Board of Directors and Independent Auditors report thereon.
2. To declare a final Dividend of Re. 0.75 per equity share and to ratify the Interim Dividend of Re. 0.75 per equity share, already paid during the year, for the financial year ended March 31, 2018.
3. To appoint a Director in place of Mrs. Sindhu Chandrasekhar (DIN 06434415), who retires by rotation in terms of Section 152(6) of Companies Act, 2013 and Article 116 of Articles of Association, and being eligible offers herself for re-appointment.
4. To appoint the Independent Auditors and to fix their remuneration by considering and if thought fit, to pass with or without modifications(s) the following resolution as an Ordinary Resolution:
   "RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any amendment(s) thereto or re-enactment(s) thereof for the time being in force, M/s. MSKA & Associates, Chartered Accountants, Chennai (FRN 105047W) be and is hereby appointed as the Independent Auditors of the Company (in place of M/s. Varma and Varma, Chartered Accountants, Kochi, retiring Auditors who have expressed their unwillingness to be reappointed as per provisions contained in Section 139(9)(b) of Companies Act, 2013) to hold office from the conclusion of this 26th Annual General Meeting till conclusion of 31st Annual General Meeting to be held in the year 2023, for a tenure of 5 (FIVE) years on such remuneration plus other taxes as applicable as may be mutually agreed to between the Board of Directors/ Committee of the Board of Directors and the said Independent Auditors."

By Order of the Board of Directors of
Kitex Garments Limited

Kizhakkambalam
July 2, 2018

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

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 ONLY INSTEAD OF HIMSELF/ HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER.

   Proxies in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting. Revenue Stamp should be affixed on the Proxy Form. Forms which are not stamped are liable to be considered as invalid. It is advisable that the Proxy holder's signature may also be furnished in the Proxy Form, for identification purposes.

   A person can act as a 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 carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. The Register of Members and Share Transfer Books of the Company will remain closed from July 23, 2018 to July 28, 2018 (both days inclusive).
3. None of the Directors seeking appointment/ re-appointment or whose terms of appointment are revised, is related to any member of the Board of Directors or to any Key Managerial Personnel.
4. For the convenience of the Members and for proper conduct of the Meeting, entry to the place of the Meeting will be restricted by the Attendance Slip and photo id proof. Members are requested to write their Client ID and DP ID numbers/Folio Number (as applicable) on the Attendance slip, affix their signature and hand it over at the entrance hall. Transport facility will be provided to the shareholders from Kizhakkambalam to the Factory premises and back for attending the meeting.
5. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
6. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
7. Members holding shares in electronic form are advised to send their request for the change of address, Bank particulars, Residential status or request for transmission of shares etc to their Depository Participant. The Company or its Registrar and Share Transfer Agent cannot act on any such requests received directly from the members holding shares in electronic form. Members holding shares in physical form are advised to send such request to Registrar and Share Transfer Agent of the Company, M/s. Cameo Corporate Services Limited, Subramanian Building No. 1, Club House Road, Chennai - 600002, Tamil Nadu, Tel: 044-28460390 Fax: 044-28460129.
8. Notice of the AGM along with Annual Report 2017-18 is being sent by electronic mode to those members whose email addresses are registered with the Company/ Depository Participants unless any member has requested for the physical copy of the same. For Members who have not registered their email addresses, physical copies are being sent by permitted mode. To support the Green Initiative, members (holding shares in electronic form) who have not registered their email addresses, are requested to register the same with their Depository Participants. Members holding shares in physical mode are requested to register their email ID with the Registrar and Share Transfer Agent of the Company.
9. A Final Dividend of Re. 0.75 (75%) per share has been recommended by the Board of Directors for the year ended March 31, 2018, subject to the approval of shareholders. Dividend, if approved shall be paid on or before August 25, 2018 and to be completed within the statutory time limit.
10. 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 July 27, 2018.
11. All documents, transfers, dematerialization requests and other communications in relation thereto should be addressed directly to the Company's Registrar & Transfer Agents.
12. Members may also note that the Notice of the 26th Annual General Meeting and the Annual Report for 2017-18 will also be available on the Company's website www.kitexgarments.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Kizhakkambalam, Aluva, Kochi between 11.00 AM and 1.00 P.M. on all working days up to the date of the Annual General Meeting.
13. Members who have not encashed the dividend warrants for the financial year ended 2010-11 and/or any subsequent years are requested to write to the Company giving necessary details along with claimant's proof of identity and address. In this connection the company has

placed the names of such persons who has not claimed dividend since 2010-11 in the website of the company and the shareholders can view the details at www.kitexgarments.com

15. 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 De-mat form are requested to update their records with DPs in this respect.

16. As per provisions of Section 124 of Companies Act, 2013, the amount of dividends remaining unclaimed for a period of seven years are required to be transferred along with shares held in those folios to the Investor Education and Protection Fund. Accordingly, the dividend declared for all the financial years ended upto March 31, 2010 had been transferred to Investor Education and Protection Fund.

17. The Company shall provide/host the required details of unclaimed dividend amounts referred to under Section 124 of Companies Act, 2013, on its website and also Ministry of Corporate Affairs (MCA) website in the relevant form every year. For the financial year ended 31 March, 2018, the information on unclaimed dividend for the years from 2010-11 to 2017-18 was filed with the Ministry of Corporate Affairs and hosted on the web site of the Company within the statutory time.

18. Details of dividend declared for the financial years from 2010-11 onwards are given below:

Financial Year	Declared on	Dividend yield	Amount paid per equity share (Rs.)
2010-11	30.05.2011	40%	Re.0.40
2011-12	30.05.2012	60%	Re.0.60
2012-13	14.05.2013	80%	Re.0.80
2013-14	15.05.2014	100%	Re.1.00
2014-15	04.06.2015	125%	Rs.1.25
2015-16(1st- Interim)	30.10.2015	75%	Re.0.75
2015-16 (Final)	10.06.2016	75%	Re.0.75
2016-17 (1st- interim)	31.10.2016	75%	Re.0.75
2016-17 (Final)	19.06.2017	75%	Re.0.75

19. The Company had released an Advertisement dated March 24, 2018 in National Daily viz., Financial Express and Regional language daily viz., Chandrika for transferring unpaid/ unclaimed dividend and unclaimed shares of the Company to Investor Education and Protection Fund (IEPF) Account as per Section 124(6) of the Companies Act, 2013. The Company has also sent individual communication dated March 24, 2018 to the concerned shareholders whose dividend remains unpaid or unclaimed for period of Seven (7) consecutive years since 2011, at their registered address and shares are liable to be transferred to IEPF account under the aforesaid Rules, for taking appropriate action(s) by the shareholder concerned. The Complete details of unpaid or unclaimed dividends and shares due for transfer are available on the website of the Company ie., www.kitexgarments.com.

20. For any communication, the shareholders may also send requests to the Company's investor e-mail IDs: investor@kitexgarments.com or sect@kitexgarments.com

21. Voting through electronic means:

a) In compliance with provisions of Section 108 of the Companies Act, 2013 and the Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time together with relevant clauses in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide Members the facility to exercise their right to vote at the 26th Annual General Meeting by electronic means and the business may be transacted through e-voting services provided by the Central Depository Services (India) Limited (CDSL).

"Electronic voting system" means a secured voting system based process of display of electronic ballots, recording of votes of the Members and the number of votes polled in favour or against, in such a manner that the entire voting exercised by way of electronic means gets registered and counted in an electronic registry in a centralized server with adequate cyber security.

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

"Cut-off date" for determining the eligibility for voting either through electronic voting system or ballot is fixed as July 21, 2018. A person who is not a Member as on the cut off date should treat this Notice for information purposes only.

b) **Procedure for Remote E-Voting**

(i) Log on to the e-voting website www.evotingindia.com

(ii) Click on "Shareholders" tab.

(iii) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,
b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(iv) Next enter the Image Verification as displayed and Click on Login.

(v) If you are holding shares in De-mat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

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

	For Members holding shares in Demat Form and Physical Form
PAN*	· Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both de-mat shareholders as well as physical shareholders) · Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the de-mat account/folio number in the PAN field. · In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your de-mat account or in the company records for the said de-mat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your de-mat account or in the company records for the said de-mat account or folio. · Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut-off date in the Dividend Bank details field.

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in De-mat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field.

Kindly note that this password is to be also used by the de-mat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN to choose <**KITEX GARMENTS LIMITED**> to vote.

(xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvi) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xviii) Note for Non-Individual Shareholders & Custodians .

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.co.in and register themselves as Corporate and custodians respectively
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details they should create compliance user using the admin login and password. The Compliance user would be able to link the depository account(s)/ folio numbers on which they wish to vote.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

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

General Information

(A) The voting period begins on Wednesday, July 25, 2018 at 9 A.M. and ends on Friday, July 27, 2018 at 5 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date ie., Saturday, July 21, 2018, may cast their vote electronically. The Remote E-voting module shall be blocked by CDSL for voting thereafter.

(B) Members have an option to vote either Remote e-voting (availing the services provided by CDSL) OR by e-voting at AGM venue or by poll slips to be distributed at the meeting. If members have cast their vote through remote e-voting, then they should not cast their vote at the meeting but they can attend meeting. However if a member has voted through Remote e-voting and has again voted at the meeting, then the voting done through Remote e-voting shall prevail and voting done at the meeting shall be treated as invalid. Members attending meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the AGM

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at Mr. Rakesh Dalvi, Deputy Manager, Marathon Futurex, A Wing, 25th Floor, N M Joshi Marg, Lower Parel, Mumbai - 400 013. Email : helpdesk.evoting@cdslindia.com. Contact details 1800200 2553 / 022 - 2272 3333

22. The route map to the venue of AGM is provided in the Annual Report for easy location.

23. The Company has appointed Mr. P. D. Vincent (FCS 3067 and CP. 7940), Practising Company Secretary, Kochi, as the Scrutinizer for conducting the e-voting process (including remote e-voting) in a fair and transparent manner.

24. The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least 2 (two) witnesses not in employment of the Company and make not later than 2 days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman and/or Director or a person authorized by him in writing who shall counter sign the same.

25. The results shall be declared forthwith upon receipt of the Scrutinizer's Report. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.kitexgarments.com, its Notice Board and on the website of CDSL and communicated to the stock exchanges where shares of the Company are listed.

Note on Item No.4

As per the provisions of Section 139 of the Companies Act, 2013, Messrs Varma & Varma Chartered Accountants, Kochi (FRN 0045325) Independent Auditors of the company retire at the ensuing Annual General Meeting and are eligible for re-appointment. However, the Independent Auditors have conveyed their unwillingness to be reappointed for further period as per provisions contained in Section 139 (9)(b). The Board of Directors of the Company has recommended the appointment of M/s. MSKA & Associates, Chartered Accountants, Chennai (FRN 105047W) as the Independent Auditors of the company for a term of 5 (Five) years from the conclusion of 26th Annual General Meeting till the conclusion of 31st Annual General Meeting pursuant to Section 139 (9)(b) of the Companies Act, 2013.

Consent and certificate u/s 139 of the Act have been obtained from the new Independent Auditors to the effect that their appointment if made, shall be in accordance with the applicable provisions of the Act and rules issued thereunder. As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, M/s. MSKA & Associates, Chartered Accountants, Chennai (FRN 105047W) have confirmed that they hold a valid certificate issued by the Peer Review Board of ICAI.

Relevant documents in respect of the said items would be made available, for inspection by the members without payment of any fee, at the Registered Office of the Company between 11.00 AM and 1.00 P.M. on all working days up to the date of the Annual General Meeting.

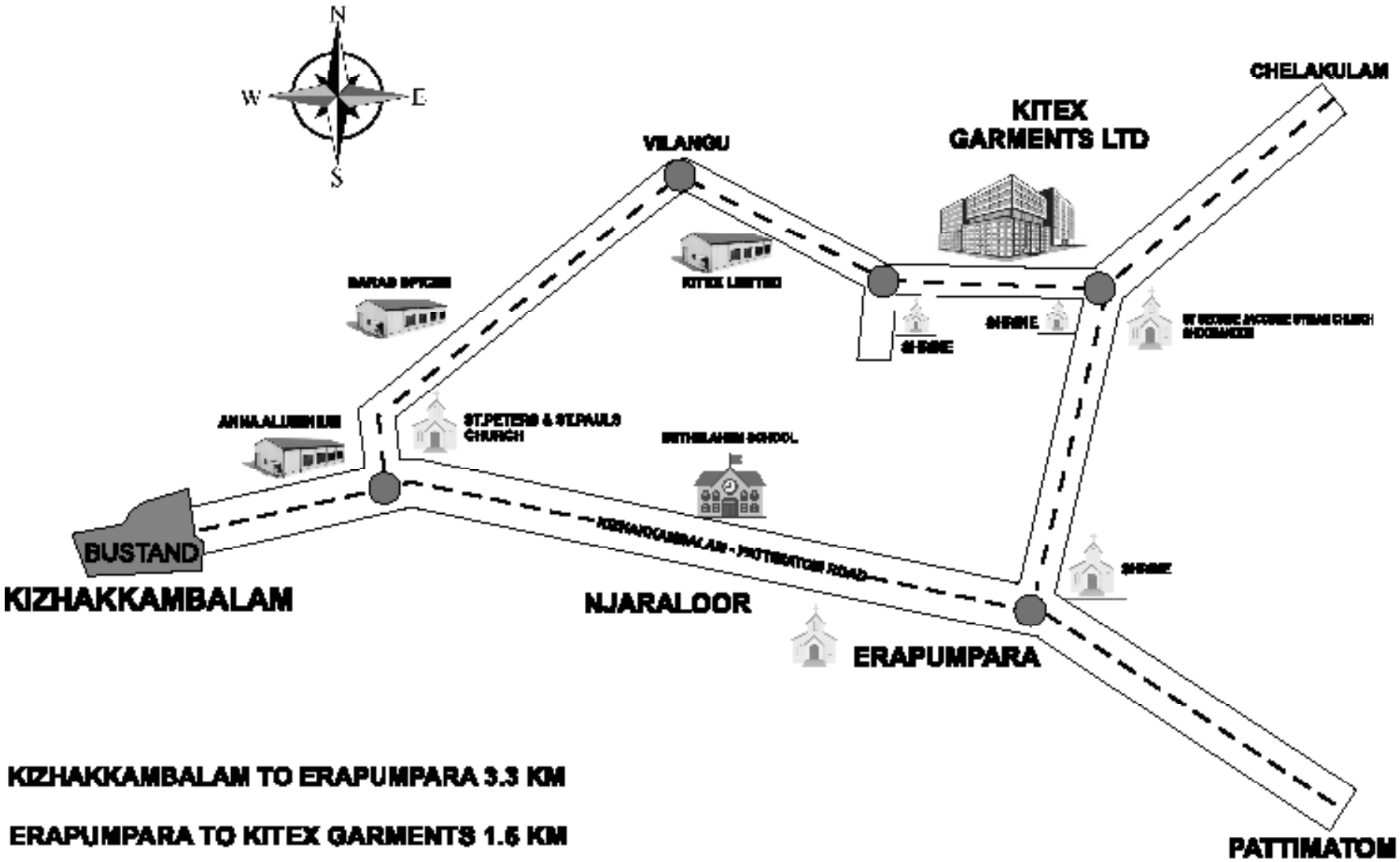
None of the Directors/ Key Managerial Personnel or their relatives are concerned or interested, in the resolutions set out at item no. 4 of the accompanying notice.

PARTICULARS OF DIRECTOR(S) WHO IS PROPOSED TO BE RE-APPOINTED/ APPOINTED AT THE MEETING IS GIVEN BELOW.

A. Mrs. SINDHU CHANDRASEKHAR

Date of Birth	01.06.1969; 49 years of age
Qualification	Science Graduate
Expertise in specific functional areas	Mrs. Sindhu Chandrasekhar joined Kitex Group in April 1995 and later on inducted into Kitex Garments Limited in the year 1997. She has been holding various positions and presently holding the post of Manager (Finance). Mrs. Sindhu has been handling the Treasury Management of the company for a quite long period. She is instrumental in maintaining a perfect cash management system in the company during her tenure.
Directorship held in other Companies	• Kitex Herbals Limited • Kitex Infantswear Limited
Details of terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid	Refer Annexure B to the Directors Report
Details of the remuneration last drawn by such person	Refer Annexure B to the Directors Report
Date of first appointment on the Board	16.03.2015
Relationship with other Directors, Manager and other Key Managerial Personnel of the company	Nil
Number of Meetings of the Board attended during the year and other Directorships	Refer Corporate Governance Report forming part of Annual Report
Chairman/member of the Committee of the Board of Directors of this Company	Refer Corporate Governance Report forming part of Annual Report
Committee Membership in other Companies	Nil
Shareholdings in the Company	Nil

ROUTE MAP TO THE 26TH ANNUAL GENERAL MEETING VENUE



KIZHAKKAMBALAM TO ERAPUMPARA 3.3 KM

ERAPUMPARA TO KITEX GARMENTS 1.6 KM

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:

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:

Contact Telephone No:

Signature

DIRECTOR'S REPORT

Dear Members,

Your Directors are pleased to present the Twenty Sixth Annual Report of the Company together with the Audited financials statements for the financial year ended March 31, 2018.

1. CORPORATE OVERVIEW

Your company is into 100% exports of cotton garments especially Infantswear. The Company exports its products to United States and European Markets.

2. FINANCIAL HIGHLIGHTS

Highlights of financial Results for the year are as under:

(Rs. in Lakhs)

Particulars	Standalone		Consolidated	
	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017
Sales and other Income				
Revenue from operations	55,725.42	54,590.13	55,725.42	54,590.13
Other Income	267.07	346.41	267.07	346.41
Total Revenue	**55,992.49**	**54,936.54**	**55,992.49**	**54,936.54**
Profit Before Interest and Depreciation	13,670.24	17,330.33	13,670.24	17,330.33
Less: Finance Charges	581.18	926.68	581.18	926.68
Depreciation	2,340.14	2182.92	2,340.14	2182.92
Net Profit Before Tax	**10,748.92**	**14,220.73**	**10,748.92**	**14,220.73**
Less: Provision for Tax	3746.69	4,998.94	3746.69	4,998.94
Net Profit After Tax	**7002.23**	**9,221.79**	**7002.23**	**9,221.79**
Share of Profit/ (Loss) Of Associates	-	-	(647.29)	(875.95)
Net Profit after share of profit of Associates	-	-	6354.94	8,345.84
Balance of Profit brought forward	24,202.69	31,806.16	24,202.69	31,806.16
Balance available for appropriation	31,281.71	41,060.24	30,557.63	40,152.00
Dividend on Equity Shares (Interim and Final Proposed)	855.00	712.50	855.00	712.50
Tax on proposed Dividend	174.06	145.05	174.06	145.05
Transfer to General Reserve	1,000.00	16,000.00	1000.00	16,000.00
Surplus carried to Balance Sheet	29,252.65	24,202.69	28,528.57	23,294.45

3. FINANCIAL PERFORMANCE

Your Company reported a marginal top-line growth of 2.04% over the previous Year. At standalone level, the gross revenue from operations stood at Rs.55,725.42 lakhs compared with Rs.54,590.13 lakhs in the previous year. The Operating Profit before Tax stood at Rs.10,748.92 lakhs as against Rs.14,220.73 lakhs in the previous Year. The net profit for the year stood at Rs.7002.23 lakhs against Rs.9,221.79 lakhs reported in the previous year.

The Company continues to retain its market leadership in Infantswear with pan US distribution network of our customers.

The Consolidated Gross Revenue from operations for FY 2017-18 was Rs. 55,725.42 lakhs registering a growth of 2.06%. The consolidated profits after tax stood at Rs. 7002.23 lakhs.

During the year under review, your company has received order confirmations from major Infant Garment buyers viz., Gerber Childrenswear LLC, Carters, Buy-Buy Baby, Ross Stores, Amazon, Target, Walmart who can contribute major part of your Company's turnover in coming years.

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

During the year, TOYS "R" US, Inc., one of the customers of the Company filed a petition in the Bankruptcy Court in The United States of America to wind down its US operation and the process is pending. A motion is pending in the said court regarding claims of its creditors which would establish streamlined procedures and forms for asserting those types of claims, which is set to be heard on 24th May 2018. The management is waiting on the court to enter the order on that motion so that the claim of the Company is consistent with the procedures set by the Court. The Company has to recover trade receivables from them aggregating to Rs.1,735.15 Lakhs (US$ 26.62 Lakhs) and the Company also holds merchandise/other materials in stock for them in inventory . The Company has engaged the services of Attorneys and Counselors at Law ,M/s Nelson Mullins Riley & Scarborough LLP, USA to file the claim for recovery of all its dues and no shortfall is anticipated thereon by the management at this stage. However as a prudential measure, an estimated provision of Rs. 347.03 Lakhs has been made in the said accounts towards loss, if any on recovery of receivables.

4. SUBSIDIARY & ASSOCIATE COMPANY

- **KITEX USA LLC**

  The Company being an Associate Company was incorporated in USA in the year 2015 with joint investment between the Company and Kitex Childrenswear Limited to support and facilitate design for US Market customers. The Associate Company markets the licence brand "Lamaze" and Own Brand "Little Stars" Infantswear in US and Canada.

  As on March 31, 2018, the Company has an Associate Company, accounts of which shall be made available to the shareholders of the Company seeking such information at any point of time. The Consolidated Financial Statements of the Company along with its Associate prepared for the year 2017-18 in accordance with relevant Indian Accounting Standard issued by Institute of Chartered Accountants of India forms part of this Annual Report. A Report on the salient features of the financial statements of Subsidiaries/ Associate Companies/ Joint Ventures prepared in form AOC-1 is provided as **Annexure – A**.

  Your company has also consigned products worth Rs. 25,139.15 Lakhs to its Associate during the year. Your Company has made investment in Kitex USA LLC of $ 23 lakhs in the previous year.

  Kitex USA LLC is equipped with a world class design studio in New Jersey to meet unique requirements of value additions to US clients.

  The Company does not have any subsidiary as on reporting date. During the year under review, companies does not have become or ceased to be Company's Subsidiaries, Joint Ventures or Associate Companies.

5. DIVIDEND, DIVIDEND DISTRIBUTION POLICY AND TRANSFER TO RESERVE

Your Directors had declared an interim dividend of 75% (Re. 0.75 per equity share of face value of Re. 1/- each) aggregating to Rs. 4.99 Crores at the Board meeting held on 4th November, 2017. Further your directors have recommended a final dividend of 75% (Re. 0.75 per equity shares of face value of Re. 1/-) thus making the total dividend pay-out at 150 % (Rs. 1.50 per share). The proposed final dividend is subject to the approval of the members at the ensuing Annual General Meeting. The Final dividend if declared shall be distributed to the members within 30 days from the date of AGM. The Company has paid dividend distribution tax of Rs. 174.06 lacs for FY 2017-18.

During the year under review, your company transferred a sum of Rs. 1000 lakhs to the General Reserve on account of future expansions.

As per Regulation 43A of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, top five hundred listed entities based on market capitalization are required to formulate a Dividend Distribution Policy. However since April, 2017 your company has been re-classified its class of scrip by the stock exchanges as small cap and hence this regulation does not apply to the Company. However the Board had approved and adopted Dividend Distribution policy which is available on the Company's Website: viz., www.kitexgarments.com

6. SHARE CAPITAL

During the financial year 2017-18, your company had issued bonus shares in the ratio of 2 (two) new shares for every 5 (five) shares. Consequently the paid-up share capital increased from Rs. 4.75 Crores to Rs. 6.65 Crores.

As on 31st March, 2018, the paid-up equity share capital of your company stood at Rs. 6.65 Crores consisting of 6,65,00,000 equity shares of Re. 1/- each fully paid-up.

7. TRANSFER OF UNCLAIMED DIVIDENDS AND UNCLAIMED SHARES TO IEPF

The Company has transferred unclaimed dividend of Rs. 277,817 for the financial year 2009-10 to Investors Education Protection Fund (IEPF) on 03.02.2018. The Company has taken various steps by sending reminders requesting them to encash their dividend so as to reduce the limit of unclaimed dividend before transferring the dues to IEPF. The total amount lying in the Unpaid Dividend Account of the company in respect of the last seven years and due date for transfer to the IEPF, the details of which are set out in the Corporate Governance Report which forms a part of this Report.

In terms of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, the Company transferred the corresponding shares to IEPF, where the dividends which have been unclaimed by the concerned shareholders for the last seven consecutive years viz., since FY 2008-09 and 2009-10. Further dividend which has become unclaimed for the last 7 years since 2010-11 must be claimed by the concerned shareholders on or before April 25, 2018 for which Company had sent the reminder letter to them. If the shareholders fail to claim the dividend, the company will be transferring the unclaimed dividend and the corresponding shares to IEPF within a period of 30 days from the due date. The details are provided in the Shareholder information section of this Annual Report and are also available on our website www.kitexgarments.com.

8. CAPITAL EXPENDITURE

As on 31st March, 2018, the Fixed Assets stood at Rs. 21,465.68 lakhs and net fixed assets of Rs. 17164.29 lakhs. Additions during the year amount to Rs. 2426.01 lakhs.

Phase I expansion of Rs. 241 Crores of capital investment for automation, new Plant & Machinery and other amenities which was approved by the Board of Directors in the last financial year was brought forward to this financial year and is under process for implementation.

The Board of Director has been taking utmost effort to implement the expansion.

9. FUTURE PROSPECTS

Your Board of directors decided to invest Rs. 400 Crores (Rs. 200 Crores each) in its proposed two wholly owned Subsidiary Companies to increase the manufacturing capacities of your Company to meet rising future demand. The said investment shall be from internal accruals and borrowings. Your Board also appointed M/s. KPMG for total implementation of the project.

10. FINANCE AND ACCOUNTS

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

As mandated by the Ministry of Corporate Affairs, your company has adopted the Ind AS for the financial year commencing from April 1, 2017. The estimates and judgments relating to the Financial Statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended March 31, 2018.

11. QUALITY AND ACCOLADES

Your Company continues to win awards year by year, thus reiterating its credible market position. During the year, the Company was the recipient of the following awards:

- Future Kerala Entrepreneurial Excellence & Best CEO awards 2018 by Future Kerala Financial Daily.
- Malayali of the Year 2018 – Business & Innovation by News 18 – Kerala.
- Indywood Excellence Awards 2017 (CSR) from Project Indywood (Aries group) and Govt. of Telangana)

12. CHANGE IN THE NATURE OF BUSINESS

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

13. LISTING

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

14. FIXED DEPOSIT

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

15. EXTRACT OF ANNUAL RETURN

Details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as **Annexure - B**.

16. SECRETARIAL STANDARD

The Company complies with all applicable secretarial standards.

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

Your Company has not provided any Loans or guarantees which attract the provisions of Section 186 of the Companies Act, 2013. However Investments covered under the provision of Section 186 of the Companies Act 2013 are given in the notes to financial Statements.

18. DIRECTORS AND KEY MANAGERIAL PERSONNEL

There is no change in the Board of Directors & Key Managerial Personnel of your company during the financial year 2017-18. In accordance with the provisions of the Act and Article 117 & 118 of Articles of Association of the Company, Mrs. Sindhu Chandrasekhar (DIN 06434415) Woman Director retires by rotation and being eligible offer herself for reappointment. Item seeking her re-appointment along with her detailed profile has been included in the notice convening the AGM. Your Directors recommend the Resolution for your Approval.

All Independent Directors have given declaration that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and regulations 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

During the year under review, 5 (Five) meetings of the Board of Directors, Board Committees were held, details of which are set out in the Corporate Governance Report which forms a part of this Report.

19. BOARD EVALUATION & FAMILIARISATION PROGRAMME

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

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

Further, the Independent Directors of the Company met on February 9, 2018 to review the performance of the Non-executive directors, Chairman of the Company and the assess the quality, quantity and timeliness of flow of information between the Company management and the Board to effectively perform their duties. The details of familiarization program conducted for Independent Directors of your Company are available on your Company's website www.kitexgarments.com.

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

The Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided in Section 178(3) of the Act is available on our website www.kitexgarments.com. There has been no change in the policy since last fiscal. We affirm that remuneration paid to the directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company.

21. DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) in the preparation of the Annual accounts for the year ended March 31, 2018, the applicable accounting standard have been followed along with proper explanation relating to the material departures, if any;

(ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;

(iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis;

(v) that the Director had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(vi) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

22. BOARD COMMITTEES

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

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

23. EMPLOYEES' STOCK OPTION SCHEME

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

24. CORPORATE SOCIAL RESPONSIBILITY

The Company has been adopting this concept even before commencement of Companies Act, 2013. The Company implements CSR directly to society of Kizhakambalam Panchayat in which it operates and identified several projects relating to Social Empowerment and Welfare, Infrastructure Development, Sustainable Livelihood, Health Care and Education during the year under review. These projects are in accordance with Schedule VII of the Act and its CSR policy.

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

25. MANAGEMENT DISCUSSION AND ANALYSIS

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

26. CORPORATE GOVERNANCE

A separate section on Corporate Governance practices followed by the Company, together with a certificate from the Practising Company Secretary under Reg 34(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 confirming its compliance, forms part of this Report.

27. VIGIL MECHANISM

The Company has a Vigil Mechanism to report genuine concerns or grievances of Directors and employees. The vigil mechanism has been posted on the website of the company viz., www.kitexgarments.com

28. RELATED PARTY TRANSACTIONS

All transactions entered into with the related parties for the year under review were on arm's length basis and in the ordinary course of business. Hence the provisions of Section 188 of the Companies Act, 2013 and the Rules made thereunder are not attracted. Accordingly, the disclosure of Related Party Transactions as required under Section 134 (3) (h) of the Companies Act, 2013 in Form AOC 2 is enclosed as **Annexure D**. However certain related party transactions were considered as material in accordance with the Company policy on materiality of related party transactions and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for which company has obtained necessary statutory approval from shareholders by means of Postal Ballot/ at the Annual General Meeting.

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

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

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

29. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

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

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

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

31. BUSINESS RISK MANAGEMENT

Risk Management is embedded in your Company's operating framework and we believes that managing risks helps in maximizing returns. The company's approach in addressing business risks includes periodical review of such risks and thereby mitigating it effectively. The risk management framework is reviewed periodically by the Board and the Audit Committee. Some of the risks that the company is exposed to are:

- **FINANCIAL RISKS:**

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

- **COMMODITY PRICE RISKS**

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

- **REGULATORY RISKS**

  The Company recognised its risks attached to various statutes, laws and regulations. The company is mitigating

these risks through regular review of legal compliances carried out through our internal as well as external compliance audits by our customers.

- **HUMAN RESOURCE RISKS**

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

- **STRATEGIC RISKS**

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

32. AUDITORS

32.1. INDEPENDENT AUDITOR

As per the provisions of Section 139 of the Companies Act, 2013, Messrs Varma & Varma Chartered Accountants, Kochi (FRN 0045325) Independent Auditors of the company retire at the ensuing Annual General Meeting and are eligible for re-appointment. However, the Auditors have conveyed their unwillingness to be reappointed under provisions of Section 139(9)(b) of the Companies Act, 2013. The Board of Directors has placed on record its appreciation for the services rendered by M/s. Varma and Varma as Independent Auditors of the Company. The Board of Directors of the Company has recommended the appointment of M/s. MSKA & Associates, Chartered Accountants, Chennai (FRN 105047W) as the Independent Auditors of the company pursuant to Section 139 of the Companies Act, 2013. Members' attention is drawn to a resolution proposing the appointment of M/s. MSKA & Associates, Chartered Accountants as Independent Auditors of the Company which is included at Item No. 4 of the Notice convening the Annual General Meeting. Consent and certificate u/s 139 of the Act have been obtained from the Auditors to the effect that their appointment if made, shall be in accordance with the applicable provisions of the Act and rules issued thereunder. As required under the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015, M/s. MSKA & Associates, Chartered Accountants have confirmed that they hold a valid certificate issued by the Peer Review Board of ICAI.

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

32.2. SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has re-appointed Mr. Sivakumar P of M/s. SVJS & Associates, Practicing Company Secretaries, Kochi to conduct the secretarial Audit for the financial year 2017-18. The Audit Report issued by the Secretarial Auditors for the financial year 2017-18 form part of this Report and is set out in **Annexure - F**. The secretarial Audit report does not contain any qualification, reservation or adverse remarks.

32.3. Internal Auditors

Messrs. K. Venkitachalam Aiyer & Co, Chartered Accountants continued as Internal Auditors of your company for the financial year 2017-18.

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

There were no significant and material orders passed by the Regulators/ courts that would impact the going concern status of your company and its future operations during the period under review.

34. ENVIRONMENT AND SAFETY

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

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

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

The Company has filed Annual Report for the year ended December 31, 2017 under the Act with District officer.

35. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

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

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

36. GENERAL

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

- Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries;
- there were no frauds reported by the auditors under provisions of the Companies Act, 2013;
- Issue of equity shares with differential rights as to dividend, voting or otherwise;
- There were no revisions in the financial statements;
- Issue of share(Including sweat equity shares) to employees of the Company under any scheme as permitted under any provision of Companies Act, 2013.

37. ACKNOWLEDGEMENTS

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

For and on behalf of the Board of
Kitex Garments Limited

July 2, 2018
Kizhakkambalam

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

ANNEXURE - A TO THE DIRECTOR'S REPORT

Statement containing salient features of the Financial Statement of Subsidiaries/ Associate Companies/ Joint Ventures

(Form AOC-1)

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

Part "A": Subsidiaries (Not Applicable)

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

1. Sl. No.:
2. Name of the subsidiary:
3. The date since when subsidiary was acquired:
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period:
5. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries:
6. Share capital:
7. Reserves & surplus:
8. Total assets:
9. Total Liabilities:
10. Investments:
11. Turnover:
12. Profit before taxation:
13. Provision for taxation:
14. Profit after taxation:
15. Proposed Dividend:
16. Extent of shareholding (in percentage)

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

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

Part "B": Associates and Joint Ventures

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

(Amount in Lakhs)

Sl. No.	Name of Associates/ Joint Ventures	KITEX USA LLC
1	Latest audited Balance Sheet Date (Un-audited)	31.03.2018
2	Date on which the Associate or Joint Venture was associated or acquired	04.04.2015
3	Shares of Associate/Joint Ventures held by the company on the year end	
	i. No.	4050210.09 shares
	ii. Amount of Investment in Associates/Joint Venture	2646.28
	iii. Extend of Holding %	50%
4	Description of how there is significant influence	More than 20% of total share capital held by the Company
5	Reason why the associate/ joint venture is not consolidated	Not applicable
6	Net-worth attributable to Shareholding as per latest audited Balance Sheet	882.99
7	Profit / Loss for the year	
	i. Considered in Consolidation	(647.29)
	ii. Not Considered in Consolidation	NA

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

For **Kitex Garments Limited**

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

Benni Joseph
Director
(DIN: 01219476)

A. Babu
Company Secretary(ACS 7000)

Kizhakkambalam
May 18, 2018

ANNEXURE - B TO THE DIRECTOR'S REPORT

EXTRACT OF ANNUAL RETURN

(Form MGT-9)

As on the financial year ended on March 31, 2018

[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	29.05.1992
iii)	Name of the Company	Kitex Garments Limited
iv)	Category/Sub category of the Company	Company Limited by Shares Indian Non-Government Company
v)	Address of the Registered office and contact details	Building No. 9/536 A, Kizhakkambalam, Aluva, Kochi 683 562, Kerala, Tel. No.: 0484-4142000, Fax No.: 0484- 2680604, Email: sect@kitexgarments.com
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. cameo Corporate Services Limited, Subramanian Building No. 1, Club House Road, Chennai 600 002, Tamil Nadu. Tel: 044-28460390, Fax:044 – 28460129, E-mail: investor@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:-

Sl. No.	Name and Description of main products / services	NIC Code* of the Product/ service	% to total turnover of the company
1	Garments	2650	82.82%
2	Fabrics	2650	17.18%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Kitex USA LLC, Suit No. 110, 160, Summit Avenue, Montvale, New Jersey - 07645	141389240	Associate	50%	2(6)

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

i) Category-wise Share Holding as of March 31, 2018

Category of Shareholders	No. of shares at the beginning of the year				No of shares at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-		-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s).	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	7,350,329	-	7,350,329	15.47	10,290,460	-	10,290,460	15.47	-
e) Banks/ FI	-	-	-		-	-	-	-	-
f) Any Other									
i. Directors and Relatives of Director	18,415,268	-	18,415,268	38.77	26,154,181	-	26,154,181	38.77	-
Sub-total (A) (1) :-	**25,765,597**	-	**25,765,597**	**54.24**	**36,444,641**	-	**36,444,641**	**54.80**	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Others - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-		-	-	-		-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub- total (A) (2):-	**-**	-	-	-	**-**	-	-	-	
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	**25,765,597**	**-**	**25,765,597**	**54.24**	**36,444,641**	**-**	**36,444,641**	**54.80**	-

Category of Shareholders	No. of shares at the beginning of the year				No of shares at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	65,000	-	65,000	0.14	-	-	-	-	-0.14
b) Banks/ FI	38,605	-	38,605	0.08	37,295	-	37,295	0.06	-0.02
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s).	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-		-	-	-	-
g) FIIs	53,398	-	53,398	0.11	-	-	-	-	-0.11
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)		-	-	-		-	-	-	-
Alternate Investment Funds	60,537	-	60537	0.13	-	-	-	-	-0.13
Foreign Portfolio Investor (Corporate) Category I	3,214	-	3,214	0.01	4,499	-	4,499	0.01	-
Foreign Portfolio Investor (Corporate) category II	2,050,028	-	2,050,028	4.32	3,112,241	-	3,112,241	4.68	0.36
Foreign Portfolio Investor (Corporate) Category III	176,509	-	176,509	0.37	158,651	-	158,651	0.24	-0.13
Sub -total (B) (1) ;-	**2,447,291**	**-**	**2,447,291**	**5.16**	**3,312,686**	**-**	**3,312,686**	**4.99**	**-0.17**
2. Non-Institutions									
a) Bodies Corp.	5,136,107	99,000	5,235,107	11.02	7,098,480	132,400	7,230,880	10.87	-0.15
b) Individuals									
i) Individual Shareholders holding nominal share Capital upto Rs. 1 lakh	6,566,538	1,555,752	8,122,290	17.10	8,832,277	1,805,070	10,637,347	16.00	-1.10
ii) Individual shareholders holding nominal share Capital in excess of Rs 1 lakh	5,175,365	-	5,175,365	10.90	7,459,535	-	7,459,535	11.22	0.32
c) Others (specify)									
Overseas Corporate Bodies		-	-	-		-	-	-	-
Clearing Member	40,801	-	40,801	0.09	62,657	-	62,657	0.09	0.01
Market Maker	-	-	-	-	-	-	-	-	-
IEPF	-	-	-	-	264,835	-	264,835	0.40	0.40
Foreign National	84	-	84	-	1,725	-	1,725	-	-
Non Resident Indian	545,200	-	545,200	1.15	896,731	-	896,731	1.35	0.20
HUF	166,265	-	166,265	0.35	186,163	-	186,163	0.28	-0.07
TRUSTS	2,000	-	2,000	-	2,800	-	2,800	-	-0.07
Sub -total (B) (2):-	**17,632,360**	**1,654,752**	**19,287,112**	**40.61**	**24,805,203**	**1,937,470**	**26,742,673**	**40.21**	**-0.40**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**20,079,651**	**1,654,752**	**21,734,403**	**45.76**	**28,117,889**	**1,937,470**	**30,055,359**	**45.20**	**-0.56**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**45,845,248**	**1,654,752**	**47,500,000**	**100.00**	**64,562,530**	**1,937,470**	**66,500,000**	**100.00**	

ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in the shareholding during the year
		No. of Shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	KITEX CHILDRENSWEAR LIMITED	7,350,329	15.47	-	10,290,460	15.47	-	-
2	SABU M JACOB	15,319,281	32.25	-	21,819,800	32.81	-	0.56
3	RENJITHA JOSEPH	3,091,500	6.51	-	4,328,100	6.51	-	-
4	BOBY M JACOB	4,487	0.01	-	6,281	0.01	-	-
	Total	**25,765,597**	**54.24**	**-**	**36,444,641**	**54.80**	**-**	**0.56**

iii) Change in Promoters Shareholding:

Sl No	Name of the Share holder	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
1	KITEX CHILDRENSWEAR LIMITED				
	At the beginning of the year 01-Apr-2017	7350329	15.47	7350329	15.47
	Addition: receipt of Bonus shares	2940131	4.42	10290460	15.47
	At the end of the Year 31-Mar-2018	10290460	15.47	10290460	15.47
2	SABU MECKAMKUNNEL JACOB				
	At the beginning of the year 01-Apr-2017	15319281	32.25	3464631	32.25
	Addition: receipt of Bonus shares	6127712	9.21	21446993	32.25
	Addition: purchase of shares	372807	0.56	21819800	32.81
	At the end of the Year 31-Mar-2018	21819800	32.81	21819800	32.81
3	RENJITHA JOSEPH				
	At the beginning of the year 01-Apr-2017	3091500	6.51	3091500	6.51
	Addition: receipt of Bonus shares	1236600	1.86	4328100	6.51
	At the end of the Year 31-Mar-2018	4328100	6.51	4328100	6.51
4	BOBY M JACOB				
	At the beginning of the year 01-Apr-2017	4487	0.01	4487	0.01
	Addition: receipt of Bonus shares	1794	0.00	6281	0.01
	At the end of the Year 31-Mar-2018	6281	0.01	6281	0.01

The above shareholders are holding shares in mutliple folios which have been combined based on PAN.

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

Sl No	Name of the Share holder	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
1	C K G SUPER MARKET LIMITED				
	At the beginning of the year 01-Apr-2017	3023882	6.37	3023882	6.37
	At the end of the Year 31-Mar-2018	4233434	6.37	4233434	6.37
2	GOPINATHAN C K .				
	At the beginning of the year 01-Apr-2017	2788025	5.87	2788025	5.87
	At the end of the Year 31-Mar-2018	3853825	5.80	3853825	5.80
3	ACUMEN CAPITAL MARKET(INDIA) LTD				
	At the beginning of the year 01-Apr-2017	1138404	2.40	1138404	2.40
	At the end of the Year 31-Mar-2018	1406345	2.11	1406345	2.11
4	VALUEQUEST INDIA MOAT FUND LIMITED				
	At the beginning of the year 01-Apr-2017	1051597	2.21	1051597	2.21
	At the end of the Year 31-Mar-2018	1472235	2.21	1472235	2.21
5	JINSHA NATH C K				
	At the beginning of the year 01-Apr-2017	859992	1.81	859992	1.81
	At the end of the Year 31-Mar-2018	1203999	1.81	1203999	1.81
6	SETHUPARVATHY .				
	At the beginning of the year 01-Apr-2017	603968	1.27	603968	1.27
	At the end of the Year 31-Mar-2018	758346	1.14	758346	1.14
7	RAJALAKSHMI S				
	At the beginning of the year 01-Apr-2017	522294	1.10	522294	1.10
	At the end of the Year 31-Mar-2018	663494	1.00	663494	1.00
8	ICG Q LIMITED				
	At the beginning of the year 01-Apr-2017	426000	0.90	426000	0.90
	At the end of the Year 31-Mar-2018	700000	1.47	700000	1.47
9	PREMIER INVESTMENT FUND LIMITED				
	At the beginning of the year 01-Apr-2017	165227	0.35	165227	0.35
	At the end of the Year 31-Mar-2018	142857	0.30	142857	0.30
10	KARVANSARAI TRAVEL AND LIFESTYLE PRIVATELIMITED				
	At the beginning of the year 01-Apr-2017	164079	0.35	164079	0.35
	At the end of the Year 31-Mar-2018	229710	0.48	229710	0.48

Note

1. The above shareholders are holding shares in mutliple folios which have been combined based on PAN.

2. The Shares of the Company are substantially held in demat form and are traded on daily basis and hence date wise increase/ decrease in shareholding not indicated. The top 10 shareholders as on March 31, 2018 is considered.

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding		Date	increase/ decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of shares at beginning 01.04.2017/ end of the year 31.03.2018	% of total shares of the Company				No. of shares	% of total shares of the Company
	Shareholding of Director:							
1	Mr. Venkitanarayanan Kalpathy Lakshminarayanan	-	-	-	-	-	-	-
2	Mr. Benni Joseph	-	-	-	-	-	-	-
3	Mr. Erumala Mathew Paulose	100	0	01.04.2017	-	-	100	0
		140	0	31.03.2018	-	-	140	0
4	Mr. Chenakkott Philipose Philipose	-	-	-	-	-	-	-
	Shareholding of Key Managerial Personnel:							
1	Mr. Sabu M. Jacob *	153,19,281	32.25	01.04.2017	-	-	153,19,281	32.25
	(Chairman and Managing Director)	218,19,800	32.81	31.03.2018	-	-	218,19,800	32.81
2	Ms. Sindhu Chandrasekhar	-	-	-	-	-	-	-
	(Whole Time Director)	-	-	-	-	-	-	-
3	Mr. Babu A	-	-	-	-	-	-	-
	(Company Secretary and Compliance officer)	-	-	-	-	-	-	-

* date wise details are given in ' iii) Change in Promoters' Shareholding' of 'IV - Shareholding Pattern' as above

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				(Amount in Rs.)
Indebtedness at the beginning of the financial year - 01.04.2017	**Secured Loans excluding deposits**	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
i) Principal Amount	829,27,288	-	-	829,27,288
ii) Interest due but not paid	45,89,683	-	-	45,89,683
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**875,16,971**	**-**	**-**	**875,16,971**
Change in Indebtedness during the financial year				
* Addition	755,57,646	-	-	755,57,646
* Reduction	-822,61,667	-	-	-822,61,667
Net Change	**-67,04,021**	**-**	**-**	**-67,04,021**
Indebtedness at the end of the financial year 31.03.2018				
i) Principal Amount	771,86,974	-	-	771,86,974
ii) Interest due but not paid	36,25,977	-	-	36,25,977
iii) Interest accrued but not due		-	-	-
Total (i+ii+iii)	**808,12,951**	**-**	**-**	**808,12,951**

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of the Managing Director/ Whole Time Director/ Manager		Total Amount (Rs.)
		Mr. Sabu M. Jacob Chairman, Managing Director & Chief Financial Officer	Mrs. Sindhu Chandrasekhar Whole Time Director	
1	**Gross salary**			
	a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	108,00,000	7,88,519	115,88,519
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961*	-	-	-
	c. Profits in lieu of salary under section 17(3) Income-Tax Act, 1961	-	9,63,228	9,63,228
2	**Stock Option**	-	-	-
3	**Sweat Equity**	-	-	-
4	**Commission:**			-
	- As a % of Profit	459,08,551	-	459,08,551
	- Others, specify	-	-	-
5	**Others, please specify**			-
	Contribution to PF	5,76,000	21,600	5,97,600
	Contribution to Gratuity	-	-	-
	Contribution to Superannuation Fund	-	-	-
	Consolidated Allowances	-	-	-
	Total (A)	**572,84,551**	**17,73,347**	**590,57,898**
	Ceiling as per the Act	10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 is Rs. 11,45,69,100		

B. Remuneration to other directors: **(Amount in Rs.)**

Sl. No.	Particulars of Remuneration	Mr. Benni Joseph	Prof. E. M. Paulose	Mr. K.L.V. Narayanan	Mr. C.P. Philipose	Total
1	**Independent Directors**					
	- Fees for attending Board/ Committee Meetings	2,30,000	1,90,000	-	1,90,000	6,10,000
	- Commission	-	-	-	-	-
	- Others	-	-	-	-	-
	Total (1)	**2,30,000**	**1,90,000**	**-**	**1,90,000**	**6,10,000**
2	**Other Non- Executive Directors**					
	- Fees for attending Board/ Committee Meetings	-	-	2,20,000	-	-
	- Commission	-	-	-	-	-
	- Others	-	-	-	-	-
	Total (2)	**-**	**-**	**2,20,000**	**-**	**2,20,000**
	Total (B) = (1+2)	**2,30,000**	**1,90,000**	**2,20,000**	**1,90,000**	**8,30,000**
	Ceiling as per the Act	being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013. Sitting fees paid have not been considered as a component for reckoning overall ceiling as per Companies Act, 2013				
	Total Managerial Remuneration	590,57,898				
	Overall Ceiling as per the Act	being 11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013.				

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total
		Mr. A. Babu, Company Secretary	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	9,26,155	9,26,155
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	6,02,083	6,02,083
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- As % of profit	-	-
	- Others, , specify	-	-
5	**Others, please specify**		
	Contribution to PF	21600	21,600
	Contribution to Gratuity	-	-
	Contribution to Superannuation Fund	-	-
	Consolidated Allowances	-	-
	Total	**15,49,838**	**15,49,838**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any section of Companies Act, 2013 against the Company or its Directors or other Officers in default, if any, during the year.

May 18, 2018

Kizhakkambalam

For **Kitex Garments Limited**

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

ANNEXURE - C TO DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES – 2017-18

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

A. Brief outline of the company's CSR policy

Kitex Garments Limited (KGL) CSR policy is focused on "Caring the Community" and has been the intrinsic value guiding our efforts in the realm of social development. Twenty20 Kizhakkambalam Association was instrumental for demonstrating care for the society through its focus on Eradicating Hunger and Poverty, Education and Skill Development, ensuring good Health & Wellness, Environment Sustainability and making available Safe Drinking Water. Over the years, while reaching out to underserved communities as 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. The Projects undertaken has been a hall mark and much appreciated by the community and international agencies alike and was within the broad framework of Schedule VII of the Companies Act, 2013.

Our vision is – "to effectively contribute to the social and economic development of the communities in which we operate. In doing so we intend to build a better, sustainable way of life for the weaker sections of society and raise the country's human development index". **Our Vision converges on Corporate Social Responsibility for Kizhakkambalam, where we dream to make this Panchayath the best in the state of Kerala.**

Our CSR policy includes:

1. To pursue a corporate strategy that enables realization 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.

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

B. Composition of the CSR Committee

Kitex Garments Limited has set up Corporate Social Responsibility Committee (CSR Committee) as per the requirement of the Companies Act, 2013. The members of the CSR Committee as on March 31, 2018 are:

i. Mr. Sabu M. Jacob - Chairman

ii. Mr. K.L.V. Narayanan - Member

iii. Mr. Benni Joseph - Member

iv. Mr. C. P. Philipose – Member

C. Average net profit of the company for last three financial years: Rs. 151,80,78,742

D. Prescribed CSR Expenditure (two per cent of the amount as in Item C above): Rs. 3,03,61,575

E. Details of CSR Spend during the financial year

i. Total amount spent for the financial year: Rs. 12,75,12,054/-

ii. Amount Unspent, if any; None.

iii. Manner in which the amount was spent during the financial year is detailed below.

(Amount in Rs. in lacs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	**CSR project or activity identified**	**Sector in which the Project is covered**	**Projects or programs**	**Amount outlay (budget) project or Program wise**	**Amount spent on the projects or programs**	**Cumulative expenditure upto to the reporting period**	**Amount spent: Direct or through implementing agency**
					Sub Heads		
			(1) Local area or other		(1) Direct expenditure on Projects or Programs		
			(2) Specify the State and district where projects or programs was Undertaken		(2) Overhead		
1	Agriculture capacity building	Environment sustainability	Local Area covered by Kizhakkambalam Panchayat in Ernakulam District in State of Kerala	21,80,058.53	86,86,991.95 Direct expenditure on Program	86,86,991.95	Directly by the Company
2	Education & Knowledge development	Promoting education		1,25,146.78	4,98,678.83 Direct expenditure on Program	4,98,678.83	
3	House construction and colony development	Environment sustainability		1,76,32,017.88	7,02,59,213.20 Direct expenditure on Program	7,02,59,213.20	
4	Food and nutrition practices at family and community level	Eradicating hunger, poverty and Malnutrition		4,13,347.62	16,47,087.64 Direct expenditure on Program	16,47,087.64	
5	Hygiene and sanitation promotion	Making available safe drinking water, better sanitation and toilets.		3,92,992.91	15,65,979.17 Direct expenditure on Programs)	15,65,979.17	
6	Medical and health awareness programs	Promoting health including preventive health care		68,568.41	2,73,228.09 Direct expenditure on Program	2,73,228.09	
7	Infrastructure Development	Environment sustainability		1,11,66,266.48	4,44,94,799.33 Direct expenditure on Program	4,44,94,799.33	
8	Self Employment	Eradicating hunger, poverty and Malnutrition		21,601.39	86,076.17 Direct expenditure on Program	86,076.17	
Total Spent				**3,20,00,000**	**12,75,12,054.21**	**12,75,12,054.21**	

G. In case the company has failed to spend the two percent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. Not Applicable. The Company has spent above the required amount.

Our Responsibility

The Responsibility Statement of the Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company is reproduced below: 'The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.'

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

Benni Joseph
Member
CSR Committee
(DIN: 01219476)

May 18, 2018
Kizhakkambalam

ANNEXURE - D TO THE DIRECTOR'S REPORT

PARTICULARS OF CONTRACTS/ARRANGEMENTS WITH RELATED PARTIES

[Pursuant to clause (h) of sub-section (3)of section 134 of the Actand Rule 8(2) of the Companies (Accounts) Rules, 2014 – (Form No. AOC-2)]

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

2. Details of material contracts or arrangement or transactions at arm's length basis

Sl. No	Name of Related Party	Nature of Relationship	Duration of Contract	Salient Terms (1)	Amount (In Lakhs)
Nature of Contract or arrangement					
Fabric sale (Net)					
1	Kitex Childrenswear Limited	Enterprises owned or significantly influenced by key management personnel or their relatives	ongoing	Based on Transfer Pricing Guidelines	6924.28
2	Kitex Limited				1398.09
Rent Received					
3	Kitex Childrenswear Limited		ongoing	Based on Transfer Pricing Guidelines	19.45
Rent Paid					
4	Kitex Childrenswear Limited		ongoing	Based on Transfer Pricing Guidelines	1.41
Job work charge paid					
5	Kitex Childrenswear Limited		ongoing	Based on Transfer Pricing Guidelines	2899.81
Job work charge received					
6	Kitex Childrenswear Limited		Ongoing	Based on Transfer Pricing Guidelines	377.08
7	Kitex Limited				313.71
Expense reimbursement					
8	Kitex Childrenswear Limited		Ongoing	Based on Transfer Pricing Guidelines	33.78
Expense reimbursement (Net)					
9	Kitex Childrenswear Limited		Ongoing	Based on Transfer Pricing Guidelines	12.39
Sale of Yarn					
10	Kitex Limited		Ongoing	Based on Transfer Pricing Guidelines	79.77
Purchase of Fabric					
11	Kitex Limited		Ongoing	Based on Transfer Pricing Guidelines	1084.26
Purchase of Yarn					
12	Kitex Limited		Ongoing	Based on Transfer Pricing Guidelines	20.07
Processing Charges paid					
13	Kitex Limited		Ongoing	Based on Transfer Pricing Guidelines	19.05
Purchase of Spices					
14	Anna Aluminium Company (P) Ltd.		Ongoing	Based on Transfer Pricing Guidelines	27.60
Investments made					
15	Kitex USA LLC		Refer Note No. (2) As below		1476.17
Sales - Ready Made Garments					
16	Kitex USA LLC		Ongoing	Based on Transfer Pricing Guidelines	25,139.15
Purchase of Utensils					
17	Anna Aluminium Company (P) Ltd.		Ongoing	Based on Transfer Pricing Guidelines	1.53

Note (1) Appropriate approvals have been taken for related party transaction. Advances paid if any have been adjusted against billing wherever applicable. (2) The Company has been investing into Kitex USA LLC since its inception. As on March 31, 2018, Company has invested $ 4050210.09 constituting 50% of total capital of the Investee Company

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

Kizhakkambalam
May 18, 2018

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

ANNEXURE - E
TO DIRECTORS' REPORT

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

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

A. Conservation of Energy

i. Steps taken for conservation of energy:

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

a) Use of LED Tube fittings in place of conventional tube lights in all Floors of KGL Factory.
b) By alternative working of Areators at Sewage Treatment and effluent Treatment plants and installation of invorters at STP.
c) Installation of variable frequency drives on Boiler ID fan Motors.
d) Replacement of inefficient Air Compressors in processing plant.
e) Installation of pressure reduing valve on steam line of Comby Jigger machines and reduced steam consumption by 8 to 10%.
f) Regular monitoring of power consumption and production data to sustain lowest possible kwh/kg through minimum operation of machines and aligning maintenance schedule and production programme.
g) Monitoring of airline leakages to reduce the compressor working hour and to save power.
h) Installation of timers in street lights for saving in power.
i) Water and steam conservation efforts at processing plant.
j) Recycling and Reusing of Machine cooling water in processing areas and gardening.

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

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

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

iii. Capital investment on energy conversation equipment: NIL

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

POWER & FUEL CONSUMPTION		Year Ended 31.03.2018	Year Ended 31.03.2017
Electricity			
a)	Purchased Units (KWH) Total Amount (Rs.) Cost/Unit (Rs./ KWH)	17453922 units 10,84,54,837 6.21	16275567 units 9,11,88,694 5.60
b)	Own generation Through Diesel Generator Units (KWH) Total Amount(Rs.) Cost/Unit (Rs. / KWH)	89213 units 18,13,717.8 20.33	68744 Units 13,34,329 19.41
Fuel			
a)	Furnace Oil Quantity (KL) Total Amount(Rs.) Cost/Unit (Rs. KL)	2441 KL 6,63,47,092 27180	2143 KL 6,10,10,104 28466
b)	Firewood Quantity (MT) Total Amount(Rs.) Cost/Unit (Rs. MT)	16297 MT 4,39,47,263 2,697	13794 MT 3,46,70,937 2,514
c)	Diesel Quantity (KL) Total Amount(Rs.) Cost/Unit (Rs. KL)	1.88 KL 114960 61148.93	6 KL 336516 56940

B. Technology Absorption

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

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

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

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

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

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

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

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

C. Foreign exchange Earnings and Outgo-

(Rs. in lakhs)

Sl. No.	Particulars	2017-18	2016-17
1	Earnings on account of Exports	42420.38	43261.40
2	Outgo on account of Imports & Expenditure	145.78	257.01

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

Kizhakkambalam
May 18, 2018

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

ANNEXURE - F TO THE DIRECTORS REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2018

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

To

The Members
Kitex Garments Limited
P B No 5, Kizhakkambalam
Alwaye, Ernakulam – 683562, Kerala

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31.03.2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2018 according to the provisions of:

i) The Companies Act, 2013 (the Act) and the Rules made thereunder;

ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.

(d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(e) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009

vi) The Management has identified and confirmed the following law as specifically applicable to the Company:

1. The Textiles (Development and Regulation) Order, 2001

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

(i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India;

(ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

We 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. There were no changes in the composition of the Board of Directors during the period under review.

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

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

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

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

i. Public/Right/Preferential issue of shares / debentures/ sweat equity;

ii. Redemption / buy-back of securities;

iii. Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013;

iv. Merger / amalgamation / reconstruction;

v. Foreign technical collaborations.

During the period, the following issue has taken place:

Sl. No.	Method of Issue	Mode of Approval	Date of Approval	Number of shares issued/ Amount
1.	Bonus Issue	Shareholders' approval by way of ordinary resolution in the Annual General Meeting	19.06.2017	Shareholders' approval obtained for capitalization of a sum not exceeding Rs. 1,90,00,000/- from the free reserve of the Company for the purpose of issue of bonus shares which were allotted on 24.06.2017.

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

Kochi
18.05.2018

For SVJS & Associates
Company Secretaries

CS. Sivakumar P.
Managing Partner
CP No. 2210, FCS: 3050

Annexure A

ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

To
The Members
Kitex Garments Limited
P B No 5, Kizhakkambalam
Aluva, Ernakulam – 683562, Kerala

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

1. Maintenance of the Secretarial records is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to express an opinion on these records, based on our audit.
2. During the audit, we have followed the practices and processes as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial records. We believe that the process and practices we followed provide a reasonable basis for our report.
3. The correctness and appropriateness of financial records and Books of Accounts of the Company have not been verified.
4. We have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc., wherever required.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of management. Our examination was limited to the verification of the procedures and compliances on test basis.
6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March 2018 but before issue of the Report.
7. We have considered actions carried out by the Company based on independent legal/professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.

Kochi
18.05.2018

For SVJS & Associates
Company Secretaries

CS. Sivakumar P.
Managing Partner
CP No. 2210, FCS: 3050

ANNEXURE - G TO THE DIRECTOR'S REPORT

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

1	The ratio of the remuneration of each director to the median remuneration of the employees of the company excluding Managing Director for the financial year	Mr. Sabu M. Jacob	443.37	:1
		Mr. Benni Joseph, Independent Director	1.78	:1
		Mrs. Sindhu Chandrasekhar	13.73	:1
		Prof. E. M. Paulose, Independent Director	1.70	:1
		Mr. K L V Narayanan, Director	1.47	:1
		Mr. C. P. Phillipose, Director	1.47	:1
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Mr. Sabu M. Jacob, MD and CFO	-30.85%	
		Mr. Benni Joseph	1.84%	
		Prof. E. M. Paulose	4.52%	
		Mr. K L V Narayanan	33.13%	
		Mr. C. P. Phillipose	4.52%	
		Mrs. Sindhu Chandrasekhar	2.15%	
		Mr.A.Babu. Company Secretary	9.34%	

3	The percentage Increase/ Decrease in the median remuneration of employees	10.17%		
4	The number of permanent employees on the rolls of company	4372		
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration		March 31, 2018	March 31, 2017
		Average increase in remuneration of emloyees excluding KMP	7.79%	12.79%
		Average increase in remuneration of KMP	-22.35%	-14.41%
6	Affirmation that the remuneration is as per the remuneration policy of the company.	Remuneration paid during the year ended March 31, 2018 is as per the Remuneration policy of the Company		

For and on behalf of the Board of Directors

Kitex Garments Limited

Kizhakkambalam
May 18, 2018

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

ANNEXURE - H TO THE DIRECTOR'S REPORT

PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT 2013 READ RULE 5(2) OF THE WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AS AMENDED

Sl. No.	Name	Age	Qualification	Nature of employment	Designation	Date of Commencement of employment	Experience (Years)	Gross Remuneration	Previous Employment/ Designation	the percentage of equity shares held in the Company	whether any such employee is a relative of any director or manager of the company
1	Mr. Sabu M Jacob	55	Graduate	Employee	Managing Director	16.08.1993	35	5,72,84,551	Executive Director – Kitex Limited	32.81%	No

For and on behalf of the Board of Directors

Kitex Garments Limited

Kizhakkambalam
18.05.2018

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

CORPORATE GOVERNANCE REPORT

Your Directors present the Company's Report on Corporate Governance for the year ended March 31, 2018 in terms of regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('The Listing Regulations") as amended from time to time.

1. COMPANY'S PHILOSOPHY

Kitex Garment's governance philosophy is based on trusteeship, transparency and accountability. As a corporate citizen, our business fosters a culture of ethical behavior and disclosures aimed at building trust on our stakeholders. The Company's Code of Business Conduct and Ethics, Internal Code of Conduct for regulating, Monitoring and Reporting of Trades by Insiders are an extension of our values and reflect our commitment to ethical business practices, integrity and regulatory compliance.

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

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

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

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

2. GOVERNANCE STRUCTURE

The Corporate Governance structure of your company is as follows:

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

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

2. A. THE BOARD OF DIRECTORS

2.A.1. COMPOSITION AND CATEGORY OF DIRECTORS

The Board of Directors consists of eminent individuals from Industrial, Managerial, Technical and Financial background. The company is managed by the Board of Directors in co-ordination with the Senior Management Team. The strength and composition of the Board is reviewed from time to time so that it remains aligned with statutory as well as business requirements. As on March 31, 2018 the Company has a judicious combination of Executive and Non-executive Directors with one Women Director on the Board. Of the total 6 Directors, 2 are Executive Directors, 3 are Independent Directors and 1 is Non-executive Director. The Chairman of the Board is an Executive Director. Details of each member of the Board along with number of Directorship/ Membership as on March 31, 2018 are given below:

Name	Date of Appointment	Category of Director	Directorship in other Indian Public Limited Companies (excluding KGL)	No. of Board Committees in which Chairman/ Member (Excluding (KGL)		No of shares or convertible Instruments
				Chairman	Member	
Mr. Sabu M Jacob (DIN 00046016)	27.04.1994	Promoter/ Chairman & MD	4	-	-	2,18,19,800
Ms. Sindhu Chandrasekhar (DIN 06434415)	16.03.2015	Woman Director (Executive Director)	2	1	1	-
Mr. Benni Joseph (DIN 01219476)	12.01.2015	Independent Director	1	1	1	-
Prof. E M Paulose (DIN 03563106)	12.01.2015	Independent Director	1	1	1	140
Mr. C P Philipose (DIN 01125157)	10.06.2016	Independent Director	-	-	-	-
Mr. K.L.V. Narayanan (DIN 01273573)	04.04.2013	Non-Executive Director	2	-	-	-

Notes:

1) Directorship exclude Private Limited Companies, Foreign Companies and Section 8 Companies

2) Chairmanship/Membership in Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee in Indian Public Limited Companies other than M/s. Kitex Garments Limited are considered for this purpose. Members of the Board of the Company do not have membership of more than ten Board-level Committees or Chairman of more than five such Committees.

3) Details of Director(s) retiring or being re-appointed are given in Notice to Annual General Meeting.

4) There are no inter-se relationship between our Board Members

2.A.2. INDEPENDENT DIRECTORS

The Independent Directors fulfill the conditions of Independence specified in Section 149 of the Companies Act, 2013

and Regulation 16(b) of the Listing Regulations. Formal letters of appointment issued to Independent Directors as provided in Companies Act, 2013 are disclosed in the website of the company viz., www.kitexgarments.com

2.A.3.BOARD MEETINGS

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

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

In the financial year 2017-18 the Board met five times. The meetings were held on 28th April, 2017, 24th June, 2017, 29th July, 2017, 4th November, 2017 and 9th February, 2018. The interval between two Meetings was well within the maximum period mentioned under Section 173 of the Companies Act, 2013 and Regulations 17(2) of the Listing Regulations.

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

Sr. No	Name of the Directors	No. of Board Meetings attended	Attendance at the AGM held on June 19, 2017
1.	Mr. Sabu M Jacob (Chairman & MD)	5 of 5	Present
2.	Mrs. Sindhu Chandrasekhar	5 of 5	Leave sought
3.	Mr. Benni Joseph	5 of 5	Leave sought
4.	Prof. E M Paulose	5 of 5	Leave sought
5.	Mr. C P Philipose	5 of 5	Present
6.	Mr. K L V Narayanan	5 of 5	Leave sought

2.A.4. INFORMATION PLACED BEFORE THE BOARD

The Company provides the information as set out in Regulation 17 read with Part - A of Schedule II of the Listing Regulations, to the Board and the Board Committees to the extent it is applicable and relevant. Such information is submitted either as a part of the Agenda papers in advance of the respective meetings by way of presentation and discussions during the Meetings.

2.A.5 POST MEETING MECHANISM

The important decisions taken at the Board/ Board Committees meetings are communicated to the concerned department.

2.A.6. BOARD SUPPORT

The Company Secretary attends the Board Meetings and advises the Board on Compliances with the applicable laws and governance.

2.A.7. FAMILIARISATION PROGRAMME FOR DIRECTORS

At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected from him as a Director of the Company. The director is also explained in detail the Compliance required from him under Companies Act, 2013, the Listing Regulations and other various statutes and an affirmation is obtained in this regard. The Chairman and Managing Director also has a one to one discussion with the newly appointed Director to familiarize him with the Company's operations. Further, on an ongoing basis as a part of Agenda of Board/ Committee meetings, presentations are regularly made to the Independent Directors on various matters inter-alia covering the Company's and associates businesses and operations, industry and regulatory updates, strategy, finance, risk management framework, role, rights, responsibilities of the Independent Directors under various statutes and other relevant matters. The details of the familiarization programme for Directors are available on the Company's weblink viz., www.kitexgarments.com

2.A.8 GOVERNANCE CODES

- **CODE OF CONDUCT**

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

- **CONFLICT OF INTERESTS**

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

- **INSIDER TRADING CODE**

The Company had adopted a "Code of Conduct for insider trading" in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015. The code is applicable to promoters and promoter's group, all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company. The Company Secretary is the Compliance Officer for monitoring adherence to the said regulation.

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

2. B. BOARD COMMITTEES

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

The Board currently has the following committees:

2.B.1 AUDIT COMMITTEE

➢ **COMPOSITION**

Audit Committee of the Board of Directors ("the Audit Committee") is entrusted with the responsibility to supervise the Company's Internal Controls and financial reporting process. The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of the Listing Regulation. All member of the Audit Committee are financially literate and bring in expertise

in the fields of Finance, Taxation, Economics, Risk and International finance. It functions in accordance with its terms of reference that defines its authority, responsibility and report function. Audit Committee comprised of 3 directors viz., Mr. Benni Joseph, as the Chairman, Prof. E M Paulose and Mr. C P Philipose as members of the Committee.

➢ **MEETINGS AND ATTENDANCE**

The Audit Committee met five times during the financial year 2017-18. The maximum gap between two meetings was not more than 120 days. The Committee met on 28th April, 2017, 24th June, 2017, 29th July, 2017, 4th November, 2017 and 9th February, 2018. The requisite quorum was present at all the meetings. The Audit Committee authorized Mr. C P Philipose to be present at the 25th Annual General Meeting of the Company.

Details of attendance of Audit Committee members are given below:

Composition	Mr. Benni Joseph (Chairman)	Prof. E. M. Paulose (Member)	Mr. C. P. Philipose (Member)
No. of Meetings Attended	5	5	5

Mr. Sabu M. Jacob, Chairman & Managing Director and Chief Financial Officer and Ms. Sindhu Chandrasekhar, Woman Director are permanent invitees to the Audit Committee meeting. The Independent Auditors, Internal Auditors and Secretarial Auditors of the Company are also invited to the Audit Committee meeting. The Company Secretary is the Secretary to the Committee.

➢ **TERMS OF REFERENCE**

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

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

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

2.B.2. NOMINATION & REMUNERATION COMMITTEE

➢ **COMPOSITION**

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

➢ **MEETING AND ATTENDANCE**

The Nomination and Remuneration Committee met four times during the year on 28th April, 2017, 29th July, 2017, 4th November, 2017 and 9th February, 2018. The requisite quorum was present at the meeting. The table below provides the attendance of the Committee members:

Composition	Prof. E M Paulose (Chairman)	Mr. Benni Joseph (Member)	Mr. K L V Narayanan (Member)
No. of Meetings Attended	4	4	4

- **TERMS OF REFERENCE**

Terms of reference of the Committee inter alia consists of

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

- **REMUNERATION POLICY**

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

A. REMUNERATION TO NON-EXECUTIVE AND INDEPENDENT DIRECTORS

The Non-Executive Directors and Independent Directors are paid sitting fees for each meeting of the Board or Committee of Directors attended by them. The total amount of Sitting Fees paid to Non-Executive and Independent Directors during the Financial Year 2017-18 was Rs. 8.30 lakhs. The Non-Executive Director/ Independent Directos do not have any pecuniary relationship or transactions with the Company.

B. REMUNERATION OF EXECUTIVE DIRECTORS

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

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

DETAILS OF REMUNERATION PAID TO DIRECTORS FOR THE YEAR ENDED MARCH 31, 2018

Name of the Director	Term of appointment	Salary	Per-qui-sites	Retiral Benefits	Commission	Others: contribution to PF	Perfor-mance Bonus	Total	Stock option granted
Mr. Sabu M Jacob Chairman & Managing Director	5 years from 16.08.2015 to 15.08.2020	1,08,00,000	-	-	4,59,08,551	576,000	-	5,72,84,551	-
Ms. Sindhu Chan-drasekhar, Executive Director	5 years from 16.03.2015 to 15.03.2020	7,88,519	-	-	-	21600	9,63,228	17,73,347	-

PERFORMANCE EVALUATION

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

The performance evaluation of the Chairman & Managing Director,Executive Director and the Non-Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

2.B.3. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee oversees the redressal of Share holder's complaints relating to share transfers/ transmission, non-receipt of Annual reports, non receipt of declared dividend etc. This Committee consists of 3 Directors viz., Mr. K.L.V. Narayanan as Chairman, Mr. Sabu M. Jacob and Ms. Sindhu Chandrasekhar as the members.

Mr. A. Babu, Company Secretary shall act as Compliance Officer of the Committee.

During the year, the Committee met on 4 times viz., 28th April, 2017, 29th July, 2017, 4th November, 2017 and 9th February, 2018. Your Company's shares are compulsorily traded in the de-materialised form. To expedite transfers in the physical segment, necessary authority has been delegated to the Share Transfer committee to approve transfers/ transmissions of shares/ debentures. Details of share transfers/ transmissions approved by the Directors and Officers are placed before the Board.

Attendance at Stakeholders' Relationship Committee meetings are as below:

Composition	Mr. K.L.V. Narayanan	Mr. Sabu M. Jacob	Ms. Sindhu Chandrasekhar
No. of Meetings attended	4	4	4

Status of investor complaints is as below:

No. of investor queries/ complaints received from April 01, 2017 to March 31, 2018	number of complaints not solved to the satisfaction of shareholders
8	1*

* nil as per company records. This cannot be redressed due to various legal impediments.

As on March 31, 2018, there was no pending investor complaint.

2.B.4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)

The Committee comprises Mr. Sabu M. Jacob as the Chairman, Mr. K. L. V. Narayanan, Mr. Benni Joseph and Mr. C. P. Philipose as the members. The Company Secretary acts as a Secretary to the Committee.

Key Responsibilities of the CSR Committee:

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

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

During the year, the Committee met 4 times viz., 28th April, 2017, 29th July, 2017, 4th November, 2017 and 9th February, 2018. Attendance at CSR Committee meetings is as below:

Composition	Mr. Sabu M. Jacob	Mr. Benni Joseph	Mr. K. L. V. Narayanan	Mr. C. P. Philipose
No. of Meeting attended	4	4	4	4

2.B.5. INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on February, 9, 2018 inter-alia to:

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

All the Independent Directors were present at this meeting.

3. GENERAL BODY MEETING

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

Sl No.	AGM	Year	Date	Time	Details of special resolutions passed	Location
1	25th	2017	19.06.2017	10.00 A.M	Nil	Building No. 9/536 A, Kizhakkambalam, Kochi 683 562. Kerala
2	24th	2016	10.06.2016	10.00 A.M	Nil	
3	23rd	2015	04.06.2015	10.30 A.M	Adoption of New Articles of Association of the Company Pursuant to Companies Act, 2013	

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

POSTAL BALLOT

The Company conducted a postal ballot for approval of a resolution on "Materially related Party Transactions with M/s. Kitex USA LLC, an associate company (in which your company has an investment of 50% of share capital) on 8th February, 2018. The details of the results were published in the leading news papers and is available on the company's website www.kitexgarments.com

Date of Postal Ballot Notice : 04.11.2017	Voting period : 08.01.2018 to 07.02.2018
Date of declaration of result : 08.02.2018	Date of Approval : 08.02.2018

Name of the resolution	Type of resolution	No of votes polled	Votes cast in favor		Votes cast against	
			No of votes	%	No of votes	%
Approval for Material Related Party Transaction with Kitex USA LLC	Ordinary Resolution	13038806	13036686	99.98	2120	0.02

Mr. P. D. Vincent of M/s. SVJS & Associates, Company Secretaries was appointed as the scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

PROCEDURE FOR POSTAL BALLOT

In compliance with Section 108 and 110 and other applicable provisions of Companies Act, 2013 read with respective Rules, the Company provides e-voting facility in addition to physical ballot, to all its members. For this purpose, the Company engaged CDSL. Postal Ballot Notices and forms are dispatched, along with postage prepaid business reply envelopes to registered shareholders/ beneficiaries. The same notice is sent by email to members who have opted for receiving communication through the electronic mode. The Company also publishes a notice in the newspaper declaring the details and requirements as mandated by the Act and applicable rules.

Voting rights are reckoned on the paid up value of shares registered in the name of members as on the cut off date. Members who want to exercise their votes by physical postal ballot are requested to return the forms, duly completed and signed, to the scrutinizer on or before close of the voting period. Those using the e-voting option are requested to vote before the close of business hours on the last date of e-voting.

Scrutinizer completes his scrutiny and submits his report to the Chairman and the consolidated results of voting are announced by the Chairman/ authorised officer. The results are also displayed on the Company website www.kitexgarments.com, besides being communicated to the stock exchanges, depository and registrar and share transfer agent.

4. MEANS OF COMMUNICATION

The Un-audited Quarterly Results are announced within 45 days from the end of the quarter and the Audited Annual Results are announced within 60 days from the end of the financial year as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. The Company provides the information to the stock exchange where shares of the Company are

listed. The results are also published in one English newspaper having national circulation and one Malayalam Newspaper.

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

- Financial Express (English Language)
- Malayala Manorama (Malayalam Language)

The Financial Results of the Company are displayed on the Company's website http://www.kitexgarments.com/

Disclosure pursuant to various provisions of Listing Regulations, as applicable, are promptly communicated to the stock exchanges where the shares of your Company are listed, and are displayed by them on their websites.

PRESENTATIONS TO INSTITUTIONAL INVESTORS / ANALYSTS:

No Detailed presentations made to institutional investors and financial analysts on the Company's un-audited quarterly as well as audited annual financial results during the period under review.

5. GENERAL SHAREHOLDER INFORMATION:

5.1. ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR 2017-18

Day and Date	Saturday, July 28, 2018
Time	10.00 A.M
Venue	Building No. 9/536A, Kizhakkambalam, Kochi 683 562, Kerala
Financial Year	April 1, 2017 to March 31, 2018
Book Closure	July 23, 2018 to July 28, 2018
Last date for Receipt of Proxy	July 26, 2018 before 10.00 A.M
E-voting starts	July 25, 2018 at 9.00 A.M
E-Voting ends on	July 27, 2018 at 5.00 P.M
Results of E-Voting on	July 30, 2018 at 11.A.M
Dividend payment date	August 25, 2018

5.2. TENTATIVE CALENDAR FOR FINANCIAL YEAR ENDING MARCH 31, 2019

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

Un-audited Q1 ending 30.06.2018	on or before fourth week of July,2018
Un-audited Q2 and half year ending 30.09.2018	on or before Second week of November, 2018
Un-audited Q3 and Nine months ending 31.12.2018	on or before second week of February, 2019
Audited Results for the year ending 31.03.2019	on or before Third week of May, 2019

5.3. DETAILS OF STOCK EXCHANGES WHERE LISTED

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

Listing fees have been paid for the Financial Year 2018-19.

5.4. MARKET PRICE DATA

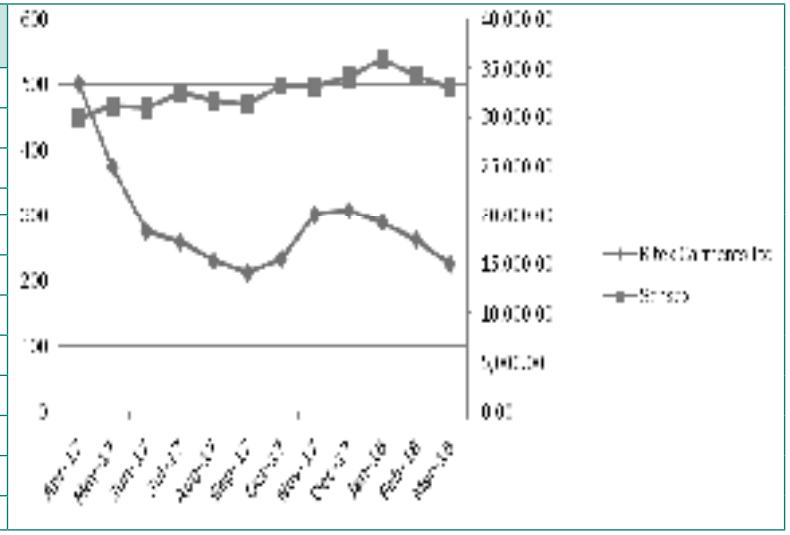
Market Price and Volume of the Company's Shares of face value of Re. 1 each traded in the major stock exchanges where Company's shares are listed during the financial year 2017-18:

Year (2017-18)	**BSE** (Amount in Rs.)		**NSE** (Amount in Rs.)		**Volume** (nos.)	
Months	**High**	**Low**	**High**	**Low**	**BSE**	**NSE**
April	538.00	420.00	537.00	417.00	5,22,817	31,28,726
May	458.00	355.00	455.00	364.15	3,34,742	23,83,543
June	418.65	264.95	417.90	265.05	2,87,368	14,16,410
July	299.40	246.70	300.00	246.30	3,31,489	19,63,678
August	275.00	215.80	276.00	210.80	2,24,520	12,60,264
September	254.00	206.20	255.05	206.00	1,64,278	16,90,874
October	238.00	198.00	237.40	209.20	2,03,495	14,59,097
November	345.95	226.00	345.65	230.00	9,70,114	71,90,069
December	317.50	275.00	317.00	274.55	2,21,161	17,05,514
January	329.95	285.45	330.00	288.00	1,92,427	21,70,779
February	295.00	221.35	295.00	222.00	5,34,994	39,42,224
March	274.30	222.00	274.55	222.85	1,36,824	11,26,981

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

5.5. A PERFORMANCE CHART SHOWING SHARE PRICE OF THE COMPANY IN COMPARISON WITH BSE SENSEX DURING THE YEAR 2017-18 IS AS BELOW:

FY 2017-18	KITEX	Sensex
April	500.6	29,918.40
May	374.1	31,145.80
June	275.2	30,921.61
July	258.65	32,514.94
August	229.75	31,730.49
September	211.35	31,283.72
October	232.15	33,213.13
November	301.25	33,149.35
December	306.85	34,056.83
January	288.85	35,965.02
February	262.3	34,184.04
March	224.25	32,968.68



5.6. SHARE TRANSFER PROCESS

Share Transfer, Transmission and Duplicate issue of Shares in physical form are normally effected within a period of 15 days, 21 days (7 days if the transmission is in de-mat form) and 30 days respectively if receipt of documents complete in all respects. All share transfers are approved by the Share Transfer Committee with Mr. Sabu M Jacob as Chairman, Ms. Sindhu Chandrasekhar, Woman Director and Mr. C P Philipose, Director as members, which meets at least once in fortnight, thus ensuring smooth processing and completion of dispatch of the share certificates within the aforesaid period from the lodgment of the documents.

5.7. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2018

Range	No. of Shareholders	No. of Shares held	% of shareholding
1 and 1000	35462	4459654	6.71
1001 and 5000	2211	4068957	6.12
5001 and 10000	197	1414500	2.13
10001 and 20000	73	1031274	1.55
20001 and 30000	25	593624	0.89
30001 and 40000	13	450509	0.68
40001 and 50000	5	225984	0.34
50001 and 10000	14	984681	1.48
100001 and Above	32	53270817	80.11
Total	**38032**	**66500000**	**100**

5.8. DE-MATERIALIZATION OF SHARES

The Company has entered into a tripartite agreement with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to provide trading of shares in dematerialized form International Securities Identification Number (ISIN) allotted to the equity shares of the Company is INE602G01020. As on March 31, 2018, 64562530 shares of the company, constituting 97.09 % were in dematerialized form.

5.9. CATEGORIES OF SHAREHOLDING AS ON MARCH 31, 2018

Category	No. of Shareholders	No. of Shares held	% Share-holding
Resident	36021	18283045	27.49
Financial Institutions	1	12413	0.02
NRI	1453	896731	1.35
Corporate Body	452	17521340	26.35
Clearing Member	63	62657	0.09
Trusts	1	2800	0.00
Bank	3	24882	0.04
FPI	24	3275391	4.93
Alternative Investment Fund	1	372807	0.56
Directors/relative	7	25781374	38.77
IEPF	**1**	**264835**	**0.40**
Foreign National	**5**	**1725**	**0.00**
Total	**38032**	**66500000**	**100**

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

As of March 31, 2018, the Company does not have any outstanding convertible instruments, which are likely to have an impact on the equity of the Company.

5.11. COMMODITY RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

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

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

5.13. ADDRESS FOR CORRESPONDENCE

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

6. OTHER DISCLOSURE

6. 1. RELATED PARTY TRANSACTIONS

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

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

Name of the party	Type of transaction	Limits upto which the amounts are approved	Actual transaction amount (Rs) for 2017-18	Sanction given by Shareholders through
M/s. Kitex Childrenswear Limited	Sale, purchase and service rendered	Rs.150 Crores each financial year	102,68,22,040	Annual General meeting held on 19.06.2017
M/s. Kitex USA LLC	Sales of Garments	Rs.300 Crores each financial year	111,39,59,205	Postal Ballot and approved on 08.02.2018

6. 2. STATUTORY COMPLIANCE, PENALTY AND STRICTURES

The Company has complied with all requirements specified under the Listing Regulations as well as other regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed by either SEBI or Stock Exchanges or any statutory authorities for non-compliance of any matter related to the Capital Market during the last three financial years. However during the Bonus Issue held in June, 2017 stock exchanges have levied additional fees for delay in obtaining requisite trading permissions as per details below:

Name of the Stock Exchange	Date of levy of Amount	Reason for levy of additional fees	Amount	Paid on
BSE Ltd, Mumbai	29.06.2017	Delay of 2 days for permission to trade	120,000	29.06.2017
National Stock Exchange of India, Mumbai	29.06.2017	Delay of two days for permission to trade	120,000	29.06.2017

6. 3. VIGIL MECHANISM/WHISTLE BLOWER POLICY

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

6. 4. POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

As the Company doesn't have any subsidiaries under the provisions of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the requirement for adopting the Policy for determining 'material' subsidiaries doesn't applicable in the case of the Company. Hence we have not shown the web link of the policy in this report.

6. 5. DISCLOSURE OF ACCOUNTING TREATMENT

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

6. 6. PROCEEDS FROM PUBLIC ISSUES, RIGHTS ISSUES, PREFERENTIAL ISSUES, ETC.

During the year under review, the Company has not raised any proceeds by way of public issue, rights issue or preferential issue.

6. 7. DETAILS OF COMPLIANCE WITH MANDATORY REQUIREMENTS

The Company has complied with all mandatory requirements laid down under the provision of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

6. 8. ADOPTION OF THE DISCRETIONARY REQUIREMENTS.

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

UN-MODIFIED OPINION IN AUDITORS REPORT

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

6. 9. REPORT ON CORPORATE GOVERNANCE

Your Company has obtained certificate affirming the Compliances with these regulations from Practising Company Secretary and forms part of this Report. The Company is fully compliant with all the provisions of Listing Regulations, as applicable to the Company.

6. 10. CERTIFICATE FROM CEO/CFO

The CEO certification of the financial statements for the year has been submitted to the Board of Directors, in its meeting held on May 18, 2018 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations.

6. 11. Details of the Directors seeking appointment/ reappointment have been provided in the Notice of the Annual General Meeting.

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

The Institute of Company Secretaries of India (ICSI), one of the India's premier professional bodies has issued Secretarial Standards on important aspects like Board Meetings, and General

Meetings under series SS-1 and SS-2 which came into force from 1st July, 2015 upon endorsement of the same by Ministry of Corporate Affairs by notification and your company adheres to these standards where ever applicable. The other standards like Payment of Dividend, Maintenance of Registers an Records, Transmission of Shares, Passing of resolutions by Circulation, Affixing of Common Seal and Board's report which are as on date of report Recommendatory in nature are also adhered to voluntarily.

7. OTHER USEFUL SHAREHOLDERS INFORMATION

7.1 GREEN INITIATIVE

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

7.2 CHANGE IN ADDRESS AND FURNISHING BANK DETAILS

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

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

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

7.3 REGISTERING OF EMAIL ADDRESS

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

7.4 UNCLAIMED DIVIDEND/SHARES

Pursuant to Section 124(5) of the Companies Act, 2013, the Company has transferred all unclaimed/ unpaid dividends upto the financial year 2009-10 to the Investor Education and Protection Fund as applicable. Details of such unclaimed/ unpaid dividend transferred upto 2009-10 are available on the website of the Company viz., www.kitexgarments.com. Further Section 124(6) of the Companies Act, 2013 mandates transfer of all those shares in respect of which Unpaid or Unclaimed dividend have been transferred by the company to the IEPF.

Members who have either not received or have not en-cashed their dividend warrant(s) for the financial years 2010-11 to 2016-17 are requested to claim the unpaid dividend from the Company before transfer to the above mentioned fund. After transfer of unpaid/ unclaimed dividend amount to the Investor Education and Protection Fund, the same can be claimed subsequently after following the procedure.

Dividends that have not been claimed by the shareholders for the financial year 2010-11 will be transferred to the Investor Education and Protection Fund in the month of July, 2018 in accordance with the provisions of the Companies Act, 2013

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

Financial year	No. of Members show have not claimed their dividends	Unclaimed dividend as on 31.03.2018	Unclaimed dividend as % to total dividend	Date of declaration	Last dated for claiming the dividend prior to its transfer to IEPF
2010-11	1746	6,59,678.00	1.39	30.05.2011	04.07.2018
2011-12	1138	6,72,765.16	1.42	30.05.2012	05.07.2019
2012-13	1143	8,65,865.60	1.82	14.05.2013	18.06.2020
2013-14	972	9,20,148.00	1.94	15.05.2014	19.06.2021
2014-15	1088	10,38,592.50	2.19	04.06.2015	09.07.2022
2015-16 (interim)	1549	6,45,825.00	1.36	30.10.2015	04.12.2022
2015-16 (Final)	1185	6,46,350.00	1.36	10.06.2016	16.07.2023
2016-17 (Interim)	1201	6,64,140.00	1.40	31.10.2016	06.12.2023
2016-17 (Final)	1203	6,38,173.50	1.34	19.06.2017	24.07.2024
2017-18 (Interim)	1638	9,86,511.75	1.48	04.11.2017	09.12.2024

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

Financial year	No. of share holders whose shares were transferred	No. of shares transferred to demat Account in NSDL	No. of shares transferred to demat Account in CDSL	No. of shares transferred to Demat Account in Physical Form	Unclaimed dividend transferred
2008-09	257	1516	3359	244500	6,06,753.75
2009-10	40	828	1932	12700	2,77,817.00

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

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

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

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

7.5 DEMAT SUSPENSE ACCOUNT

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

6 COMPLIANCE WITH MANDATORY REQUIREMENTS OF THE LISTING REGULATIONS

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

DECLARATION – CODE OF CONDUCT

I, Sabu M. Jacob, Managing Director of Kitex Garments Limited, declare that all the members of the Board of Directors and Senior Management have, for the year ended March 31, 2018 affirmed compliance with the Code of Conduct laid down for the Board of Directors and Senior Management in terms of Regulation 26(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For **Kitex Garments Limited**

May 18, 2018
Kizhakkambalam

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

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, 2018** as stipulated in Regulation 17 to 27 and clause (b) to (i) of Regulation 46 (2), Schedule V and Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
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 above. 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, and based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and clause (b) to (i) of Regulation 46 (2), Schedule V and Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SVJS & Associates, Company Secretaries

Kochi
18.05.2018

CS. Sivakumar P.
Managing Partner
CP No: 2210,
FCS: 3050

INDEPENDENT AUDITOR'S REPORT

To the Members of Kitex Garments Limited,

Kizhakkambalam

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Kitex Garments Limited (hereinafter referred to as "the Company"), comprising the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (hereinafter referred to as "the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS 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 standalone Ind AS financial statements based on our audit.

While conducting the 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 thereunder.

We conducted our audit of the standalone Ind AS financial statements 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 standalone Ind AS 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 standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the transition date opening balance sheet as at 1st April 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2016 dated 4th April 2016 expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (hereinafter referred to as "the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
   - (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
   - (f) With respect to the adequacy of the internal financial controls system with reference to financial statements reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
   - (g) With respect to the other matters to be included in

the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note No 2.37.1.1 to the standalone Ind AS financial statements.
ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: Kizhakkambalam

Date: 18.05.2018

"ANNEXURE A"

REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF KITEX GARMENTS LIMITED FOR THE YEAR ENDED 31st MARCH 2018

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) We are informed that fixed assets have been physically verified by the management at reasonable intervals and that no material discrepancies were noticed on such verification.

   (c) According to the information and explanations given to us, the records of the Company examined by us and the confirmation from financial lender in respect of title deeds deposited with them and based on the details of immovable properties furnished to us by the Company, the title deeds of the immovable properties are held in the name of the Company.

2. We are informed that the physical verification of inventory has been conducted at reasonable intervals by the management and that no material discrepancies were noticed on such verification.

3. According to the information and explanations given to us and the records of the company examined by us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the reporting requirements under clauses (iii) (a) to (c) of paragraph 3 of the Order are not applicable.

4. According to the information and explanations given to us and the records of the company examined by us, the company has not granted any loans or given any guarantee or security for which the provisions of sections 185 and 186 of the Act are applicable and the company has complied with the provisions of section 186 of the Act in respect of investments made by it.

5. The Company has not accepted any deposits from the public during the year and hence, the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder are not applicable.

6. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148 (1) of the Act for the company at this stage.

7. (a) As per the information and explanations given to us and according to our examination of the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, Goods and Service Tax, duty of customs, duty of excise, value added tax, cess and other statutory dues as applicable to the Company to the appropriate authorities during the year.

   There are no arrears of undisputed statutory dues outstanding as on the last day of the financial year for a period of more than six months from the date on which they became payable.

   (b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed amounts due to be deposited under Sales Tax, Service Tax, Duty of Excise and Value Added Tax and the following disputed demands of Income Tax and Duty of Customs have not been deposited with the authorities as at 31st March 2018:

Name of the statute	Nature of the dues	Amount (in Rs. Lakhs)	Period to which the amount relates (Financial year)	Forum where the dispute is pending
The Customs Act, 1962	Customs duty and interest	220.26 (Net of Rs. 99.31 Lakhs paid under protest)	1996-97 to 1997-98	Honourable Supreme Court of India
The Customs Act, 1962	Customs duty and interest	2,558.19	2010-11 to 2017-18	Honourable High Court of Kerala
Income Tax Act, 1961	Penalty	33.91	2010-11	Commissioner of Income Tax (Appeals)

8. In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans and borrowings to the banks. The company has not taken any loans or borrowing from Financial Institutions and Government or raised any money by way of issue of debentures.

9. According to the information and explanations given to us and the records of the Company examined by us, no money has been raised by way of initial public offer or further public offer (including debt instruments) and the term loan availed by the Company have been applied for the purpose for which the loan was obtained.

10. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have been informed of any such case by the Management.

11. According to the information and explanations given to us and the records of the Company examined by us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

12. The Company is not a Nidhi company. Accordingly, the reporting requirements under clause (xii) of paragraph 3 of the Order are not applicable.

13. According to the information and explanations given to us and the records of the Company examined by us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in Note No 2.35 to the standalone Ind AS financial statements as required by the applicable accounting standards.

14. According to the information and explanations given to us and based on the examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and the records of the Company examined by us, the Company has not entered into any non-cash transactions with directors or persons connected with the directors. Accordingly, the reporting requirement under clause (xv) of paragraph 3 of the Order is not applicable.
16. According to the information and explanations given to us and the records of the Company examined by us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting requirement under clause (xvi) of paragraph 3 of the Order is not applicable.

Place: Kizhakkambalam

Date: 18.05.2018

ANNEXURE B

REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF KITEX GARMENTS LIMITED FOR THE YEAR ENDED 31ST MARCH 2018

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

We have audited the internal financial controls system with reference to financial statements reporting of Kitex Garments Limited (hereinafter referred to as "the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the company is responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls system with reference to financial statements reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls system with reference to financial statements reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to Financial Statements reporting

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements reporting and such internal financial controls system with reference to financial statements reporting were operating effectively as at March 31, 2018, based on the internal control with reference to financial statements reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

As stated in Note No 2.38 to the standalone Ind AS Financial Statements, Software under development disclosed under 'Intangible assets under development' represents expenditure on implementation of an integrated ERP System covering all functional areas/ transactions including inventories, which is in progress; and pending implementation of the same, the company has alternate internal controls over financial reporting in place. Our opinion is not modified in respect of this matter.

For VARMA & VARMA
(FRN: 004532S)

Sd/-
V. Sathyanarayanan
Partner
CHARTERED ACCOUNTANTS
Membership No. 21941

Place: Kizhakkambalam
Date: 18.05.2018

BALANCE SHEET AS AT 31ST MARCH, 2018

Sl No.	Particulars	Note No.	₹ in Lakhs		
			As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
I	**ASSETS**				
1	**Non-current assets**				
	(a) Property, Plant and Equipment	2.01A	17,129.78	17,229.69	18,248.57
	(b) Capital work-in-progress	2.01B	3,201.36	1,367.79	14.47
	(c) Other Intangible assets	2.01C	34.51	53.96	15.33
	(d) Intangible assets under development	2.01D	200.28	197.61	109.83
	(e) Financial Assets				
	(i) Investments	2.02	2,652.96	1,180.65	467.03
	(ii) Loans	2.03	174.37	221.09	157.83
	(iii) Other financial assets	2.04	18.03	-	-
	(f) Non-Current Tax Assets (Net)	2.05	275.93	275.93	338.95
	(g) Other non-current assets	2.06	403.17	568.87	358.61
2	**Current assets**				
	(a) Inventories	2.07	8,782.44	4,049.72	1,302.32
	(b) Financial Assets				
	(i) Trade receivables	2.08	12,300.53	13,114.99	9,600.64
	(ii) Cash and cash equivalents	2.09A	9,268.03	13,047.98	24,624.38
	(iii) Bank balances other than (ii) above	2.09B	422.60	404.60	380.01
	(iv) Loans	2.10	2.00	2.00	2.00
	(v) Other financial assets	2.11	-	-	193.67
	(c) Other current assets	2.12	6,879.39	4,875.30	3,071.93
	TOTAL ASSETS		61,745.38	56,590.18	58,885.57

Sl No.	Particulars	Note No.	₹ in Lakhs		
			As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
II	**EQUITY AND LIABILITIES**				
1	**Equity**				
	(a) Equity Share Capital	2.13	665.00	475.00	475.00
	(b) Other Equity	2.14	50,956.00	45,099.92	36,720.47
	Liabilities				
2	**Non-current liabilities**				
	(a) Financial Liabilities				
	(i) Borrowings	2.15	62.58	314.29	829.28
	(b) Provisions	2.16	676.26	741.59	456.93
	(c) Deferred tax liabilities (Net)	2.17	1,572.48	1,763.98	2,072.14
	(d) Other Non Current Liabilities	2.18	824.56	979.54	950.33
3	**Current liabilities**				
	(a) Financial Liabilities				
	(i) Borrowings	2.19	29.22	-	8,352.48
	(ii) Trade payables	2.20	4,407.28	4,535.02	4,158.98
	(iii) Other financial liabilities	2.21	1,101.13	688.77	2,034.87
	(b) Other Current Liabilities	2.22	323.73	391.26	697.39
	(c) Provisions	2.23	208.94	84.85	33.17
	(d) Current Tax Liabilities (Net)	2.24	918.20	1,515.96	2,104.53
	TOTAL EQUITY AND LIABILITIES		**61,745.38**	**56,590.18**	**58,885.57**

Significant accounting policies and key accounting estimates and judgements - See Note 1

The accompanying notes form an integral part of the Balance Sheet.

As per our separate report of even date attached

For VARMA & VARMA
(FRN :004532S)

Sd/-
V. Sathyanarayanan
Partner, Chartered Accountants
Membership No. 21941

Place: Kizhakkambalam
Date: 18th May, 2018

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

Sd/-
Sabu M. Jacob
Chairman, Managing Director and Chief Financial Officer
DIN: 00046016

Sd/-
CA Benni Joseph
Director
DIN: 01219476

Sd/-
A. Babu
Company Secretary

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH, 2018

Sl No.	Particulars	Note No.	₹ in Lakhs	
			For the year ended 31.03.2018	For the year ended 31.03.2017
I	**INCOME**			
	(a) Revenue from operations	2.25	55,725.42	54,590.13
	(b) Other income	2.26	267.07	346.41
	Total Income		**55,992.49**	**54,936.54**
II	**EXPENSES**			
	(a) Cost of materials consumed	2.27	25,404.54	21,096.16
	(b) Changes in inventories of finished goods, Stock-in-trade and work-in-progress	2.28	(3,735.78)	(1,575.74)
	(c) Employee benefits expense	2.29	9,851.37	9,199.03
	(d) Finance costs	2.30	581.18	926.68
	(e) Depreciation and amortisation expense	2.31	2,340.14	2,182.92
	(f) Other expenses	2.32	10,802.12	8,886.76
	Total Expenses		**45,243.57**	**40,715.81**
III	**Profit before tax (I - II)**		**10,748.92**	**14,220.73**
IV	**Tax expense:**			
	(a) Current tax		4,000.00	5,312.70
	(b) Deferred tax		(232.13)	(313.76)
	(c) Income tax for earlier years		(21.18)	-
			3,746.69	4,998.94
V	**Profit for the period (III -IV)**		**7,002.23**	**9,221.79**

Sl No.	Particulars	Note No.	₹ in Lakhs	
			For the year ended 31.03.2018	For the year ended 31.03.2017
VI	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	(i) Remeasurements of post employment benefit obligations		117.40	16.18
	(ii) Fair value changes on Equity Instruments carried through other Comprehensive income		(3.87)	4.62
	(iii) Income tax relating to items that will not be reclassified to profit or loss		(40.63)	(5.60)
VII	**Total Comprehensive Income for the year (V+VI) (Comprising of Profit and Other Comprehensive Income for the year)**		**7,075.13**	**9,236.99**
VIII	**Earnings per equity share (Face value of Rs.1 each)**	**2.33**		
	Basic & Diluted in Rs.		10.53	13.87

Significant accounting policies and key accounting estimates and judgements - See Note 1

The accompanying notes form an integral part of the Balance Sheet.

As per our separate report of even date attached

For VARMA & VARMA
(FRN :004532S)

Sd/-
V. Sathyanarayanan
Partner, Chartered Accountants
Membership No. 21941

Place: Kizhakkambalam
Date: 18th May, 2018

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

Sd/-
Sabu M. Jacob
Chairman, Managing Director and Chief Financial Officer
DIN: 00046016

Sd/-
CA Benni Joseph
Director
DIN: 01219476

Sd/-
A. Babu
Company Secretary

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST MARCH 2018

Particulars	₹ in Lakhs	
	For the year ended 31.03.2018	For the year ended 31.03.2017
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before taxation	**10,748.92**	**14,220.73**
Adjustments for:		
Depreciation and Amortisation expense	2,340.14	2,182.92
Unrealised foreign exchange (gain)/loss (net)	(204.24)	761.96
Interest income	(64.01)	(177.13)
Loss/(profit) on sale of assets (net)	23.62	34.36
Deferred Grant Income	(154.97)	(146.64)
Provision/sundry balances written off through profit and loss	79.65	2.58
Sundry Balance written back	(5.25)	(3.97)
Provision for doubtful debts/advances (net)	347.03	-
Interest expense	581.18	926.68
Operating profit before working capital changes	**13,692.07**	**17,801.49**
Adjustments for:		
Trade and other receivables	(1,534.75)	(5,386.68)
Inventories	(4,732.72)	(2,747.40)
Trade, other payables and provisions	14.35	636.35
Cash generated from operations	**7,438.95**	**10,303.76**
Direct taxes paid (net of refunds)	(4,576.58)	(5,838.25)
Cash from operating activities	**2,862.37**	**4,465.51**
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(3,944.29)	(2,808.35)
Sale of fixed assets	181.60	39.00
Purchase of investments	(1,476.18)	(709.00)
Interest received	36.31	33.11
Net cash generated / (used) in investing activities	**(5,202.56)**	**(3,445.24)**

Particulars	₹ in Lakhs	
	For the year ended 31.03.2018	For the year ended 31.03.2017
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from/(Repayment of) borrowings	(27.20)	(10,179.54)
Interest paid	(466.91)	(946.67)
Dividend/dividend distribution tax paid	(1,019.29)	(865.13)
Net cash generated / (used) in financing activities	**(1,513.40)**	**(11,991.34)**
Summary		
Net Cash from/(used in) Operating Activities (A)	**2,862.37**	**4,465.51**
Net Cash from/(used in) Investing Activities (B)	**(5,202.56)**	**(3,445.24)**
Net Cash from/(used in) Financing Activities (C)	**(1,513.40)**	**(11,991.34)**
(A+B+C)	**(3,853.59)**	**(10,971.07)**
Effect of unrealised foreign exchange gain/(loss)	73.64	(605.33)
Cash and cash equivalents at the beginning of the year	13,047.98	24,624.38
Cash and cash equivalents at the end of the year	9,268.03	13,047.98
Net (Increase) /Decrease in cash and cash equivalents	**3,853.59**	**10,971.07**

Notes:

a) Issue of bonus shares during the current year amounting to Rs.190.00 Lakhs (Rs. Nil/-) have not been included in the Cash flow statement, being non cash transactions.
b) Cash and cash equivalents at the end of the year includes Rs.75.74 Lakhs (Rs.65.98 Lakhs) deposited in unclaimed dividend account which is earmarked for payment of dividend.
c) The above cash flow statement has been prepared under the "Indirect Method" as set out in Ind AS - 7 "Statement of Cash Flows".
Significant accounting policies and key accounting estimates and judgements - See Note 1
The accompanying notes form an integral part of the Statement of Cash Flows.

As per our separate report of even date attached

For VARMA & VARMA
(FRN :004532S)

Sd/-
V. Sathyanarayanan
Partner, Chartered Accountants
Membership No. 21941

Place: Kizhakkambalam
Date: 18th May, 2018

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

Sd/-
Sabu M. Jacob
Chairman, Managing Director and Chief Financial Officer
DIN: 00046016

Sd/-
CA Benni Joseph
Director
DIN: 01219476

Sd/-
A. Babu
Company Secretary

STATEMENT OF CHANGE IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2018

A. Equity Share Capital

Particulars	No. of shares	As at	No. of shares	As at
		31.03.2018		31.03.2017
Balance at the beginning of the reporting year	47,500,000	475.00	47,500,000	475.00
Changes in Equity Share capital during the year - Issue of Bonus Shares	19,000,000	190.00	-	-
Balance at the end of the reporting year	66,500,000	665.00	47,500,000	475.00

B. Other Equity

Particulars	Reserves and Surplus				Equity Instrument through Other Comprehensive Income	Total
	Capital Reserve (Investment Subsidy)	General Reserve	Retained Earnings	Cash Flow Hedging Reserve		
Balance as at April 01, 2016	**22.10**	**4,865.00**	**31,806.15**	**21.72**	**5.50**	**36,720.47**
Profit for the year	-	-	9,221.79	(21.72)	-	9,200.07
Cash flow hedging reserve reclassified	-	-	21.72	-	-	21.72
Remeasurement benefit of defined benefit plans in Other Comprehensive Income (net of tax)	-	-	10.58	-	-	10.58
Fair value changes on equity instruments carried through other comprehensive income	-	-	-	-	4.62	4.62
Dividends (including taxes)	-	-	(857.54)	-	-	(857.54)
Transfer to General Reserve	-	16,000.00	(16,000.00)	-	-	-
Balance at March 31, 2017	**22.10**	**20,865.00**	**24,202.70**	**-**	**10.12**	**45,099.92**
Balance as at April 01, 2017	**22.10**	**20,865.00**	**24,202.70**	**-**	**10.12**	**45,099.92**
Profit for the year	-	-	7,002.23	-	-	7,002.23

Particulars	Reserves and Surplus				Equity Instrument through Other Comprehensive Income	Total
	Capital Reserve (Investment Subsidy)	General Reserve	Retained Earnings	Cash Flow Hedging Reserve		
Remeasurement benefit of defined benefit plans in Other Comprehensive Income (net of tax)	-	-	76.77	-	-	76.77
Fair value changes on equity instruments carried through other comprehensive income	-	-	-	-	(3.87)	(3.87)
Dividends (including taxes)	-	-	(1,029.05)	-	-	(1,029.05)
Transfer for Issue of Bonus shares	-	(190.00)	-	-	-	(190.00)
Transfer to General Reserve	-	1,000.00	(1,000.00)	-	-	-
Balance at March 31, 2018	**22.10**	**21,675.00**	**29,252.65**	**-**	**6.25**	**50,956.00**

Significant accounting policies and key accounting estimates and judgements - See Note 1

The accompanying notes form an integral part of the Statement Changes in Equity.

As per our separate report of even date attached

For VARMA & VARMA
(FRN :004532S)

Sd/-
V. Sathyanarayanan
Partner, Chartered Accountants
Membership No. 21941

Place: Kizhakkambalam
Date: 18th May, 2018

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

Sd/-
Sabu M. Jacob
Chairman, Managing Director and Chief Financial Officer
DIN: 00046016

Sd/-
CA Benni Joseph
Director
DIN: 01219476

Sd/-
A. Babu
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

General Information

Kitex Garments Limited is a Public Company incorporated and domiciled in India having its registered office at Kizhakkambalam, Alwaye, Ernakulam- 683562, Kerala, 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.

1 Significant Accounting Policies

1.1 Basis of preparation of financial statements

These financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act 2013 and notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

For all periods up to and including the year ended 31st March 2017, the company prepared its financial statements in accordance with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP"). These financial statements for the year ended 31st March 2018 are the first financial statements prepared by the company in accordance with Ind AS. See Note 2.43 for an explanation on how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows.

The financial statements have been prepared on a historical cost basis on the accrual basis of accounting, except for the following -

a. Financial assets and liabilities that is measured at fair value;

b. defined benefit plans - plan assets measured at fair value;

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

1.2 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – noncurrent classification of assets and liabilities.

1.3 Use of Estimates

In the preparation of financial statements, the management makes estimates and assumptions in conformity with the Generally Accepted Accounting Principles in India. Such estimates and assumptions are made on reasonable and prudent basis taking into account all available information. However actual results could differ from these estimates and assumptions and such differences are recognized in the period in which results are ascertained. The estimates and underlying assumptions are reviewed on an ongoing basis.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1.19.

1.4 Inventories

Inventories are valued at lower of cost or net realisable value. For this purpose, the cost of bought-out inventories comprise of the purchase cost of the items, net of applicable tax/duty credits and cost of bringing such items into the factory on First-In, First-Out (FIFO) basis. Cost of Inventory comprises Cost of Purchase, Cost of Conversion and other Costs incurred to bring them to their respective present location and condition. The net realizable value of bought out inventories is taken at their current replacement value. The cost of manufactured inventories comprises of the direct cost of production plus appropriate fixed and variable production overheads.

Difference between the purchase price for normal credit terms and the amount paid for deferred settlement terms, if any, is recognised as an expense.

1.5 Income Tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year computed in accordance with the provisions of the Income Tax Act, 1961. Taxable income differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using

tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or items related to equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1.6 Property, Plant & Equipment

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1st April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment, with corresponding adjustments to recognise the amount of unamortised deferred grant income as at the date of the transition.

Property, plant and equipment (except freehold land) are stated at cost of acquisition less accumulated depreciation and impairment if any. Freehold land is carried at historical cost. The company is adopting the cost model for determining gross carrying amount. Cost comprises of purchase price, inward freight, duties, taxes and any attributable cost of bringing the assets to its working condition for its intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components). The cost of replacement spares/ major inspection relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed by the management at each financial year and adjusted prospectively, if appropriate.

Capital work in progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

Depreciation on Property, plant and equipment is provided on Straight Line Method at the useful lives based on a review by the management at the year-end as under:

a) Assets (other than capital spares) - based on useful lives prescribed under Schedule II of the Companies Act, 2013

b) Capital Spares- based on useful life of each replaced part (2 - 5 years).

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the Statement of Profit and Loss

1.7 Intangible Assets

On transition to Ind AS, the company has elected to continue with the carrying value of all of intangible assets recognised as at 1st April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

Cost of software is capitalised as intangible asset and amortised on a straight-line basis over the economic useful life of three years.

The residual values, useful lives and methods of depreciation of intangible assets are reviewed by the management at each financial year and adjusted prospectively, if appropriate.

1.8 Financial assets

All financial assets are initially measured at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

Financial assets are classified using the following measurement categories:

- To be measured subsequently at fair value (either through other comprehensive income or through profit and loss), and;
- To be measured at amortised cost.

a. Trade Receivable

(i) Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment.

(ii) For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, provision for bad and doubtful debts is based on the simplified approach of impairment of trade receivables permitted by Ind AS 109 Financial instruments which requires lifetime expected credit losses to be recognized excepting those which are contractually not due as per the terms of the contract or those which are considered realizable based on a case to case review. The expected credit loss is computed based on a provision matrix which takes into account historical credit loss experience and is adjusted for forward looking information and also takes into account available external and internal credit risk factors. The company has identified customer segments for assessing historical credit loss since experience shows significantly different loss patterns for the different customer segments.

If the credit risk on the trade receivables has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

b. Investments

Investments in Associate Enterprise : The Company's investment in equity instruments in associate enterprises are accounted for at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

Others : Investments which are held for trading are

classified as 'at fair value through Other comprehensive income' and all changes are recognized in the Other comprehensive income.

b. Other loans and receivables

Other loans and receivables are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

c. Derecognition of financial asset

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

1.9 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective interest rate method. Gains and losses are recognised in profit and loss when the liabilities are derecognised as well as through the amortisation of effective interest.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.10 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants shall be recognised in profit and loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to depreciable assets are presented in the balance sheet by setting up the grant as deferred income and are recognised in profit and loss over the periods and in the proportions in which depreciation expense on those assets is recognised and are presented under Other Income.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in profit and loss of the period in which it becomes receivable and are presented under Other Income/ deducted from the related heads of expenditure.

1.11 Revenue Recognition

Revenue from operations comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the the company's activities. The Company recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectability of the related receivable is reasonably assured and when the specific criteria for each of the company's activities are met as follows -

a. Sale of Goods:

Sales are recognised when significant risks and rewards of ownership of goods have been passed to the buyer.

b. Export benefits/incentives:

Export incentives are recognized on exports on accrual basis, except when there are significant uncertainties, based on the estimated realizable value of such entitlements.

c. Other incomes:

Other incomes are recognised on accrual basis except when there are significant uncertainties.

Interest income is recognised on accrual basis using effective interest rate method.

1.12 Employee Benefits

a) Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and recognized in the period in which the employee renders the related service.

b) Defined Contribution Plans

The company has defined contribution plans for employees comprising of Provident Fund and Employee's State Insurance. The contributions paid/payable to these plans during the year are recognised as employee benefit expense in the Statement of Profit and Loss for the year.

c) Defined Benefit Plans: Gratuity

The net present value of the obligation for gratuity benefits are determined by independent actuarial valuation, conducted annually using the projected unit credit method.

The retirement benefit obligations recognised in the Balance Sheet represents the present value of the defined benefit obligations reduced by the fair value of plan assets. All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefits are recognised immediately in Statement of Profit and Loss as past service cost, if any, and net interest on the defined benefit liability/(asset) are recognised in the Statement of Profit and Loss.

Remeasurements of the net defined benefit liability/(asset) comprising actuarial gains and losses and the return on the plan assets(excluding amounts included in net interest), are recognised in Other Comprehensive Income. Such remeasurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

d) Long Term Employee Benefits: Compensated absences

The company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur.

1.13 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recognized as expenditure in the period in which they are incurred.

1.14 Foreign Currency Transactions

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Indian Rupees ("INR"), which is the functional currency and presentation currency of the Company.

a. Foreign Currency Transactions:

Foreign exchange transactions are recorded at the functional currency adopting the exchange rate prevailing on the dates of respective transactions. Monetary assets and liabilities denominated in foreign currencies existing as on the Balance Sheet date are translated at the functional currency exchange rate prevailing as at the Balance Sheet date. The exchange difference arising from the settlement of transactions during the period and effect of translations of assets and liabilities at the Balance Sheet date are recognized in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or profit or loss are also recognised in Other Comprehensive Income or profit and loss, respectively).

b. Derivative instruments and hedge accounting:

(i) The company uses foreign currency derivative contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecasted transactions. The company designates these as cash flow hedges applying the recognition and measurement principles set out in the Ind AS 109– Financial Instruments.

The use of foreign currency and derivative contracts is governed by the Company's policies approved by the Board of directors which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The company does not use derivative financial instruments for speculative purposes.

Foreign currency derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit and loss, except for the effective portion of cash flow hedges, which is recognised in Other Comprehensive Income in the cash flow hedge reserve and later reclassified to profit and loss when the hedge item affects profit and loss.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

1.15 Leases

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease. All other leases are classified as operating leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

1.16 Segment Reporting

Operating Segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

1.17 Earnings per share

Basic/diluted earnings per share is calculated by dividing the net profit and loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares/diluted potential equity shares outstanding as at the end of the year, as the case may be.

1.18 Impairment of Non-financial Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset or a cash generating unit may be impaired. An asset or a cash generating unit is treated as impaired, when the carrying value of assets exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. Based on such assessment, impairment loss if any is recognized in the Statement of Profit & Loss for the period in which the asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

1.19 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, it's carrying amount is the present value of those cash flows(when the effect of time value of money is material). These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

When the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Contingent Liabilities are disclosed when the company has a possible obligation or a present obligation and it is probable that an outflow of resources will not be required to settle the obligation or the amount of obligation cannot be measured with sufficient reliability.

Contingent assets are not recognized in the books of account. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, an entity discloses the contingent asset

1.20 Critical accounting estimates, assumptions and judgements

The Company makes judgements, estimates and assumptions about the carrying amounts of assets and

liabilities that are not readily apparent from other sources in the application of the Company's accounting policies that are described in Note 1. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be relevant under the circumstances. Actual results may differ from the estimates.

Key sources of estimation uncertainty

i. Useful lives of property, plant and equipment and intangible assets:

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

ii. Actuarial Valuation:

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

iii. Impairment of Assets:

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

iv. Recoverability of advances/receivables:

Management reviews its receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics.

1.21 Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers:

The Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers on 28th March 2018. The standard replaces existing revenue recognition standards Ind AS 11 Construction Contracts and Ind AS 18 Revenue. An entity should recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application

(Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company is in the process of evaluating the impact on application of Ind AS 115.

2.01A Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Gross Block (at cost)				Depreciation				Net Block
	Balance as at 01/04/2017	Additions	Disposals / deletion	Balance as at 31/03/2018	Balance as at 01/04/2017	for the year	on disposals	Balance as at 31/03/2018	Balance as at 31/03/2018
Freehold Land	489.83	3.00	-	492.83	-	-	-	-	492.83
Buildings	4,588.17	146.88	-	4,735.05	184.50	164.09	-	348.59	4,386.46
Plant and Equipment	13,049.19	2,107.62	402.14	14,754.67	1,713.88	1,888.05	209.95	3,391.98	11,362.69
Furniture and Fixtures	189.95	4.28	-	194.23	36.67	33.16	-	69.83	124.40
Motor Vehicles	327.58	85.24	19.85	392.97	61.85	63.21	6.82	118.24	274.73
Office equipment	142.05	39.72	-	181.77	25.64	33.81	-	59.45	122.32
Computer	357.32	10.02	-	367.34	75.51	74.76	-	150.27	217.07
Electrical Equipments	242.66	22.79	-	265.45	59.01	57.16	-	116.17	149.28
Total	**19,386.75**	**2,419.55**	**421.99**	**21,384.31**	**2,157.06**	**2,314.24**	**216.77**	**4,254.53**	**17,129.78**

Particulars	Gross Block (at cost)				Depreciation				Net Block
	Deemed Cost as at 01/04/2016	Additions	Disposals / deletion	Balance as at 31/03/2017	Balance as at 01/04/2016	for the year	on disposals	Balance as at 31/03/2017	Balance as at 31/03/2017
Freehold Land	489.83	-	-	489.83	-	-	-	-	489.83
Buildings	4,588.17	-	-	4,588.17	-	184.50	-	184.50	4,403.67
Plant and Equipment	12,344.28	783.17	78.26	13,049.19	-	1,718.78	4.90	1,713.88	11,335.31
Furniture and Fixtures	163.38	26.57	-	189.95	-	36.67	-	36.67	153.28
Motor Vehicles	262.47	65.11	-	327.58	-	61.85	-	61.85	265.73
Office equipment	47.43	94.62	-	142.05	-	25.64	-	25.64	116.41
Computer	119.36	237.96	-	357.32	-	75.51	-	75.51	281.81
Electrical Equipments	233.65	9.01	-	242.66	-	59.01	-	59.01	183.65
Total	**18,248.57**	**1,216.44**	**78.26**	**19,386.75**	**-**	**2,161.96**	**4.90**	**2,157.06**	**17,229.69**

As stated in Note No 2.43a, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date. Accordingly, the net block as on 01.04.2016 aggregating to Rs 18,248.57 Lakhs comprising of carrying value of various assets as follows, is considered as the deemed cost of the respective property, plant and equipment:

Particulars	Gross Block as at 01/04/2016	Accumulated Depreciation as at 01/04/2016	Unamortised Grant recognised as deemed cost as at 01/04/2016	Carrying value (deemed cost) as at 01/04/2016
Freehold Land	489.83	-	-	489.83
Buildings	6,352.93	1,764.76	-	4,588.17
Plant and Equipment	17,352.38	5,973.12	965.02	12,344.28
Furniture and Fixtures	456.20	292.82	-	163.38
Motor Vehicles	563.57	301.10	-	262.47
Office equipment	303.09	255.66	-	47.43
Computer	373.34	253.98	-	119.36
Electrical Equipments	600.55	366.90	-	233.65
Total	**26,491.89**	**9,208.34**	**965.02**	**18,248.57**

2.01B Capital work-in-progress

Particulars	Gross Block (at cost)			
	Balance as at 01/04/2017	Additions	Disposals / deletion	Balance as at 31/03/2018
Building under construction	130.41	16.86	146.88	0.39
Plant and Equipment under installation/ Construction	1,237.38	4,129.71	2,166.11	3,200.98
Total	**1,367.79**	**4,146.57**	**2,312.99**	**3,201.37**

Note: Rs.33.20 Lakhs of borrowing cost has been transferred to capital work-in-progress which pertains to qualified assets under construction.

Particulars	Gross Block (at cost)			
	Deemed Cost as at 01/04/2016	Additions	Disposals / deletion	Balance as at 31/03/2017
Building under construction	-	130.41	-	130.41
Plant and Equipment under installation	14.48	2,295.00	1,072.10	1,237.38
Total	**14.48**	**2,425.41**	**1,072.10**	**1,367.79**

2.01C Other Intangible assets

Particulars	Gross Block (at cost)				Amortisation				Net Block
	Balance as at 01/04/2017	Additions	Disposals / deletion	Balance as at 31/03/2018	Balance as at 01/04/2017	for the year	on disposals	Balance as at 31/03/2018	Balance as at 31/03/2018
Computer software	74.92	6.45	-	81.37	20.96	25.90	-	46.86	34.51
Total	**74.92**	**6.45**	**-**	**81.37**	**20.96**	**25.90**	**-**	**46.86**	**34.51**

Particulars	Gross Block (at cost)				Amortisation				Net Block
	Deemed Cost as at 01/04/2016	Additions	Disposals / deletion	Balance as at 31/03/2017	Balance as at 01/04/2016	for the year	on disposals	Balance as at 31/03/2017	Balance as at 31/03/2017
Computer software	15.33	59.59	-	74.92	-	20.96	-	20.96	53.96
Total	**15.33**	**59.59**	**-**	**74.92**	**-**	**20.96**	**-**	**20.96**	**53.96**

As stated in Note No 2.43a, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date. Accordingly, the net block as on 01.04.2016 aggregating to Rs 15.33 Lakhs, comprising of carrying value of various assets as follows, is considered as the deemed cost of the respective intangible assets:

Particulars	Gross Block as at 01.04.2016	Accumulated Amortisation as at 01.04.2016	Carrying value (deemed cost) as at 01.04.2016
Computer software	338.15	322.82	15.33
Total	**338.15**	**322.82**	**15.33**

2.01D Intangible assets under development

Particulars	Gross Block (at cost)			
	Balance as at 01/04/2017	Additions	Disposals / deletion	Balance as at 31/03/2018
Software under development (See Note No. 2.38)	197.61	2.67	-	200.28
Total	**197.61**	**2.67**	**-**	**200.28**

Particulars	Gross Block (at cost)			
	Balance as at 01/04/2016	Additions	Disposals / deletion	Balance as at 31/03/2017
Software under development (See Note No. 2.38)	109.83	87.78	-	197.61
Total	**109.83**	**87.78**	**-**	**197.61**

2.01E Capital & other Commitments:

Estimated amount of contract remaining to be executed on capital accounts and not provided for (net of advances) : Rs.562.84 Lakhs (Rs.1,584.77 Lakhs)

2.02 Investments [Non-current]

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Investments in Equity Instruments (carried at cost)			
Unquoted (Trade):			

In Associate Company			
4,050,210.09 (1,750,210.09) Fully paid up Membership units of USD 1 each in Kitex USA LLC	2,646.28	1,170.10	461.10
(carried at fair value through other comprehensive income)			
Quoted (Non Trade)			
7,000 (7,000) Equity shares of Rs 2 each in Punjab National Bank Limited , Fully Paid up.	6.68	10.55	5.93
	2,652.96	**1,180.65**	**467.03**
Aggregate amount of unquoted investments	**2,646.28**	**1,170.10**	**461.10**
Aggregate amount of quoted investments and market value thereof; The market value of quoted investments is equal to the carrying value.	**6.68**	**10.55**	**5.93**

2.03 Loans [Non-current]

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Unsecured, considered good Security Deposit	174.37	221.09	157.83
	174.37	**221.09**	**157.83**

2.04 Other Financial Assets [Non-current]

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Balance with Banks in Deposit Account with more than 12 months maturity.	18.03	-	-
	18.03	**-**	**-**

2.04.1 Deposit account represents deposits held as security against Bank Guarantee/Letter of Credit, which are not expected to be withdrawn within the next 12 months.

2.05 Non Current Tax Assets

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Income Tax (net)	275.93	275.93	338.95
	275.93	**275.93**	**338.95**

2.06 Other non-current assets

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Unsecured, Considered Good			
Capital Advances	254.26	364.21	153.95
Balances with Government Authorities	148.91	204.66	204.66
	403.17	**568.87**	**358.61**

2.07 Inventories

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Raw materials	2,285.13	1,318.54	353.68
Raw materials - In Transit	20.95	63.88	-
Work-in-progress	5,166.46	2,245.77	897.43
Finished goods (See Note 2.07.1)	1,093.70	278.61	51.21
Stores, spares and consumables	215.17	141.03	-
Stores, spares and consumables - In Transit	1.03	1.89	-
	8,782.44	**4,049.72**	**1,302.32**

2.07.1 Method of Valuation of Inventories - See Note 1.4 of Significant Accounting Policies.

2.08 Trade Receivables

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Trade Receivables:			
Unsecured Considered Good	12,300.53	13,114.99	9,600.64
Unsecured Considered Doubtful	347.03	-	-
	12,647.56	13,114.99	9,600.64
Less: Provision for doubtful debts (See Note 2.08A)	347.03	-	-
	12,300.53	**13,114.99**	**9,600.64**

2.08A During the year, TOYS "R" US, Inc. ,one of the customers of the Company filed a petition in the Bankruptcy Court in The United States of America to wind down its US operation and the process is pending. A motion is pending in the said court regarding claims of its creditors which would establish streamlined procedures and forms for asserting those types of claims, which is set to be heard on 24th May 2018. The management is waiting on the court to enter the order on that motion so that the claim of the Company is consistent with the procedures set by the Court. The Company has to recover trade receivables from them aggregating to Rs.1,735.15 Lakhs (US$ 26.62 Lakhs) and the Company also holds merchandise/other materials in stock for them in inventory . The Company has engaged the services of Attorneys and Counselors at Law ,M/s Nelson Mullins Riley & Scarborough LLP, USA to file the claim for recovery of all its dues and no shortfall is anticipated thereon by the management at this stage. However as a prudential measure, an estimated provision of Rs. 347.03 Lakhs has been made in the said accounts towards loss, if any on recovery of receivables.

2.09A Cash and Cash Equivalents

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Balance with Banks			
In Current Accounts	9,266.51	13,046.86	24,621.98
Cash on hand	1.52	1.12	2.40
	9,268.03	**13,047.98**	**24,624.38**

2.09A.1 Balance with banks in current accounts include Rs.75.74 Lakhs (Rs.65.98 Lakhs) represent earmarked balance of unpaid Dividend.

2.09B Bank balances other than Cash and Cash Equivalents

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Balance with Banks			
In Deposit Accounts [See Note 2.09B.1]	422.60	404.60	380.01
	422.60	**404.60**	**380.01**

2.09B.1 Balances with banks in deposit accounts include Rs.422.60 Lakhs (Rs.404.60 Lakhs) held as security against Letter of Credits/ Guarantee, with a maturity period of more than 3 months but less than 12 months.

2.10 Loans [Current]

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Other Deposits	2.00	2.00	2.00
	2.00	**2.00**	**2.00**

2.11 Other Financial Assets

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Unsecured, Considered Good			
Forward Exchange Contract (Net)	-	-	193.67
	-	**-**	**193.67**

2.12 Other Current Assets

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Unsecured, Considered Good			
Advances recoverable in cash or in kind or for value to be received.	220.91	305.82	227.90
Balances with Government Authorities	2,715.10	944.16	1,035.52
Advances to staff	28.14	19.23	14.70
Prepaid Expenses	75.50	80.67	44.37
Subsidy Receivable (See Note 2.12A)	1,112.64	1,209.06	876.69
Export Entitlements/Rebate receivable on export	2,727.10	2,316.36	872.75
Total	**6,879.39**	**4,875.30**	**3,071.93**

2.12A Subsidy receivable under the Textile Upgradation Fund Scheme (TUFS) includes Rs.1,098.25 Lakhs (Rs.876.68 Lakhs) carried forward from earlier years. Steps are being taken to recover the subsidy claims, which in the opinion of the management are considered recoverable in full.

2.13 Equity Share Capital:

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Authorised: Equity Shares of Re. 1/- each	**2,500.00**	**2,500.00**	**2,500.00**
Issued and Subscribed and fully paid: Equity Shares of Re. 1/- each	665.00	475.00	475.00
	665.00	**475.00**	**475.00**

2.13.1 Terms/rights attached to Equity Shareholders

The company has only one class of shares referred to as equity shares with a face value of Re. 1/- each. Each holder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed/declared by the Board of Directors is subject to approval/regularisation of the shareholders' in the Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

2.13.2 Reconciliation of shares at the beginning and at the end of the financial year

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
No. of shares as at the beginning of the financial year	47,500,000	475.00	47,500,000	475.00	47,500,000	475.00
Issued during the year - Bonus Issue	19,000,000	190.00	-	-	-	-
No. of shares as at the end of the financial year	66,500,000	665.00	47,500,000	475.00	47,500,000	475.00

.13.3 Particulars of Shareholders holding more than 5% share in the Company

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	%	No. of shares	%	No. of shares	%	No. of shares
Sabu M Jacob	32.81	21,819,800	32.25	15,319,281	7.29	3,464,631
Kitex Childrenswear Limited	15.47	10,290,460	15.47	7,350,329	15.47	7,350,329
Renjitha Joseph	6.51	4,328,100	6.51	3,091,500	6.51	3,091,500
C K G Super Market Limited	6.37	4,233,434	6.37	3,023,882	6.37	3,023,882
Gopinathan C K	5.80	3,853,825	5.87	2,788,025	6.09	2,890,673
Bobby M Jacob	-	-	0.01	4,487	0.01	4,487
Sabu M Jacob and Bobby M Jacob	-	-	-	-	8.10	3,846,950
Bobby M Jacob and Sabu M Jacob	-	-	-	-	14.55	6,910,750

As per records of the Company, including its Register of Members and other declarations received from them regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

2.13.4 Aggregate number of Bonus Shares Issued during the period of five years immediately preceding the reporting date

Particulars	Number	Amount (₹ in Lakhs)
Equity shares allotted as fully paid up bonus shares Financial Year 2017-18	19,000,000.00	190.00

2.14 Other Equity

Particulars	As at 31.03.2018	As at 31.03.2017
Capital Reserve		
- Investment Subsidy	**22.10**	**22.10**
General Reserve		
Opening Balance	**20,865.00**	**4,865.00**
Add: Transfer from Retained Earnings	1,000.00	16,000.00
Less: Transfer on Issue of Bonus Shares	190.00	-
Closing Balance	**21,675.00**	**20,865.00**
Cash flow hedging Reserve		
Opening Balance	**-**	**21.72**
Less: Net Gain / (Loss) reclassified to Statement of Profit and Loss during the year (net of tax)	-	(21.72)
Closing Balance	**-**	**-**
Retained Earnings		
Opening Balance	**24,202.70**	**31,806.15**
Add: Profit for the year	7,002.23	9,221.79
Add:Cash flow hedging reserve reclassified	-	21.72
Add: Remeasurement benefit of defined benefit plans in Other Comprehensive Income (net of tax)	76.77	10.58
	31,281.70	**41,060.24**
Less:		
Transfer to General Reserve	1,000.00	16,000.00
Interim Dividend	498.75	356.25
Tax on Interim Dividend	101.53	72.52
Final Dividend	356.25	356.25
Tax on Final Dividend	72.52	72.52
Closing Balance	**29,252.65**	**24,202.70**
Equity Instruments through Other Comprehensive Income		
Opening Balance	10.12	5.50
Add : Fair value changes on equity instruments carried through other comprehensive income	(3.87)	4.62
Closing Balance	**6.25**	**10.12**
	50,956.00	**45,099.92**

2.14.1 Final Dividend of Rs.0.75/-(Rs.0.75/-) per share for the financial year 17-18 is proposed by the Board of Directors and is subject to the approval of the members at the Annual General Meeting.

2.14.2 During the year, the Board of Directors of the Company has declared and paid interim dividend of Rs.0.75/- per share for the Financial year ending on 31st March, 2018, which is subject to regularisation of the shareholders in the ensuing Annual General Meeting.

2.14.3 Description of Nature and Purpose of each Reserve

a. **Capital Reserve :** Capital reserve denotes investment subsidy received by the company amounting to Rs.22.10 Lakhs (Rs.22.10 Lakhs).

b. **General Reserve :** General Reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General Reserve is created by a transfer from one component of equity to another and is not an item of comprehensive income.

c. **Cash Flow Hedging Reserve:** The cashflow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cashflow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of hedging instruments that are recognised and accumulated under the heading cash flow reserve will be reclassified to statement of profit and loss only when the hedged transaction affects the profit or loss.

d. **Equity Instruments through Other comprehensive income:** This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

2.15 Borrowings (Non Current)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Loans from Banks (Secured)	62.58	314.29	829.28
	62.58	**314.29**	**829.28**

2.15A Terms of Repayments of Indian Rupee Term Loans

Name of the Bank	State Bank of India (SBI)			
Type of loan	Indian Rupee Term Loans			
Amount Sanctioned	250.00	1,735.00	800.00	1,700.00
Amount Availed	246.68	1,085.35	576.65	755.58
Current interest rate as at the year end	9.65% (11.7%)	9.65%(11.7%)	9.65%(11.7%)	9.65%(Nil)
Details of repayment	First 35 months Rs.4.00 Lakhs Next 22 months Rs.5.00 Lakhs	First 40 months Rs.25.00 Lakhs Next 15 months Rs.35.00 Lakhs Next 5 months Rs.42.00 Lakhs	First 50 months Rs.13.00 Lakhs Next 10 months Rs.15.00 Lakhs	First 45 months Rs.33.00 Lakhs Next 11 months Rs.18.00 Lakhs Next 1 month Rs.17.00 Lakhs

2.15B Term loans from SBI are secured by first charge over the assets created out of bank's finance by equitable mortgage over 25.44 acres of land and building belonging to the company and by personal guarantee of the Managing Director.

2.15C Current maturities of long term borrowings are stated in Note 2.21

2.16 Provisions

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Provision for Employee Benefits (See Note 2.16.2)	676.26	741.59	456.93
	676.26	**741.59**	**456.93**

2.16.1 Short-term provisions of Employee Benefits is disclosed in Note 2.23

2.16.2 Disclosures required under Ind AS 19 - "Employee Benefits"

2.16.2.a Defined Contribution Plans

During the year the following amounts have been recognised in the Statement of Profit and Loss on account of defined contribution plans:

Particulars	Current Year	Previous year
Employers contribution to Provident Fund	404.54	475.58
Employers contribution to Employee's State Insurance	182.91	146.25

2.16.2.b Defined Benefit Plans - Gratuity: Unfunded Obligation

i	Actuarial Assumptions	Current Year	Previous year
	Discount Rate (per annum)	7.80%	7.45%
	Expected return on plan assets	-	-
	Salary escalation rate*	7.00%	7.00%
	Mortality rate	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.

*The assumption of future salary escalation takes into account inflation, seniority, promotions and other relevant factors

ii	**Reconciliation of present value of obligation**	**Current Year**	**Previous year**
	Present value of obligation at the beginning of the year	604.18	490.09
	Current Service Cost	162.59	138.13
	Past Service Cost	10.65	-
	Interest Cost	43.43	36.93
	Actuarial (gain)/ loss	(117.40)	(16.18)
	Benefits Paid	(44.39)	(44.80)
	Present value of obligation at the end of the year	659.06	604.17
	Contributions by the Employer	44.39	44.80
	Benefits paid	(44.39)	(44.80)
	Expected employers' contribution next year	122.80	42.54
iii	**Expenses recognized in the Statement Profit and Loss**		
	Current Service Cost	162.59	138.13
	Interest Cost	43.43	36.93
	Past Service Cost (if applicable)	10.65	-
	Total expenses recognized in the Statement of Profit and Loss for the year	216.67	175.06
iv	**Expenses recognized in Other Comprehensive Income**		
	Opening Amount recognised in OCI outside Profit and Loss account	11.35	27.53
	Remeasurements during the period	(117.40)	(16.18)
	Closing amount recognised in OCI outside Profit and loss account	(106.05)	11.35
v	**Sensitivity Analysis**		
	Discount rate +50 basis points	(2.63%)	(5.46%)
	Discount rate -50 basis points	2.78%	6.00%

	Salary increase rate +50 basis points	2.77%	5.91%
	Salary increase rate -50 basis points	(2.64%)	(5.43%)
vi	**Maturity Analysis of the Benefit payments**		
	Year 1	122.80	42.54
	Year 2	119.37	35.29
	Year 3	100.69	48.39
	Year 4	82.11	49.74
	Year 5	73.66	46.50
	Next 5 years and above	636.80	1,656.54

The above disclosures are based on information furnished by the independent actuary and relied upon by the auditors.

2.16.2.c Long Term Employee Benefits

Compensated absences (Vesting and Non Vesting): Unfunded Obligation

i.	Actuarial Assumptions	Current Year	Previous year
	Discount Rate (per annum)	7.80%	7.45%
	Salary escalation rate*	7.00%	7.00%
	Mortality rate	Indian Assured Lives Mortality (2006-08) Ult table	Indian Assured Lives Mortality (2006-08) Ult table

*The assumption of future salary escalation takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.
The above disclosures are based on information furnished by the independent actuary and relied upon by the auditors.

2.17 Deferred Tax Liabilities (Net)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
A. Deferred Tax Liability			
On excess of net book value over Income tax written down value of fixed assets	1,998.93	2,126.92	2,229.92
On cash flow hedges	-	-	11.49
B. Deferred Tax Assets			
On Provisions	426.45	362.94	169.27
Deferred Tax Liabilities (Net) (A-B)	**1,572.48**	**1,763.98**	**2,072.14**

Movement in Deferred Tax Liabilities/assets balances during the year ended 31.03.2018

Particulars	Opening Balance 01.04.2017	Recognised in profit or loss	Recognised in Other Comprehensive Income	Closing Balance 31.03.2018
A. Deferred Tax Liability				
On excess of net book value over Income tax written down value of fixed assets	2,126.92	(127.99)	-	1,998.93
B. Deferred Tax Assets				
On Provisions	362.94	104.14	(40.63)	426.45
Deferred Tax Liabilities (Net) (A-B)	**1,763.98**	**(232.13)**	**40.63**	**1,572.48**

Movement in Deferred Tax Liabilities/assets balances during the year ended 31.03.2017

Particulars	Opening Balance	Recognised in profit or loss	Recognised in Other Comprehensive Income	Closing Balance
A. Deferred Tax Liability				
On excess of net book value over Income tax written down value of fixed assets	2,229.92	(103.00)	-	2,126.92
On cash flow hedges	11.49	(11.49)	-	-
B. Deferred Tax Assets				
On Provisions	169.27	199.27	(5.60)	362.94
Deferred Tax Liabilities (Net) (A-B)	**2,072.14**	**(313.76)**	**5.60**	**1,763.98**

Reconciliation of effective tax rate

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Profit before tax	**10,748.92**	**14,220.73**
Income tax expense calculated at 34.608%	**3,720.00**	**4,921.51**
Tax effect on permanent disallowances	176.40	266.74
Tax effect on permanent allowances	(128.53)	(189.31)
Total	**3,767.87**	**4,998.94**
Current Tax and Deferred Tax expense as per Statement of Profit and Loss	**3,767.87**	**4,998.94**

2.18 Other Non-Current Liabilities

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Deferred Grant	824.56	979.54	950.33
	824.56	**979.54**	**950.33**

2.19 Borrowings

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Loans repayable on demand from Banks (Secured)	29.22	-	8352.48
	29.22	**-**	**8352.48**

2.19.1 Working capital loans from banks are secured by first charge over the entire current assets of the company, both present and future, equitable mortgage over 25.44 acres of land and building belonging to the company and by personal guarantee of the Managing Director. The loans are repayable on demand.

2.20 Trade Payables

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Trade Payables			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises (See note 2.20.1)	69.40	111.53	43.55
(ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	4,337.88	4,423.49	4,115.43
	4,407.28	**4,535.02**	**4,158.98**

2.20.1 The company has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act 2006. Intimations have been received from some of the suppliers regarding their status under the said Act as at 31.03.2018, based on which, principal amount unpaid to such suppliers as at the year end aggregating to Rs.69.40 Lakhs (Rs.111.53 Lakhs) has been included under Trade payables. In the opinion of the management, the impact of interest, if any, which may be payable in accordance with the provisions of the Act, is not expected to be material.

Disclosures required under the Micro, Small and Medium Enterprises Development Act 2006 are as follows:

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
a. Principal Amount remaining unpaid but not due as at the year end.	69.40	111.53	43.55
b. Interest due thereon and remaining unpaid as at the year end.	-	-	-
c. Interest paid by the Company in terms of Section 16 of Micro, Small & Medium Enterprises Development Act 2006 along with the amount of payment made to the supplier beyond the appointed day during the year.	-	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-
e. Interest accrued and remaining unpaid as at the year end	-	-	-
f. Further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-
	69.40	**111.53**	**43.55**

2.21 Other Financial Liabilities

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Creditors for Capital Goods	240.87	53.90	102.41
Retention Money	66.73	45.68	3.64
Current maturities of long term borrowings (See Note 2.15C)	710.29	515.00	1,827.06
Unpaid Dividend	75.74	65.98	73.56
Interest Accrued on Borrowings	7.50	8.21	28.20
	1,101.13	**688.77**	**2,034.87**

2.22 Other Current Liabilities

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Statutory Dues	156.81	211.00	429.95
Deferred Grant	154.97	154.97	224.69
Advance from Customers	11.95	25.29	42.75
	323.73	**391.26**	**697.39**

2.23 Short-Term Provisions

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Provision for employee benefits (See Note 2.16.1)	208.94	84.85	33.17
	208.94	**84.85**	**33.17**

2.24 Current Tax Liabilities (Net)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Provision for Income Tax (Net)	918.20	1,515.96	2,104.53
	918.20	**1,515.96**	**2,104.53**

2.25 Revenue from Operations

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Sale of products	51,141.16	48,481.11
	51,141.16	**48,481.11**
Other operating revenues:		
Export entitlements	3,813.09	5,305.01
Job Work Charges	689.32	675.63
Scrap sales	15.44	34.32
Others	66.41	94.06
	4,584.26	**6,109.02**
Revenue from operations	**55,725.42**	**54,590.13**

2.26 Other Income

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Interest income	45.44	33.04
Subsidy Income - TUFS	18.57	144.09
Rent Received	19.45	17.55
Net Gain on foreign exchange translation	15.48	-
Deferred Grant income	154.97	146.64
Other Non Operating Incomes	13.16	5.09
	267.07	**346.41**

2.26.1 The company is in receipt of the Government Grant/Assistance as defined under Ind AS 20 – 'Accounting for Government Grants and Disclosure of Government Assistance' as under:

1. Grants in the nature of Merchandise Export Incentive Scheme, Refund of State Levies, Duty Drawback and Service Tax Refund are disclosed under the head 'Export Incentive' in Other Operating Revenue.
2. Grants in the nature of The Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) Scheme and Pradhan Mantri Paridhan Rojgar Protsahan Yojana Scheme (PMPRPY) being re-imbursement of employer's contribution to Employee Provident Fund is deducted in the Employee Benefits Expense amounting to Rs.127.88 Lakhs (Rs.14.43 Lakhs)
3. Grants in the nature of re-imbursement of cost towards capital asset under the Technology Upgradation Fund Scheme (TUFS) and Integrated Skill Development Scheme (ISDS) Project which is disclosed as Deferred Grant. The amount is disclosed under the head 'Other Income' in the proportions in which depreciation expense on those assets is recognised.
4. Grants in the nature of re-imbursement of interest cost on borrowings under the TUFS is disclosed under the head 'Other Income'.
5. Grants in the nature of re-imbursement of expenditure under the ISDS Project is deducted from the heads of related expenses.

2.27 Cost of Materials Consumed

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Opening inventory	1,382.42	353.68
Add: Purchases	26,328.20	22,124.90
Less: Closing inventory	2,306.08	1,382.42
	25,404.54	**21,096.16**

2.28 Changes in inventories of finished goods, Stock-in-trade and work-in-progress

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Opening inventory:		
Finished goods	278.61	51.21
Work-in-progress	2,245.77	897.43
	2,524.38	**948.64**
Closing inventory:		
Finished goods	1,093.70	278.61
Work-in-progress	5,166.46	2,245.77
	6,260.16	**2,524.38**
Change in inventories	**(3,735.78)**	**(1,575.74)**

2.29 Employee Benefits Expense

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Salaries & Wages	8,463.65	7,766.24
Contribution to Provident and Other Funds	404.54	475.58
Staff Welfare Expense	983.18	957.21
	9,851.37	**9,199.03**

2.29A Details of remuneration paid to Key Managerial Personnel:

Nature	For the year 2017-18	For the year 2016-17
i) Salary and Commission	584.60	761.67
ii) Defined Contribution Plans	5.98	5.98
	590.58	**767.65**

2.30 Finance Costs

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Interest Expense	525.58	841.27
Other borrowing cost	55.60	85.41
	581.18	**926.68**

2.31 Depreciation and Amortisation Expense

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Depreciation of Property, Plant and Equipment (See Note 2.01A)	2,314.24	2,161.96
Amortisation of Intangible assets (See Note 2.01C)	25.90	20.96
	2,340.14	**2,182.92**

2.32 Other Expenses

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Processing charges	3,241.27	2,584.34
Consumption of Stores and Spares	979.83	1,091.71
Power and Fuel	2,206.78	1,885.41
Repairs		
- Building	33.07	49.92
- Plant & Machinery	353.84	365.77
- Others	405.95	375.67
Other Production Expenses	96.68	154.46
Testing Charges	180.77	195.57
Forwarding and transport on sales	778.20	366.80
Insurance	72.83	67.31
Rent	50.56	45.10
Rates & Taxes	144.73	73.18
Travelling & Conveyance	138.18	147.47
Payments to Auditors [See Note 2.32.2]	17.79	19.92
Advertisement & Sales promotion	91.72	100.90
Professional & Consultancy charges	90.52	64.61
Provision for Doubtful Debts [See Note 2.08A]	347.03	-
Loss on Sale of Fixed assets	23.62	34.36
Donation [See Note 2.32.1]	29.93	29.53
Expenses on Corporate Social Responsibility activities [See Note 2.32.3]	1,275.12	611.06
Miscellaneous Expenses	243.70	156.62
Net Loss on foreign exchange translation	-	467.05
	10,802.12	**8,886.76**

2.32.1 Donations made to political parties during the year amounts to Rs.29.75 Lakhs (Rs.16.50 Lakhs)

2.32.2 Payments to Auditors:

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
(a) Statutory Audit Fees	9.00	10.35
(b) Other Services		
- Taxation Matters	5.13	5.16
- Others	3.66	4.08
- Reimbursement of Expenses	-	0.33
	17.79	**19.92**

2.32.3 Details of expenses on corporate social responsibility activities :

(a) Gross amount required to be spent by the company during the year Rs.303.62 Lakhs (Rs.267.75 Lakhs)

(b) Amount spent during the year on :

Particulars	For the year ended31.03.2018	For the year ended 31.03.2017
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	1,275.12	611.06
	1,275.12	**611.06**

2.33 Earnings per equity share

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Profit after taxation	7,002.23	9,221.79
Weighted Average Number of Equity Shares of Rs. 10/- each (fully paid-up) (See Note 2.33A)	66,500,000	47,500,000
Earnings per equity share - Basic & Diluted in Rs.	**10.53**	**13.87**

2.33A During the year 19,000,000 bonus shares were allotted in the ratio of 2:5 and accordingly the basic and diluted earnings per share for the current period and previous periods have been restated retroactively for comparative purposes in the manner required by Indian Accounting Standard (Ind AS) 33 "Earnings Per Share".

2.34 In accordance with Ind AS 108 on "Operating Segments", the company operates in one business segment viz. Textiles Business and hence has only one reportable segment.

2.34A Information about products and services: The company earns revenue from only a single group of product and service viz. Textile business comprising of sale of garments and fabrics products.

2.34B Revenues from external customers attributed to the Company's country of domicile and attributed to all foreign countries from which the Company derives revenues :

Revenue	2017-18	2016-17
India	9,472.84	8,765.17
Outside India		
The United States of America	40,165.14	38,515.02
Others	2,192.51	1,876.55
Total Revenue	**51,830.49.**	**49,156.74**

All non current assets other than financial assets of the company are located in India

2.34C The following table gives details in respect of percentage of revenues generated from top customer and revenues from transactions with customers amounts to 10 percent or more of the company's revenues from product sale:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Number of customers who contribute to more than 10 percent of the company's revenue	3	3
Revenue from top customer	25,139.15	23,883.80
Revenue from customers contributing 10% or more to the Company's revenues	51,032.34	43,400.75

2.35 Disclosure of transactions with related parties as required by Ind AS-24 'Related Party Disclosures':

Related parties and nature of relationship

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

a Key Managerial Personnel:

i Sabu M Jacob, Managing Director having control over the enterprise

ii Sindhu Chandrasekhar, Whole time director

b Enterprise owned or significantly influenced by key management personnel or their relatives:

i Kitex Childrenswear Limited

ii Kitex Limited

iii Anna Aluminium Company Private Limited

iv Kitex Herbals Limited

v Kitex Apparels Limited

vi Kitex Infantswear Limited

c Associate Enterprise

i Kitex USA LLC

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

a. Enterprises owned or significantly influenced by key management personal of their relatives:

SL No.	Name of Related Party	Nature of Transaction	For the year ended 31.03.2018	For the year ended 31.03.2017
1	Kitex Childrenswear Limited	Fabric Sale (Net)	6,924.28	5,332.34
		Rent Received	19.45	17.55
		Rent Paid	1.41	1.22
		Job Work Services Received	2,899.81	2,485.38
		Job Work Services Rendered	377.08	438.54
		Expense Recovered	33.80	93.35
		Expense Reimbursed	12.39	6.83

2	Kitex Limited	Sale of Fabric (Net)	1,398.09	2,428.27
		Sales of Yarn	79.77	70.76
		Purchase of Fabric	1,084.26	1,158.37
		Purchase of Yarn	20.07	-
		Purchase of Accessories	-	0.05
		Processing Charges Paid	19.05	24.09
		Job Work Charges Received	313.71	247.42
		Expense recoverd	-	3.25
		Others	-	0.39
3	Anna Aluminium Company (P) Ltd.	Spices Purchase	27.60	32.20
		Utensil Purchase	1.53	1.28
		Others (Net)	-	(0.80)

b. Key Management Personnel

SL No.	Name of Related Party	Nature of Transaction	For the year ended 31.03.2018	For the year ended 31.03.2017
1	Sabu M Jacob	Remuneration	572.85	751.89
2	Sindhu Chandrasekhar	Remuneration	17.73	15.76

c. Associate Enterprise:

SL No.	Name of Related Party	Nature of Transaction	For the year ended 31.03.2018	For the year ended 31.03.2017
1	Kitex USA LLC	Investments made	1476.17	709
		Sale-Ready Made Garments	25139.15	2008.42

a. Enterprises owned or significantly influenced by key management personal or their relatives:

Receivables

SL No.	Name of Related Party	For the year ended 31.03.2018	For the year ended 31.03.2017
1	Kitex Childrenswear Limited	1,592.19	714.71
2	Kitex Limited	30.83	329.40

Payable

1	Anna Aluminium Company (P) Ltd.	0.13	0.13

b. Key Management Personnel

Payable

SL No.	Name of Related Party	For the year ended 31.03.2018	For the year ended 31.03.2017
1	Sabu M Jacob	462.86	1,044.27
2	Sindhu Chandrasekhar	0.31	0.16

c. Associate Enterprise:

SL No.	Name of Related Party	Nature of Transaction	For the year ended 31.03.2018	For the year ended 31.03.2017
1	Kitex USA LLC	Kitex USA LLC (Trade Receivable)	8,493.32	1,971.64
		Kitex USA LLC (Net Carrying value of Investments)	2,646.28	1,170.10

2.36 Lease Accounting

Lease expenses for cancellable operating leases :

The Company's leasing arrangements in respect of operating leases for residential quarters and equipment. Residential quarters and Equipment are hired on operating lease. The lease term is renewable every year by mutual consent on mutual agreement terms

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Amount charged to Statement of Profit and Loss account during the year:		
Rent for residential quarters	47.71	33.97
Rent for Equipment	2.86	11.13
Total	**50.57**	**45.10**

2.37 The details of Provisions, Contingent Liabilities and Contingent Assets are as required under Ind AS-37 Provisions, Contingent Liabilities and Contingent Assets for the year ended 31st March 2018.

2.37.1 Contingent Liabilities not provided for:

Particulars	As at 31.03.2018 Rupees in Lakhs	As at 31.03.2017 Rupees in Lakhs
1. Claims against the Company not acknowledged as debts being demand raised against the Company, disputed on Appeal before various Appellate authorities.		
i) Customs Dues (which includes 1675.79 Lakhs (1400.19 Lakhs) respect of which guarantee is issued)	2,877.77	2,394.20
ii) Employee Provident Fund and Employee State Insurance Corporation Dues	428.94	461.88
iii) Income tax dues	82.65	82.65
The above demands are disputed by the company and matters are pending in appeal before appellate authorities in various stages. In the opinion of the management and based on legal advice received, these demands are not tenable in law and the company is hopeful of getting full relief and hence no provision has been made thereof.		
2. Other Counter Guarantee issued in favour of Banks for the guarantees issued by the Banks	88.81	89.88
3. Letters of Credit Outstanding	602.85	459.90

2.38 Software under development disclosed under 'Intangable Assets under development' represents expenditure on implementation of an integrated ERP System covering all functional areas/transactions including inventories, which is in progress; and pending implementation of the same, The Company has alternate internal controls over financial reporting in place.

2.39 Fair Value Measurement

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of current trade receivables, current trade payables and other Current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature.

There were no transfers between Level 1 and Level 2 during the year.

2.39A Fair value hierarchy of financial instruments measured at fair value on a recurring basis is as follows:

Particulars	Fair value Hierarchy (Level)	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Financial Assets measured at Fair value through Profit or Loss				
Forward Exchange Contract (Net)	1	-	-	193.67
Financial Assets measured at Fair value through Other Comprehensive Income				
Investments in Equity shares - Quoted	1	6.68	10.55	5.93

2.39B Category wise classification of financial instruments is as follows:

Particulars	See Note	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Financial Assets measured at Fair value through Other Comprehensive Income				
Investments in Equity shares - Quoted	2.02	6.68	10.55	5.93
Financial Assets measured at Fair value through Profit or Loss				
Forward Exchange Contract (Net)	2.11	-	-	193.67
Financial Assets measured at amortised cost				
Non current:				
i. Loans	2.03	174.37	221.09	157.83
ii. Other financial assets	2.04	18.03	-	-
Current:				
i. Trade receivables	2.08	12,300.53	13,114.99	9,600.64
ii. Cash and cash equivalents	2.09A	9,268.03	13,047.98	24,624.38
iii. Bank balances other than (ii) above	2.09B	422.60	404.60	380.01
iv. Loans	2.10	2.00	2.00	2.00
		22,192.24	26,801.21	34,964.46
Financial Assets measured at cost				
Non current:				
i. Investments in Equity shares - Unquoted (Non current)	2.02	2,646.28	1,170.10	461.10
		2,646.28	1,170.10	461.10

Financial Liabilities measured at amortised cost (See Note 2.39C)				
Non Current				
i. Borrowings	2.15	62.58	314.29	829.28
		62.58	314.29	829.28
Current:				
i. Borrowings	2.19	29.22	-	8,352.48
ii. Trade payables	2.20	4,407.28	4,535.02	4,158.98
iii. Other financial liabilities	2.21	1,101.13	688.77	2,034.87
		5,537.63	5,223.79	14,546.33

2.39C Financial instrument measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their face values since the Company does not anticipate that the carrying cost would be significantly different from the values that would eventualy be received or settled.

2.40 Financial Risk Management - Objectives and Policies

The Company has a well- managed risk management framework, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as liquidity risk, market risk, credit risk and foreign currency risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable risk parameters in a disciplined and consistent manner and in compliance with applicable regulation.

1) Liquidity Risk

Liquidity risk is the risk that the Company will encounter due to difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The company has sound financial strength represented by its aggregate current assets as against aggregate current liabilities and its strong equity base and lower working capital debt.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Maturities of financial liabilities As at 31 March 2018	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	29.22	62.58	-	91.80
Trade payable	4,407.28	-	-	4,407.28
Other financial liabilities	1,101.13	-	-	1,101.13
Maturities of financial liabilities As at 31 March 2017	**Less than 1 year**	**1 year to 5 years**	**More than 5 years**	**Total**
Borrowings	-	314.29	-	314.29
Trade payable	4,535.02	-	-	4,535.02
Other financial liabilities	688.77	-	-	688.77
Maturities of financial liabilities As at 1 April 2016	**Less than 1 year**	**1 year to 5 years**	**More than 5 years**	**Total**
Borrowings	8,352.48	829.28	-	9,181.76
Trade payable	4,158.98	-	-	4,158.98
Other financial liabilities	2,034.87	-	-	2,034.87

2) Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company Credit risk arises primarily from financial assets such as trade receivables, other balances with banks and other receivables.

Credit risk arising from balances with banks is limited because the counterparties are banks with high credit ratings.

A Assets under credit risk

Particulars	31.03.2018	31.03.2017	01.04.2016
Assets under credit risk			
1. Non-current assets			
- Financial assets			
(i) Loans	174.37	221.09	157.83
(ii) Other financial assets	18.03	-	-
2. Current assets			
- Financial assets			
(i) Trade receivables	12,300.53	13,114.99	9,600.64
(ii) Cash and cash equivalents	9,268.03	13,047.98	24,624.38
(iii) Bank balances other than (ii) above	422.60	404.60	380.01
(iv) Loans	2.00	2.00	2.00
(v) Other financial assets	-	-	193.67

B Trade Receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India and USA. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

For trade receivables, as a practical expedient, the company computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates and also takes into account available external and internal credit risk factors.

Movement in expected credit loss allowance on trade receivables	31.03.2018	31.03.2017	01.04.2016
Balance at the beginning of the year	-	-	-
Loss allowance measured at lifetime expected credit losses (See Note 2.08A)	347.03	-	-
Balance at the end of the year	347.03	-	-

Details of Financial Assets that are neither past due nor impaired and that are past due but not impaired	31.03.2018	31.03.2017	01.04.2016
Financial assets that are neither past due nor impaired	18,519.75	24,460.30	34,831.02
Financial assets that are past due but not impaired :	3,665.81	2,330.36	127.51
Financial assets that are past due and impaired :	347.03	-	-
Total	22,532.59	26,790.66	34,958.53

3) Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

A Interest Rate Risk

As the Company is having low debt liabilities and its deferred payment liabilities do not carry interest, the exposure to interest rate risk from the perspective of Financial Liabilities is negligible.

Below is the sensitivity of profit or loss in interest rates for borrowings.

Particulars	Impact in Statement of Profit and Loss for 1% change	
	31 March 2018	31 March 2017
Interest sensitivity Change by 100 basis points (100 bps)	78.01	72.51

B Foreign Currency Risk

The Company undertakes transactions denominated in foreign currency (mainly US Dollar) which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency, are also subject to reinstatement risks.

The Company uses forward exchange contracts to hedge its exposures in foreign currency arising from firm commitments and highly probable forecast transactions. The carrying amount of foreign currency denominated financial assets and liabilities including derivative contracts, are detailed in Note No.2.41

The following table details the Company's sensitivity to a 1% increase and decrease in the rupee against the relevant foreign currencies net of forward contracts.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant.

Particulars	Impact in Statement of Profit and Loss for 1% change	Impact in Statement of Profit and Loss for 1% change
	31st March 2018	31st March 2017
Sensitivity		
INR/USD (Net Receivable)	179.89	245.35
INR/EUR (Net Payable)	4.53	2.85
INR/CHF (Net Receivable/(Payable))	1.08	0.09

2.41 Risk management transactions

2.41.1 The particulars of foreign currency denominated financial assets and liabilities entered into by the Company and outstanding as at Balance Sheet date is as under:

Currency	As at 31.03.2018		As at 31.03.2017	
	Foreign currency in Lakhs	₹ in Lakhs	Foreign currency in Lakhs	₹ in Lakhs
Export receivables:				
USD	24.00	1,566.18	-	-

2.41.2 The particulars of hedged export receivables/payables as at Balance Sheet date is as under:

Currency	As at 31.03.2018		As at 31.03.2017	
	Foreign currency	₹ in Lakhs	Foreign Currency	₹ in Lakhs
Receivables				
USD	24.00	1,566.18	-	-

2.41.3 The particulars of un hedged items as at Balance Sheet date is as under:

Currency	As at 31.03.2018		As at 31.03.2017	
	Foreign currency	₹ in Lakhs	Foreign Currency	₹ in Lakhs
Assets:				
EUR	0.47	37.97	0.32	21.96
USD	266.34	17,358.37	384.11	24,924.01
GBP	0.17	15.33	0.20	16.40
CHF	-	-	0.17	11.09
JPY	-	-	2.31	1.34
Liabilities:				
EUR	6.08	491.34	4.42	306.72
USD	14.36	935.94	6.00	388.98
CHF	1.59	108.74	0.03	1.63

2.42 Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

The Company's financial strategy aims to support its strategic priorities and provide adequate capital to its businesses for growth and creation of sustainable stakeholder value. The Company funds its operations through internal accruals. The Company aims at maintaining a strong capital base largely towards supporting the future growth of its businesses as a going concern.

As at 31st March, 2018, the Company has only one class of equity shares and has low debt liabilities. The company is not subject to any externally imposed capital requirements.

2.43 First Time Adoption of Ind AS

These financial statements, for the period ended 31st March 2018, are the first financial statements prepared by the company in accordance with Ind AS. For periods up to and including the year ended 31st March 2017, the company prepared its financial statements in accordance with Previous GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

Accordingly, the company has prepared financial statements which comply with Ind AS applicable for periods ending on or after 31st March 2018, together with the comparative period data as at and for the year ended 31st March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1st April 2017 and the financial statements as at and for the year ended 31st March 2017.

Exemptions applied:

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS.

The Company has applied the following exemptions:

a. Deemed cost for Property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

b. Determining whether an arrangement contains a lease

Appendix C of Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease, at the inception of the contract or arrangement. However, Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

c. Deemed cost for investments in Associate

Ind AS 101 First-time Adoption of Indian Accounting Standards, permits a first-time adopter to elect to continue with the carrying value for investments in Associates as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure its investments in Associate Enterprise in the standalone financial statements at their previous GAAP carrying value.

IND AS mandatory exemptions

The following exceptions have been applied in accordance with Ind AS 101 in preparing the financial statements.

a. Estimates

In accordance with Ind AS, as at the date of transition to Ind AS an entity's estimates shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP except impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition this was not required under the previous GAAP.

b. Derecognition of financial assets and financial liabilities

Company has elected to apply the derecognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

c. Classification and measurement of financial assets

Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

2.43A Reconciliations between previous GAAP and Ind AS are as given below

i. Reconciliation of Equity as previously reported on account of transition from the previous Indian GAAP to IND AS :

Description	As at 31.03.2017	As at 01.04.2016
Equity as reported under Previous GAAP	**45,564.80**	**36,739.48**
Add/(Less) : Adjustments under Ind AS		
a. Fair value changes on equity instruments carried through other comprehensive income	10.12	5.50
b. Adjustment on MTM of Hedging Instruments in a cash flow hedge	-	21.72
c. Propsed Dividend and distribution tax thereon	-	428.77
Equity as reported under Ind AS	**45,574.92**	**37,195.47**

ii. **Reconciliation of Balance Sheet as at 01.04.2016 (date of transition to Ind AS)**

Particulars	Foot notes	Previous GAAP	Adjustments	Ind AS
ASSETS				
1. Non-current assets				
a. Property, Plant and Equipment	3	17,283.55	965.02	18,248.57
b. Capital work-in-progress		14.47	-	14.47
c. Other Intangible assets		15.33	-	15.33
d. Intangible assets under development		109.83	-	109.83
e. Financial Assets				-
i. Investments	6	461.53	5.50	467.03
ii. Loans		157.83	-	157.83
iii. Other financial assets				-
f. Non-Current Tax Assets		338.95	-	338.95
g. Other non-current assets		358.61	-	358.61
2. Current assets				
a. Inventories		1,302.32	-	1,302.32
b. Financial Assets				
i. Trade receivables		9,600.64	-	9,600.64
ii. Cash and cash equivalents		24,624.38	-	24,624.38
iii. Bank balances other than (ii) above		380.01	-	380.01
iv. Loans		2.00	-	2.00
v. Other financial assets	5	160.46	33.21	193.67
c. Other current assets		3,071.93	-	3,071.93
TOTAL ASSETS		**57,881.84**	**1,003.73**	**58,885.57**
EQUITY AND LIABILITIES				
Equity				
a. Equity Share Capital		475.00	-	475.00
b. Other Equity	1, 5 & 6	36,264.48	455.99	36,720.47
Liabilities				
1. Non-current liabilities				
a. Financial Liabilities				
i. Borrowings		829.28	-	829.28
b. Provisions		456.93	-	456.93
c. Deferred tax liabilities (Net)	5 & 7	2,060.65	11.49	2,072.14
d. Other Non Current Liabilities	3	-	950.33	950.33
2. Current liabilities				
a. Financial Liabilities				
i. Borrowings		8,352.48	-	8,352.48
ii. Trade payables		4,158.98	-	4,158.98
iii. Other financial liabilities		2,034.87	-	2,034.87
b. Other Current Liabilities	3	682.70	14.69	697.39
c. Provisions	1	461.94	(428.77)	33.17
d. Current Tax Liabilities (Net)		2,104.53	-	2,104.53
TOTAL EQUITY AND LIABILITIES		**57,881.84**	**1,003.73**	**58,885.57**

iii. Reconciliation of Balance Sheet as at 31.03.2017

Particluars	Foot notes	Previous GAAP	Adjustments	Ind AS
ASSETS				
1. Non-current assets				
a. Property, Plant and Equipment	3	16,095.18	1,134.51	17,229.69
b. Capital work-in-progress		1,367.79	-	1,367.79
c. Other Intangible assets		53.96	-	53.96
d. Intangible assets under development		197.61	-	197.61
e. Financial Assets			-	
i. Investments	6	1,170.53	10.12	1,180.65
ii. Loans		221.09	-	221.09
iii. Other financial assets				-
f. Non-Current Tax Assets (Net)		275.93	-	275.93
g. Other non-current assets		568.87	-	568.87
2. Current assets				
a. Inventories		4,049.72	-	4,049.72
b. Financial Assets				
i. Trade receivables		13,114.99	-	13,114.99
ii. Cash and cash equivalents		13,047.98	-	13,047.98
iii. Bank balances other than (iii) above		404.60	-	404.60
iv. Loans		2.00	-	2.00
v. Other financial assets		-	-	-
c. Other current assets		4,875.30	-	4,875.30
TOTAL ASSETS		**55,445.55**	**1,144.63**	**56,590.18**
EQUITY AND LIABILITIES				
1. Equity				
a. Equity Share Capital		475.00	-	475.00
b. Other Equity	6	45,089.80	10.12	45,099.92
Liabilities				
2. Non-current liabilities				
a. Financial Liabilities				
i. Borrowings		314.29	-	314.29
b. Provisions		741.59	-	741.59
c. Deferred tax liabilities (Net)		1,763.98	-	1,763.98
d. Other Non Current Liabilities	3	-	979.54	979.54
3. Current liabilities				
a. Financial Liabilities				
i. Borrowings		-	-	-
ii. Trade payables		4,535.02	-	4,535.02
iii. Other financial liabilities		688.77		688.77
b. Other Current Liabilities	3	236.29	154.97	391.26
c. Provisions		84.85	-	84.85
d. Current Tax Liabilities (Net)		1,515.96	-	1,515.96
TOTAL EQUITY AND LIABILITIES		**55,445.55**	**1,144.63**	**56,590.18**

iv. **Reconciliation of Statement of Profit and loss for the year ended 31.03.2017**

Particulars	Foot notes	Previous GAAP	Adjustments	Ind AS
I. INCOME:				
Revenue from operations		54,590.13	-	54,590.13
Other income	3	199.77	146.64	346.41
Total Income		**54,789.90**	**146.64**	**54,936.54**
II. EXPENSES:				
Cost of materials consumed		21,096.16	-	21,096.16
Changes in inventories of finished goods, Stock-in-trade and work-in-progress		(1,575.74)	-	(1,575.74)
Employee benefits expense	2	9,182.85	16.18	9,199.03
Finance costs		926.68	-	926.68
Depreciation and amortization expense	3	2,036.28	146.64	2,182.92
Other expenses	5	8,853.55	33.21	8,886.76
TOTAL EXPENSES:		**40,519.78**	**196.03**	**40,715.81**
III. Profit before tax (I-II)		**14,270.12**	**(49.39)**	**14,220.73**
IV. Tax expense:				
a. Current tax		5,312.70	-	5,312.70
b. Deferred tax	2 & 5	(296.66)	(17.10)	(313.76)
		5,016.04	(17.10)	4,998.94
V. Profit for the period (III - IV)		**9,254.08**	**(32.29)**	**9,221.79**
VI. Other comprehensive income				
A Items that will not be reclassified to profit or loss				
(i) Remeasurements of post employment benefit obligations	2	-	16.18	16.18
(ii) Fair value changes on Equity Instruments carried through other Comprehensive income	6	-	4.62	4.62
(iii) Income tax relating to items that will not be reclassified to profit or loss	2	-	(5.60)	(5.60)
VII. Total Comprehensive Income for the period (V+VI)(Comprising Profit and Other Comprehensive Income for the period)		**9,254.08**	**(17.09)**	**9,236.99**

v. **Reconciliation of statement of cash flows for the year ended 31st March 2017**

Particulars	For the year ended 31.03.2017		
	Previous GAAP	Ind AS Adjustment	Adjusted Figures (Ind AS)
Net Cash from/(used) Operating Activities	4,490.18	24.67	4,465.51
Net Cash from/(used) in Investing Activities	(3,445.24)	-	(3,445.24)
Net Cash from/(used) in Financing Activities	(11,991.34)	-	(11,991.34)
Net increase/(decrease) in cash and cash equivalents	(10,946.40)	24.67	(10,971.07)
Cash and cash equivalents at the beginning of the year	24,991.28	366.90	24,624.38
Cash and cash equivalents at the end of the year	13,439.55	391.57	13,047.98

Details of Measurement and recognition difference between Ind AS and Previous GAAP for the year ended 31st March 2017

1) Proposed dividend

Under Previous GAAP upto 1.4.2016, proposed dividend including dividend distribution tax (DDT), are recognized as liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, proposed dividend is recognized as liability in the period in which it is declared by Company, usually when approved by shareholders in a general meeting or paid.

Therefore, the dividend liability (proposed dividend) including dividend distribution tax liability amounting to Rs.428.77 Lakhs upto 1.4.2016 has been derecognised in the retained earnings as on the date of transition.

Proposed dividend including dividend distribution tax liability amounting to Rs.428.77 Lakhs upto 1.4.2016 which was derecognised as on the transition date, has been recognised in retained earnings during the year ended 31st March,2017 as declared and paid.

2) Remeasurement benefit of defined benefit plans

In the financial statements prepared under Previous GAAP, remeasurement benefit of defined plans (gratuity), arising primarily due to change in actuarial assumptions was recognised as employee benefits expense in the Statement of Profit and Loss. Under Ind AS, such remeasurement benefits relating to defined benefit plans is recognised in Other Comprehensive Income as per the requirements of Ind AS 19 - Employee benefits. Consequently, the related tax effect of the same has also been recognised in Other Comprehensive Income.

For the year ended 31st March, 2017, remeasurement of gratuity liability resulted in a net expenses of Rs.16.18 Lakhs which has now been reclassified from employee benefits expense in the Statement of Profit and Loss and recognised separately in Other Comprehensive Income. This has resulted in increase in employee benefits expense by Rs.16.18 Lakhs and Other Comprehensive Income by Rs.16.18 Lakhs for the year ended 31st March, 2017. Consequently, tax effect of the same amounting to Rs.5.60 Lakhs is also recognised separately in Other Comprehensive Income. The above changes do not affect Equity as at date of transition to Ind AS and as at 31st March, 2017.

3) Government Grant

As per previous GAAP, Government grants specifically relatable to capital assets are credited to the carrying value of the respective asset. As per Ind AS, Government grants relating to depreciable assets are recognised as deferred income and are transferred to the Statement of Profit and Loss over the periods and in the proportions in which depreciation expense on those assets are recognised. Accordingly, unamortised Government Grants under Liabilities includes Rs 965.02 Lakhs as on transition date which has been grossed up in the Property, Plant and Equipment and Rs.120.10 Lakhs received in relation to assets purchased subsequently. Deferred grant amounting to Rs 146.64 Lakhs has been transferred to the Statement of Profit and Loss during the year 2016-17 in the proportions in which depreciation expense on those assets are recognised and the balance in the deferred grant as on 31.03.2017 is Rs 1,134.51 Lakhs (including grossing up of grant amounting to Rs 196.02 Lakhs received during the year). Consequently, depreciation expense for such assets have been increased by the same amount for the year 2016-17. The treatment has no impact in the net profit as per the Statement of Profit and Loss for the year ended 31.03.2017.

4) Other comprehensive income

Under Ind AS, all items of income and expense recognized in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expenses that are not recognized in profit or loss, but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans, effective portion of cash flow hedge and change in fair value of equity instruments. The concept of other comprehensive income did not exist under the previous GAAP.

5) Cash Flow Hedge

Under the previous GAAP, 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. Under Ind AS, forward exchange contract are initially measured at fair value and are re-measured at subsequent reporting dates. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in Other Comprehensive Income in the cash flow hedge reserve and later reclassified to profit or loss when the hedge item affects profit or loss. This has resulted in increase of Other Current Financial Assets by Rs 33.21 Lakhs and corresponding increase in Other Equity by Rs 21.72 Lakhs (Net of tax of Rs 11.49 Lakhs) as at the transition date and subsequent adjustments to Foreign Exchange Rate Translation and deferred tax in the Statement of Profit and Loss on subsequent settlement in the year ended 31.03.2017. This has no impact to the Other Equity as at 31.03.2017 on closing of the forward contract.

6) Equity

Under the Previous GAAP, the Company accounted for long term investments in quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as Fair Value through Other Comprehensive Income (FVTOCI) investments. Ind AS requires FVTOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount amounting to Rs 5.50 Lakhs has been recognised as a separate component of

equity, in the Equity Instrument through Other Comprehensive Income reserve with corresponding adjustment to the carrying value of investments. The amount recognised in Other Comprehensive Income for the year ended 31.03.2017 is Rs 4.62 Lakhs

7) Deferred tax

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Consequent deferred tax adjustments in relation to transactions referred to above have also been made in the books of accounts.

8) Other matters

In the preparation of these Ind-AS Financial Statements, Company has made several presentation differences between previous GAAP and Ind-AS. These differences have no impact on reported profit or total equity. Accordingly, some assets and liabilities have been reclassified into another line item under Ind-AS at the date of transition. Further, in these Financial Statement, some line items as described differently under Ind-AS compared to previous GAAP although the assets and liabilities included in these line items are unaffected.

2.44 Figures have been stated to the nearest rupee in Lakhs. Previous GAAP figures have been reclasified to conform to Ind AS presentation requirements.

As per our separate report of even date attached

For VARMA & VARMA
(FRN :004532S)

V. Sathyanarayanan
Partner
CHARTERED ACCOUNTANTS
Membership No. 21941

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

Sabu M. Jacob
Chairman, Managing Director
and Chief Financial Officer
DIN: 00046016

CA Benni Joseph
Director
DIN: 01219476

A. Babu
Company Secretary

Place: Kizhakkambalam
Date: 18/05/2018

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2018

Sl No.	Particulars	Note No.	₹ in Lakhs		
			As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
I	**ASSETS**				
1	**Non-current assets**				
	(a) Property, Plant and Equipment	2.01A	17,129.78	17,229.69	18,248.57
	(b) Capital work-in-progress	2.01B	3,201.36	1,367.79	14.47
	(c) Other Intangible assets	2.01C	34.51	53.96	15.33
	(d) Intangible assets under development	2.01D	200.28	197.61	109.83
	(e) Financial Assets				
	(i) Investments	2.02	902.01	64.66	226.99
	(ii) Loans	2.03	174.37	221.09	157.83
	(iii) Other financial assets	2.04	18.03	-	-
	(f) Non-Current Tax Assets (Net)	2.05	275.93	275.93	338.95
	(g) Other non-current assets	2.06	403.17	568.87	358.61
2	**Current assets**				
	(a) Inventories	2.07	8,782.44	4,049.72	1,302.32
	(b) Financial Assets				
	(i) Trade receivables	2.08	12,300.53	13,114.99	9,600.64
	(ii) Cash and cash equivalents	2.09A	9,268.03	13,047.98	24,624.38
	(iii) Bank balances other than (ii) above	2.09B	422.60	404.60	380.01
	(iv) Loans	2.10	2.00	2.00	2.00
	(v) Other financial assets	2.11	-	-	193.67
	(c) Other current assets	2.12	6,879.39	4,875.30	3,071.93
	TOTAL ASSETS		**59,994.43**	**55,474.19**	**58,645.53**
II	**EQUITY AND LIABILITIES**				
1	**Equity**				
	(a) Equity Share Capital	2.13	665.00	475.00	475.00
	(b) Other Equity	2.14	49,205.05	43,983.93	36,480.43

Sl No.	Particulars	Note No.	₹ in Lakhs		
			As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
	Liabilities				
2	**Non-current liabilities**				
	(a) Financial Liabilities				
	(i) Borrowings	2.15	62.58	314.29	829.28
	(b) Provisions	2.16	676.26	741.59	456.93
	(c) Deferred tax liabilities (Net)	2.17	1,572.48	1,763.98	2,072.14
	(d) Other Non Current Liabilities	2.18	824.56	979.54	950.33
3	**Current liabilities**				
	(a) Financial Liabilities				
	(i) Borrowings	2.19	29.22	-	8,352.48
	(ii) Trade payables	2.20	4,407.28	4,535.02	4,158.98
	(iii) Other financial liabilities	2.21	1,101.13	688.77	2,034.87
	(b) Other Current Liabilities	2.22	323.73	391.26	697.39
	(c) Provisions	2.23	208.94	84.85	33.17
	(d) Current Tax Liabilities (Net)	2.24	918.20	1,515.96	2,104.53
	TOTAL EQUITY AND LIABILITIES		**59,994.43**	**55,474.19**	**58,645.53**

Significant accounting policies and key accounting estimates and judgements - See Note 1

The accompanying notes form an integral part of the Consolidated Balance Sheet.

As per our separate report of even date attached

For VARMA & VARMA
(FRN :004532S)

Sd/-
V. Sathyanarayanan
Partner, Chartered Accountants
Membership No. 21941

Place: Kizhakkambalam
Date: 18th May, 2018

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

Sd/-
Sabu M. Jacob
Chairman, Managing Director and Chief Financial Officer
DIN: 00046016

Sd/-
CA Benni Joseph
Director
DIN: 01219476

Sd/-
A. Babu
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH, 2018

Sl No.	Particulars	Note No.	₹ in Lakhs	
			For the year ended 31.03.2018	For the year ended 31.03.2017
I	**INCOME**			
	(a) Revenue from operations	2.25	55,725.42	54,590.13
	(b) Other income	2.26	267.07	346.41
	Total Income		**55,992.49**	**54,936.54**
II	**EXPENSES**			
	(a) Cost of materials consumed	2.27	25,404.54	21,096.16
	(b) Changes in inventories of finished goods, Stock-in-trade and work-in-progress	2.28	(3,735.78)	(1,575.74)
	(c) Employee benefits expense	2.29	9,851.37	9,199.03
	(d) Finance costs	2.30	581.18	926.68
	(e) Depreciation and amortisation expense	2.31	2,340.14	2,182.92
	(f) Other expenses	2.32	10,802.12	8,886.76
	Total Expenses		**45,243.57**	**40,715.81**
III	**Profit before tax (I - II)**		**10,748.92**	**14,220.73**
IV	**Tax expense:**			
	(a) Current tax		4,000.00	5,312.70
	(b) Deferred tax		(232.13)	(313.76)
	(c) Income tax for earlier years		(21.18)	-
			3,746.69	4,998.94
V	**Profit after tax for the year before share of profit/loss of associate (III-IV)**		**7,002.23**	**9,221.79**

Sl No.	Particulars	Note No.	₹ in Lakhs	
			For the year ended 31.03.2018	For the year ended 31.03.2017
VI	**Share of Profit/ Loss of Associate**			
	(1) Share of loss in Associate		749.61	676.35
	(2) Share of unrealised profit on transaction with Associate (Net of reversal)		(102.32)	199.60
VII	**Net Profit /(Loss) for the year after Share of profit /(Loss) of Associate (V - VI)**		**6,354.94**	**8,345.84**
VIII	**Other comprehensive income**			
A	Items that will not be reclassified to profit or loss			
	(i) Remeasurements of post employment benefit obligations		117.40	16.18
	(ii) Fair value changes on Equity Instruments carried through other Comprehensive income "		(3.87)	4.62
	(iii) Income tax relating to items that will not be reclassified to profit or loss		(40.63)	(5.60)
B	Items that will be reclassified to profit or loss			
	(i) Exchange differences on translating the share of accumulated reserves of the Associate		12.33	-
IX	**Total Comprehensive Income for the period (VII+VIII) (Comprising of Profit and Other Comprehensive Income for the period)**		**6,440.17**	**8,361.04**
X	**Earnings per equity share (Face value of Rs.1 each)**	2.33		
	Basic & Diluted in Rs.		9.56	12.55

Significant accounting policies and key accounting estimates and judgements - See Note 1

The accompanying notes form an integral part of the Consolidated Statement of Profit and Loss.

As per our separate report of even date attached

For VARMA & VARMA
(FRN :004532S)

Sd/-
V. Sathyanarayanan
Partner, Chartered Accountants
Membership No. 21941

Place: Kizhakkambalam
Date: 18th May, 2018

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

Sd/-
Sabu M. Jacob
Chairman, Managing Director and Chief Financial Officer
DIN: 00046016

Sd/-
CA Benni Joseph
Director
DIN: 01219476

Sd/-
A. Babu
Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2018

Particulars	₹ in Lakhs	
	For the year ended 31.03.2018	For the year ended 31.03.2017
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before taxation	**10,748.92**	**14,220.73**
Adjustments for:		
Depreciation and Amortisation expense	2,340.14	2,182.92
Unrealised foreign exchange (gain)/loss (net)	(204.24)	761.96
Interest income	(64.01)	(177.13)
Loss/(profit) on sale of assets (net)	23.62	34.36
Deferred Grant Income	(154.97)	(146.64)
Provision/sundry balances written off through profit and loss	79.65	2.58
Sundry Balance written back	(5.25)	(3.97)
Provision for doubtful debts/advances (net)	347.03	-
Interest expense	581.18	926.68
Operating profit before working capital changes	**13,692.07**	**17,801.49**
Adjustments for:		
Trade and other receivables	(1,534.75)	(5,386.68)
Inventories	(4,732.72)	(2,747.40)
Trade, other payables and provisions	14.35	636.35
Cash generated from operations	**7,438.95**	**10,303.76**
Direct taxes paid (net of refunds)	(4,576.58)	(5,838.25)
Cash from operating activities	**2,862.37**	**4,465.51**
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(3,944.29)	(2,808.35)
Sale of fixed assets	181.60	39.00
Purchase of investments	(1,476.18)	(709.00)
Interest received	36.31	33.11
Net cash generated / (used) in investing activities	**(5,202.56)**	**(3,445.24)**

Particulars	₹ in Lakhs	
	For the year ended 31.03.2018	For the year ended 31.03.2017
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from/(Repayment of) borrowings	(27.20)	(10,179.54)
Interest paid	(466.91)	(946.67)
Dividend/dividend distribution tax paid	(1,019.29)	(865.13)
Net cash generated / (used) in financing activities	**(1,513.40)**	**(11,991.34)**
Summary		
Net Cash from/(used in) Operating Activities (A)	**2,862.37**	**4,465.51**
Net Cash from/(used in) Investing Activities (B)	**(5,202.56)**	**(3,445.24)**
Net Cash from/(used in) Financing Activities (C)	**(1,513.40)**	**(11,991.34)**
(A+B+C)	**(3,853.59)**	**(10,971.07)**
Effect of unrealised foreign exchange gain/(loss)	73.64	(605.33)
Cash and cash equivalents at the beginning of the year	13,047.98	24,624.38
Cash and cash equivalents at the end of the year	9,268.03	13,047.98
Net (Increase) /Decrease in cash and cash equivalents	**3,853.59**	**10,971.07**

Notes:

a) Issue of bonus shares during the current year amounting to Rs.190.00 Lakhs (Rs. Nil/-) have not been included in the Cash flow statement, being non cash transactions.
b) Cash and cash equivalents at the end of the year includes Rs.75.74 Lakhs (Rs.65.98 Lakhs) deposited in unclaimed dividend account which is earmarked for payment of dividend.
c) The above cash flow statement has been prepared under the "Indirect Method" as set out in Ind AS - 7 "Statement of Cash Flows".
Significant accounting policies and key accounting estimates and judgements - See Note 1
The accompanying notes form an integral part of the Consolidated Statement of Cash Flows.

As per our separate report of even date attached

For VARMA & VARMA
(FRN :004532S)

Sd/-
V. Sathyanarayanan
Partner, Chartered Accountants
Membership No. 21941

Place: Kizhakkambalam
Date: 18th May, 2018

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

Sd/-
Sabu M. Jacob
Chairman, Managing Director and Chief Financial Officer
DIN: 00046016

Sd/-
CA Benni Joseph
Director
DIN: 01219476

Sd/-
A. Babu
Company Secretary

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2018

A. Equity Share Capital

₹ in Lakhs

Particulars	No. of shares	As at	No. of shares	As at
		31.03.2018		31.03.2017
Balance at the beginning of the reporting year	47,500,000	475.00	47,500,000	475.00
Changes in Equity Share capital during the year - Issue of Bonus Shares	19,000,000	190.00	-	-
Balance at the end of the reporting year	66,500,000	665.00	47,500,000	475.00

B. Other Equity

Particulars	Reserves and Surplus				Exchange differences on translating the share of accumulated reserves of the Associate	Equity Instrument through Other Comprehensive Income	Total
	Capital Reserve (Investment Subsidy)	General Reserve	Retained Earnings	Cash Flow Hedging Reserve			
Balance as at April 01, 2016	22.10	4,865.00	31,566.11	21.72		5.50	36,480.43
Profit for the year	-	-	8,345.84	(21.72)		-	8,324.12
Cash flow hedging reserve reclassified	-	-	21.72	-		-	21.72
Remeasurement benefit of defined benefit plans in Other Comprehensive Income (net of tax)	-	-	10.58	-		-	10.58
Fair value changes on equity instruments carried through other comprehensive income	-	-	-	-		4.62	4.62
Dividends (including taxes)	-	-	(857.54)	-		-	(857.54)
Transfer to General Reserve	-	16,000.00	(16,000.00)	-		-	-
Balance at March 31, 2017	22.10	20,865.00	23,086.71	-		10.12	43,983.93
Balance as at April 01, 2017	22.10	20,865.00	23,086.71	-		10.12	43,983.93
Profit for the year	-	-	6,354.94	-		-	6,354.94
Remeasurement benefit of defined benefit plans in Other Comprehensive Income (net of tax)	-	-	76.77	-		-	76.77

Particulars	Reserves and Surplus				Exchange differences on translating the share of accumulated reserves of the Associate	Equity Instrument through Other Comprehensive Income	Total
	Capital Reserve (Investment Subsidy)	General Reserve	Retained Earnings	Cash Flow Hedging Reserve			
Fair value changes on equity instruments carried through other comprehensive income	-	-	-	-		(3.87)	(3.87)
Exchange differences on translating for the year	-	-	-	-	12.33	-	12.33
Dividends (including taxes)	-	-	(1,029.05)	-		-	(1,029.05)
Transfer for Issue of Bonus shares	-	(190.00)	-	-		-	(190.00)
Transfer to General Reserve	-	1,000.00	(1,000.00)	-		-	-
Balance at March 31, 2018	**22.10**	**21,675.00**	**27,489.37**	**-**	**12.33**	**6.25**	**49,205.05**

Significant accounting policies and key accounting estimates and judgements - See Note 1

The accompanying notes form an integral part of the Consolidated Statement Changes in Equity.

As per our separate report of even date attached

For VARMA & VARMA
(FRN :004532S)

Sd/-
V. Sathyanarayanan
Partner, Chartered Accountants
Membership No. 21941

Place: Kizhakkambalam
Date: 18th May, 2018

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

Sd/-
Sabu M. Jacob
Chairman, Managing Director and Chief Financial Officer
DIN: 00046016

Sd/-
CA Benni Joseph
Director
DIN: 01219476

Sd/-
A. Babu
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

General Information

Kitex Garments Limited is a Public Company incorporated and domiciled in India having its registered office at Kizhakkambalam, Alwaye, Ernakulam- 683562, Kerala, 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. Kitex USA LLC is a corporation registered in Delaware, United States of America with 50% equity participation each from Kitex Garments Limited and Kitex Childrenswear Limited..

1 Significant Accounting Policies

1.1 Principles of Consolidation

The consolidated financial statements relate to Kitex Garments Limited (the 'Company') and the Company's share of profit / loss in its associate. The consolidated financial statements have been prepared on the following basis:

i. The financial statements / financial information of the associate used in the consolidation are drawn upto the same reporting date as that of the Company, i.e., 31 March, 2018.

ii. The consolidated financial statements include the share of profit / loss of an associate entity which has been accounted for using 'equity method' as per Ind AS 28 'Investments in Associates and Joint Ventures'. Accordingly, the share of profit / loss of the associate entity (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investment. In using equity method for accounting for investment in an associate, Gains and losses resulting from 'upstream' and 'downstream' transactions between the company and its associate are recognised in the company's financial statements only to the extent of unrelated investors' interests in the associate. The company's share in the associate's gains or losses resulting from these transactions is eliminated.

Following associate entity has been considered in the preparation of the consolidated financial statements:

Name of the Entity : Kitex USA LLC

Relationship : Associate

% of Holding and voting power : 50% for the year 2017-18 and 2016-17.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements..

1.2 Basis of preparation of financial statements

A. The Consolidated Financial Statements of Kitex Garments Limited (the Company) and its associate Kitex USA LLC have been prepared in accordance with Ind AS 28 'Investments in Associates and Joint Ventures' under the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act 2013 and notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

B. Investments in the associate M/s. Kitex USA LLC is accounted for using the Equity Method of accounting as laid down by Ind AS 28 'Investments in Associates and Joint Ventures'. The investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the company's share of the associate's net assets. The company's profit and loss includes its share of the associate's profit and loss and the company's other comprehensive income includes its share of the associate's other comprehensive income. Gains and losses resulting from 'upstream' and 'downstream' transactions between the company and its associate are recognised in the company's financial statements only to the extent of unrelated investors' interests in the associate. The company's share in the associate's gains or losses resulting from these transactions is eliminated. No statutory audit has been conducted by the associate M/s. Kitex USA LLC for the year ended 31.03.2018 as the same is not required under the statutes of that country. The financial statements/ financial information comprising balance sheet as of March 31st 2018 and the related statements of income and retained earnings for the period beginning April 1st 2017 ending December 31st 2017 and period beginning January 1st 2018 ending March 31st 2018 have been prepared by the management and the financial statement/ financial information has been compiled by a Certified Public Accountant in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

1.3 Basis of Accounting

These consolidated financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act 2013 and notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

For all periods up to and including the year ended 31st March 2017, the company prepared its consolidated financial statements in accordance with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP"). These consolidated financial statements for the year ended 31st March 2018 are the first consolidated financial statements prepared by the company in accordance with Ind AS. See Note 2.43 for an explanation on how the transition from previous GAAP to Ind AS has affected the company's consolidated financial position, consolidated financial performance and consolidated cash flows.

The consolidated financial statements have been prepared on a historical cost basis on the accrual basis of accounting, except for the following -

a. Financial assets and liabilities that is measured at fair value;

b. Defined benefit plans - plan assets measured at fair value;

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

1.4 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – noncurrent classification of assets and liabilities.

1.5 Use of Estimates

In the preparation of consolidated financial statements, the management makes estimates and assumptions in conformity with the Generally Accepted Accounting Principles in India. Such estimates and assumptions are made on reasonable and prudent basis taking into account all available information. However actual results could differ from these estimates and assumptions and such differences are recognized in the period in which results are ascertained. The estimates and underlying assumptions are reviewed on an ongoing basis.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1.22..

1.6 Inventories

Inventories are valued at lower of cost or net realisable value. For this purpose, the cost of bought-out inventories comprise of the purchase cost of the items, net of applicable tax/duty credits and cost of bringing such items into the factory on First-In, First-Out (FIFO) basis. Cost of Inventory comprises Cost of Purchase, Cost of Conversion and other Costs incurred to bring them to their respective present location and condition. The net realizable value of bought out inventories is taken at their current replacement value. The cost of manufactured inventories comprises of the direct cost of production plus

appropriate fixed and variable production overheads.

Difference between the purchase price for normal credit terms and the amount paid for deferred settlement terms, if any, is recognised as an expense.

1.7 Income Tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year computed in accordance with the provisions of the Income Tax Act, 1961. Taxable income differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or items related to equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1.8 Property, Plant & Equipment

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1st April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment, with corresponding adjustments to recognise the amount of unamortised deferred grant income as at the date of the transition.

Property, plant and equipment (except freehold land) are stated at cost of acquisition less accumulated depreciation and impairment if any. Freehold land is carried at historical cost. The company is adopting the cost model for determining gross carrying amount. Cost comprises of purchase price, inward freight, duties, taxes and any attributable cost of bringing the assets to its working condition for its intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components). The cost of replacement spares/ major inspection relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed by the management at each financial year and adjusted prospectively, if appropriate.

Capital work in progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

Depreciation on Property, plant and equipment is provided on Straight Line Method at the useful lives based on a review by the management at the year-end as under:

a) Assets (other than capital spares) - based on useful

lives prescribed under Schedule II of the Companies Act, 2013

b) Capital Spares- based on useful life of each replaced part (2 - 5 years).

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the Statement of Profit and Loss

1.9 Intangible Assets

On transition to Ind AS, the company has elected to continue with the carrying value of all of intangible assets recognised as at 1st April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

Cost of software is capitalised as intangible asset and amortised on a straight-line basis over the economic useful life of three years.

The residual values, useful lives and methods of depreciation of intangible assets are reviewed by the management at each financial year and adjusted prospectively, if appropriate.

1.10Financial assets

All financial assets are initially measured at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

Financial assets are classified using the following measurement categories:

- To be measured subsequently at fair value (either through other comprehensive income or through profit and loss), and;
- To be measured at amortised cost.

a. Trade Receivable

(i) Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment.

(ii) For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, provision for bad and doubtful debts is based on the simplified approach of impairment of trade receivables permitted by Ind AS 109 Financial instruments which requires lifetime expected credit losses to be recognized excepting those which are contractually not due as per the terms of the contract or those which are considered realizable based on a case to case review. The expected credit loss is computed based on a provision matrix which takes into account historical credit loss experience and is adjusted for forward looking information and also takes into account available external and internal credit risk factors. The company has identified customer segments for assessing historical credit loss since experience shows significantly different loss patterns for the different customer segments.

If the credit risk on the trade receivables has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

b. Investments

Investments in Associate Enterprise : The Company's investment in equity instruments in associate enterprises are accounted for at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

Others : Investments which are held for trading are classified as 'at fair value through Other comprehensive income' and all changes are recognized in the Other comprehensive income.

b. Other loans and receivables

Other loans and receivables are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

c. Derecognition of financial asset

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

1.11 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective interest rate method. Gains and losses are recognised in profit and loss when the liabilities are derecognised as well as through the amortisation of effective interest.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.12 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants shall be recognised in profit and loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to depreciable assets are presented in the balance sheet by setting up the grant as deferred income and are recognised in profit and loss over the periods and in the proportions in which depreciation expense on those assets is recognised and are presented under Other Income.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in profit and loss of the period in which it becomes receivable and are presented under Other Income/ deducted from the related heads of expenditure.

1.13 Revenue Recognition

Revenue from operations comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the the company's activities. The Company recognises

revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectability of the related receivable is reasonably assured and when the specific criteria for each of the company's activities are met as follows -

a. Sale of Goods:

Sales are recognised when significant risks and rewards of ownership of goods have been passed to the buyer.

b. Export benefits/incentives:

Export incentives are recognized on exports on accrual basis, except when there are significant uncertainties, based on the estimated realizable value of such entitlements.

c. Other incomes:

Other incomes are recognised on accrual basis except when there are significant uncertainties.

Interest income is recognised on accrual basis using effective interest rate method.

1.14 Employee Benefits

a) Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and recognized in the period in which the employee renders the related service.

b) Defined Contribution Plans

The company has defined contribution plans for employees comprising of Provident Fund and Employee's State Insurance. The contributions paid/payable to these plans during the year are recognised as employee benefit expense in the Statement of Profit and Loss for the year.

c) Defined Benefit Plans: Gratuity

The net present value of the obligation for gratuity benefits are determined by independent actuarial valuation, conducted annually using the projected unit credit method.

The retirement benefit obligations recognised in the Balance Sheet represents the present value of the defined benefit obligations reduced by the fair value of plan assets. All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefits are recognised immediately in Statement of Profit and Loss as past service cost, if any, and net interest on the defined benefit liability/(asset) are recognised in the Statement of Profit and Loss.

Remeasurements of the net defined benefit liability/(asset) comprising actuarial gains and losses and the return on the plan assets(excluding amounts included in net interest), are recognised in Other Comprehensive Income. Such remeasurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

d) Long Term Employee Benefits: Compensated absences

The company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur.

1.15 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recognized as expenditure in the period in which they are incurred.

1.16 Foreign Currency Transactions

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Indian Rupees ("INR"), which is the functional currency and presentation currency of the Company.

a. Foreign Currency Transactions:

Foreign exchange transactions are recorded at the functional currency adopting the exchange rate prevailing on the dates of respective transactions. Monetary assets and liabilities denominated in foreign currencies existing as on the Balance Sheet date are translated at the functional currency exchange rate prevailing as at the Balance Sheet date. The exchange difference arising from the settlement of transactions during the period and effect of translations of assets and liabilities at the Balance Sheet date are recognized in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or profit and loss are also recognised in Other Comprehensive Income or profit and loss, respectively).

b. Derivative instruments and hedge accounting:

(i) The company uses foreign currency derivative contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecasted transactions. The company designates these as cash flow hedges applying the recognition and measurement principles set out in Ind AS 109– Financial Instruments.

The use of foreign currency and derivative contracts is governed by the Company's policies approved by the Board of directors which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The company does not use derivative financial instruments for speculative purposes.

Foreign currency derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit and loss, except for the effective portion of cash flow hedges, which is recognised in Other Comprehensive Income in the cash flow hedge reserve and later reclassified to profit and loss when the hedge item affects profit and loss.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

1.17 Leases

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease. All other leases are classified as operating leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the

asset or assets, even if that right is not explicitly specified in an arrangement.

1.18 Segment Reporting

Operating Segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

1.19 Earnings per share

Basic/diluted earnings per share is calculated by dividing the net profit and loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares/diluted potential equity shares outstanding as at the end of the year, as the case may be.

1.20Impairment of Non-financial Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset or a cash generating unit may be impaired. An asset or a cash generating unit is treated as impaired, when the carrying value of assets exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. Based on such assessment, impairment loss if any is recognized in the Statement of Profit & Loss for the period in which the asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

1.21Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, it's carrying amount is the present value of those cash flows(when the effect of time value of money is material). These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

When the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Contingent Liabilities are disclosed when the company has a possible obligation or a present obligation and it is probable that an outflow of resources will not be required to settle the obligation or the amount of obligation cannot be measured with sufficient reliability.

Contingent assets are not recognized in the books of account. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, an entity discloses the contingent asset

1.22Critical accounting estimates, assumptions and judgements

The Company makes judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources in the application of the Company's accounting policies that are described in Note 1. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be relevant under the circumstances. Actual results may differ from the estimates.

Key sources of estimation uncertainty

i. Useful lives of property, plant and equipment and intangible assets:

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

ii. Actuarial Valuation:

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

iii. Impairment of Assets:

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

iv. Recoverability of advances/receivables:

Management reviews its receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics.

1.23 Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers:

The Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers on 28th March 2018. The standard replaces existing revenue recognition standards Ind AS 11 Construction Contracts and Ind AS 18 Revenue. An entity should recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising

from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application

(Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company is in the process of evaluating the impact on application of Ind AS 115.

2.01A Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Gross Block (at cost)				Depreciation				Net Block
	Balance as at 01/04/2017	Additions	Disposals / deletion	Balance as at 31/03/2018	Balance as at 01/04/2017	for the year	on disposals	Balance as at 31/03/2018	Balance as at 31/03/2018
Freehold Land	489.83	3.00	-	492.83	-	-	-	-	492.83
Buildings	4,588.17	146.88	-	4,735.05	184.50	164.09	-	348.59	4,386.46
Plant and Equipment	13,049.19	2,107.62	402.14	14,754.67	1,713.88	1,888.05	209.95	3,391.98	11,362.69
Furniture and Fixtures	189.95	4.28	-	194.23	36.67	33.16	-	69.83	124.40
Motor Vehicles	327.58	85.24	19.85	392.97	61.85	63.21	6.82	118.24	274.73
Office equipment	142.05	39.72	-	181.77	25.64	33.81	-	59.45	122.32
Computer	357.32	10.02	-	367.34	75.51	74.76	-	150.27	217.07
Electrical Equipments	242.66	22.79	-	265.45	59.01	57.16	-	116.17	149.28
Total	**19,386.75**	**2,419.55**	**421.99**	**21,384.31**	**2,157.06**	**2,314.24**	**216.77**	**4,254.53**	**17,129.78**

Particulars	Gross Block (at cost)				Depreciation				Net Block
	Deemed Cost as at 01/04/2016	Additions	Disposals / deletion	Balance as at 31/03/2017	Balance as at 01/04/2016	for the year	on disposals	Balance as at 31/03/2017	Balance as at 31/03/2017
Freehold Land	489.83	-	-	489.83	-	-	-	-	489.83
Buildings	4,588.17	-	-	4,588.17	-	184.50	-	184.50	4,403.67
Plant and Equipment	12,344.28	783.17	78.26	13,049.19	-	1,718.78	4.90	1,713.88	11,335.31
Furniture and Fixtures	163.38	26.57	-	189.95	-	36.67	-	36.67	153.28
Motor Vehicles	262.47	65.11	-	327.58	-	61.85	-	61.85	265.73
Office equipment	47.43	94.62	-	142.05	-	25.64	-	25.64	116.41
Computer	119.36	237.96	-	357.32	-	75.51	-	75.51	281.81
Electrical Equipments	233.65	9.01	-	242.66	-	59.01	-	59.01	183.65
Total	**18,248.57**	**1,216.44**	**78.26**	**19,386.75**	**-**	**2,161.96**	**4.90**	**2,157.06**	**17,229.69**

As stated in Note No 2.44a, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date. Accordingly, the net block as on 01.04.2016 aggregating to Rs 18,248.57 Lakhs comprising of carrying value of various assets as follows, is considered as the deemed cost of the respective property, plant and equipment:

Particulars	Gross Block as at 01/04/2016	Accumulated Depreciation as at 01/04/2016	Unamortised Grant recognised as deemed cost as at 01/04/2016	Carrying value (deemed cost) as at 01/04/2016
Freehold Land	489.83	-	-	489.83
Buildings	6,352.93	1,764.76	-	4,588.17
Plant and Equipment	17,352.38	5,973.12	965.02	12,344.28
Furniture and Fixtures	456.20	292.82	-	163.38
Motor Vehicles	563.57	301.10	-	262.47
Office equipment	303.09	255.66	-	47.43
Computer	373.34	253.98	-	119.36
Electrical Equipments	600.55	366.90	-	233.65
Total	**26,491.89**	**9,208.34**	**965.02**	**18,248.57**

2.01B Capital work-in-progress

Particulars	Gross Block (at cost)			
	Balance as at 01/04/2017	Additions	Disposals / deletion	Balance as at 31/03/2018
Building under construction	130.41	16.86	146.88	0.39
Plant and Equipment under installation/ Construction	1,237.38	4,129.71	2,166.11	3,200.97
Total	**1,367.79**	**4,146.57**	**2,312.99**	**3,201.36**

Note: Rs.33.20 Lakhs of borrowing cost has been transferred to capital work-in-progress which pertains to qualified assets under construction.

Particulars	Gross Block (at cost)			
	Deemed Cost as at 01/04/2016	Additions	Disposals / deletion	Balance as at 31/03/2017
Building under construction	-	130.41	-	130.41
Plant and Equipment under installation	14.47	2,295.01	1,072.10	1,237.38
Total	**14.47**	**2,425.42**	**1,072.10**	**1,367.79**

2.01C Other Intangible assets

Particulars	Gross Block (at cost)				Amortisation				Net Block
	Balance as at 01/04/2017	Additions	Disposals / deletion	Balance as at 31/03/2018	Balance as at 01/04/2017	for the year	on disposals	Balance as at 31/03/2018	Balance as at 31/03/2018
Computer software	74.92	6.45	-	81.37	20.96	25.90	-	46.86	34.51
Total	**74.92**	**6.45**	**-**	**81.37**	**20.96**	**25.90**	**-**	**46.86**	**34.51**

Particulars	Gross Block (at cost)				Amortisation				Net Block
	Deemed Cost as at 01/04/2016	Additions	Disposals / deletion	Balance as at 31/03/2017	Balance as at 01/04/2016	for the year	on disposals	Balance as at 31/03/2017	Balance as at 31/03/2017
Computer software	15.33	59.59	-	74.92	-	20.96	-	20.96	53.96
Total	**15.33**	**59.59**	**-**	**74.92**	**-**	**20.96**	**-**	**20.96**	**53.96**

As stated in Note No 2.44a, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date. Accordingly, the net block as on 01.04.2016 aggregating to Rs 15.33 Lakhs, comprising of carrying value of various assets as follows, is considered as the deemed cost of the respective intangible assets:

Particulars	Gross Block as at 01.04.2016	Accumulated Amortisation as at 01.04.2016	Carrying value (deemed cost) as at 01.04.2016
Computer software	338.15	322.82	15.33
Total	**338.15**	**322.82**	**15.33**

2.01D Intangible assets under development

Particulars	Gross Block (at cost)			
	Balance as at 01/04/2017	Additions	Disposals / deletion	Balance as at 31/03/2018
Software under development (See Note No. 2.38)	197.61	2.67	-	200.28
Total	**197.61**	**2.67**	**-**	**200.28**

Particulars	Gross Block (at cost)			
	Balance as at 01/04/2016	Additions	Disposals / deletion	Balance as at 31/03/2017
Software under development (See Note No. 2.38)	109.83	87.78	-	197.61
Total	**109.83**	**87.78**	**-**	**197.61**

2.01E Capital & other Commitments:

Estimated amount of contract remaining to be executed on capital accounts and not provided for (net of advances) : Rs.562.84 Lakhs (Rs.1,584.77 Lakhs)

2.02 Investments [Non-current]

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Investments in Equity Instruments (carried at cost)			
Unquoted (Trade):			
In Associate Company			
4,050,210.09 (1,750,210.09) Fully paid up Membership	2,646.28	1,170.10	461.10
units of USD 1 each in Kitex USA LLC			
Less:			
Share of Accumulated Reserves	1,115.99	240.04	-
Share of loss in Associate	749.61	676.35	240.04
Share of unrealised profit on transaction with Associate (Net of reversal)	(102.32)	199.60	-
Add : Fair value changes on Equity Instruments carried through other Comprehensive income	12.33	-	-
	895.33	54.11	221.06
(carried at fair value through other comprehensive income)			
Quoted (Non Trade)			
7,000 (7,000) Equity shares of Rs 2 each in Punjab National Bank Limited , Fully Paid up.	6.68	10.55	5.93
	902.01	**64.66**	**226.99**
Aggregate amount of unquoted investments	**895.33**	**54.11**	**221.06**
Aggregate amount of quoted investments and market value	**6.68**	**10.55**	**5.93**
The market value of quoted investments is equal to the carrying value.			

2.03 Loans [Non-current]

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Unsecured, considered good			
Security Deposit	174.37	221.09	157.83
	174.37	**221.09**	**157.83**

2.04 Other Financial Assets [Non-current]

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Balance with Banks in Deposit Account with more than 12 months maturity.	18.03	-	-
	18.03	**-**	**-**

2.04.1 Deposit account represents deposits held as security against Bank Guarantee/Letter of Credit, which are not expected to be withdrawn within the next 12 months.

2.05 Non Current Tax Assets

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Income Tax (net)	275.93	275.93	338.95
	275.93	**275.93**	**338.95**

2.06 Other non-current assets

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Unsecured, Considered Good			
Capital Advances	254.26	364.21	153.95
Balances with Government Authorities	148.91	204.66	204.66
	403.17	**568.87**	**358.61**

2.07 Inventories

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Raw materials	2,285.13	1,318.54	353.68
Raw materials - In Transit	20.95	63.88	-
Work-in-progress	5,166.46	2,245.77	897.43
Finished goods (See Note 2.07.1)	1,093.70	278.61	51.21
Stores, spares and consumables	215.17	141.03	-
Stores, spares and consumables - In Transit	1.03	1.89	-
	8,782.44	**4,049.72**	**1,302.32**

2.07.1 Method of Valuation of Inventories - See Note 1.6 of Significant Accounting Policies.

2.08 Trade Receivables

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Trade Receivables:			
Unsecured Considered Good	12,300.53	13,114.99	9,600.64
Unsecured Considered Doubtful	347.03	-	-
	12,647.56	13,114.99	9,600.64
Less: Provision for doubtful debts (See Note 2.08A)	347.03	-	-
	12,300.53	**13,114.99**	**9,600.64**

2.08A During the year, TOYS "R" US, Inc. ,one of the customers of the Company filed a petition in the Bankruptcy Court in The Unites States of America to wind down its US operation and the process is pending. A motion is pending in the said court regarding claims of its creditors which would establish streamlined procedures and forms for asserting those types of claims, which is set to be heard on 24th May 2018. The management is waiting on the court to enter the order on that motion so that the claim of the Company is consistent with the procedures set by the Court. The Company has to recover trade receivables from them aggregating to Rs.1,735.15 Lakhs (US$ 26.62 Lakhs) and the Company also holds merchandise/other materials in stock for them in inventory . The Company has engaged the services of Attorneys and Counselors at Law ,M/s Nelson Mullins Riley & Scarborough LLP, USA to file the claim for recovery of all its dues and no shortfall is anticipated thereon by the management at this stage. However as a prudential measure, an estimated provision of Rs. 347.03 Lakhs has been made in the said accounts towards loss, if any on recovery of receivables.

2.09A Cash and Cash Equivalents

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Balance with Banks			
In Current Accounts	9,266.51	13,046.86	24,621.98
Cash on hand	1.52	1.12	2.40
	9,268.03	**13,047.98**	**24,624.38**

2.09A.1 Balance with banks in current accounts include Rs.75.74 Lakhs (Rs.65.98 Lakhs) represent earmarked balance of unpaid Dividend.

2.09B Bank balances other than Cash and Cash Equivalents

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Balance with Banks			
In Deposit Accounts [See Note 2.09B.1]	422.60	404.60	380.01
	422.60	**404.60**	**380.01**

2.09B.1 Balances with banks in deposit accounts include Rs.422.60 Lakhs (Rs.404.60 Lakhs) held as security against Letter of Credits/ Guarantee, with a maturity period of more than 3 months but less than 12 months.

2.10 Loans [Current]

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Other Deposits	2.00	2.00	2.00
	2.00	**2.00**	**2.00**

2.11 Other Financial Assets

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Unsecured, Considered Good			
Forward Exchange Contract (Net)	-	-	193.67
	-	**-**	**193.67**

2.12 Other Current Assets

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Unsecured, Considered Good			
Advances recoverable in cash or in kind or for value to be received.	220.91	305.82	227.90
Balances with Government Authorities	2,715.10	944.16	1,035.52
Advances to staff	28.14	19.23	14.70
Prepaid Expenses	75.50	80.67	44.37
Subsidy Receivable (See Note 2.12A)	1,112.64	1,209.06	876.69
Export Entitlements/Rebate receivable on export	2,727.10	2,316.36	872.75
Total	**6,879.39**	**4,875.30**	**3,071.93**

2.12A Subsidy receivable under the Textile Upgradation Fund Scheme (TUFS) includes Rs.1,098.24 Lakhs (Rs.876.69 Lakhs) carried forward from earlier years. Steps are being taken to recover the subsidy claims, which in the opinion of the management are considered recoverable in full.

2.13 Equity Share Capital:

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Authorised:			
Equity Shares of Re. 1/- each	**2,500.00**	**2,500.00**	**2,500.00**
Issued and Subscribed and fully paid:			
Equity Shares of Re. 1/- each	665.00	475.00	475.00
	665.00	**475.00**	**475.00**

2.13.1 Terms/rights attached to Equity Shareholders

The company has only one class of shares referred to as equity shares with a face value of Re. 1/- each. Each holder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed/declared by the Board of Directors is subject to approval/regularisation of the shareholders' in the Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

2.13.2 Reconciliation of shares at the beginning and at the end of the financial year

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
No. of shares as at the beginning of the financial year	47,500,000	475.00	47,500,000	475.00	47,500,000	475.00
Issued during the year - Bonus Issue	19,000,000	190.00	-	-	-	-
No. of shares as at the end of the financial year	66,500,000	665.00	47,500,000	475.00	47,500,000	475.00

2.13.3 Particulars of Shareholders holding more than 5% share in the Company

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	%	No. of shares	%	No. of shares	%	No. of shares
Sabu M Jacob	32.81	21,819,800	32.25	15,319,281	7.29	3,464,631
Kitex Childrenswear Limited	15.47	10,290,460	15.47	7,350,329	15.47	7,350,329
Renjitha Joseph	6.51	4,328,100	6.51	3,091,500	6.51	3,091,500
C K G Super Market Limited	6.37	4,233,434	6.37	3,023,882	6.37	3,023,882
Gopinathan C K	5.80	3,853,825	5.87	2,788,025	6.09	2,890,673
Bobby M Jacob	-	-	0.01	4,487	0.01	4,487
Sabu M Jacob and Bobby M Jacob	-	-	-	-	8.10	3,846,950
Bobby M Jacob and Sabu M Jacob	-	-	-	-	14.55	6,910,750

As per records of the Company, including its Register of Members and other declarations received from them regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

2.13.4 Aggregate number of Bonus Shares Issued during the period of five years immediately preceding the reporting date

Particulars	Number	Amount (Rupees in Lakhs)
Equity shares allotted as fully paid up bonus shares		
Financial Year 2017-18	19,000,000.00	190.00

2.14 Other Equity

Particulars	As at 31.03.2018	As at 31.03.2017
Capital Reserve		
- Investment Subsidy	**22.10**	**22.10**
General Reserve		
Opening Balance	**20,865.00**	**4,865.00**
Add: Transfer from Retained Earnings	1,000.00	16,000.00
Less: Transfer on Issue of Bonus Shares	190.00	-
Closing Balance	**21,675.00**	**20,865.00**
Cash flow hedging Reserve		
Opening Balance	**-**	**21.72**
Less: Net Gain / (Loss) reclassified to Statement of Profit and Loss during the year (net of tax)	-	(21.72)
Closing Balance	**-**	**-**
Retained Earnings		
Opening Balance	**23,086.71**	**31,566.11**
Add: Profit for the year	6,354.94	8,345.84
Add:Cash flow hedging reserve reclassified	-	21.72
Add: Remeasurement benefit of defined benefit plans in Other Comprehensive Income (net of tax)	76.77	10.58
	29,518.42	**39,944.25**
Less:		
Transfer to General Reserve	1,000.00	16,000.00
Interim Dividend	498.75	356.25
Tax on Interim Dividend	101.53	72.52
Final Dividend	356.25	356.25
Tax on Final Dividend	72.52	72.52
Closing Balance	**27,489.37**	**23,086.71**
Equity Instruments through Other Comprehensive Income		
Opening Balance	10.12	5.50
Add : Fair value changes on equity instruments carried through other comprehensive income	(3.87)	4.62
Closing Balance	**6.25**	**10.12**

Exchange differences on translating the share of accumulated reserves of the Associate		
Opening Balance		
Add : Exchange differences on translating for the year	12.33	-
Closing Balance	12.33	-
	49,205.05	**43,983.93**

2.14.1 Final Dividend of Rs.0.75/-(Rs.0.75/-) per share for the financial year 17-18 is proposed by the Board of Directors and is subject to the approval of the members at the Annual General Meeting.

2.14.2 During the year, the Board of Directors of the Company has declared and paid interim dividend of Rs.0.75/- per share for the Financial year ending on 31st March, 2018, which is subject to regularisation of the shareholders in the ensuing Annual General Meeting.

2.14.3 Description of Nature and Purpose of each Reserve

a. **Capital Reserve :** Capital reserve denotes investment subsidy received by the company amounting to Rs.22.10 Lakhs (Rs.22.10 Lakhs).

b. **General Reserve :** General Reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General Reserve is created by a transfer from one component of equity to another and is not an item of comprehensive income.

c. **Cash Flow Hedging Reserve:** The cashflow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cashflow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of hedging instruments that are recognised and accumulated under the heading cash flow reserve will be reclassified to statement of profit and loss only when the hedged transaction affects the profit or loss.

d. **Equity Instruments through Other comprehensive income:** This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

e. **Exchange differences on translating the share of accumulated reserves of the Associate :** The exchange differences arising on translation of the share of accumulated reserve of the Associate from functional currency to presentation currency in accordance with Ind AS 21, the effects of changes in Foreign Exchange Rates.

2.15 Borrowings (Non Current)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Loans from Banks (Secured)	62.58	314.29	829.28
	62.58	**314.29**	**829.28**

2.15A Terms of Repayments of Indian Rupee Term Loans

Name of the Bank	**State Bank of India (SBI)**			
Type of loan	Indian Rupee Term Loans			
Amount Sanctioned	250.00	1,735.00	800.00	1,700.00
Amount Availed	246.68	1,085.35	576.65	755.58
Current interest rate as at the year end	9.65% (11.7%)	9.65%(11.7%)	9.65%(11.7%)	9.65%(Nil)
Details of repayment	First 35 months Rs.4.00 Lakhs Next 22 months Rs.5.00 Lakhs	First 40 months Rs.25.00 Lakhs Next 15 months Rs.35.00 Lakhs Next 5 months Rs.42.00 Lakhs	First 50 months Rs.13.00 Lakhs Next 10 months Rs.15.00 Lakhs	First 45 months Rs.33.00 Lakhs Next 11 months Rs.18.00 Lakhs Next 1 month Rs.17.00 Lakhs

2.15B Term loans from SBI are secured by first charge over the assets created out of bank's finance by equitable mortgage over 25.44 acres of land and building belonging to the company and by personal guarantee of the Managing Director.

2.15C Current maturities of long term borrowings are stated in Note 2.21

2.16 Provisions

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Provision for Employee Benefits (See Note 2.16.2)	676.26	741.59	456.93
	676.26	**741.59**	**456.93**

2.16.1 Short-term provisions of Employee Benefits is disclosed in Note 2.23

2.16.2 Disclosures required under Ind AS 19 - "Employee Benefits"

2.16.2.a Defined Contribution Plans

During the year the following amounts have been recognised in the Statement of Profit and Loss on account of defined contribution plans:

Particulars	Current Year Rupees in Lakhs	Previous year Rupees in Lakhs
Employers contribution to Provident Fund	404.54	475.58
Employers contribution to Employee's State Insurance	182.91	146.25

2.16.2.b Defined Benefit Plans - Gratuity: Unfunded Obligation

i	Actuarial Assumptions	Current Year	Previous year
	Discount Rate (per annum)	7.80%	7.45%
	Expected return on plan assets	-	-
	Salary escalation rate*	7.00%	7.00%
	Mortality rate	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.

*The assumption of future salary escalation takes into account inflation, seniority, promotions and other relevant factors

ii	Reconciliation of present value of obligation	Current Year Rupees in Lakhs	Previous year Rupees in Lakhs
	Present value of obligation at the beginning of the year	604.18	490.09
	Current Service Cost	162.59	138.13
	Past Service Cost	10.65	-
	Interest Cost	43.43	36.93
	Actuarial (gain)/ loss	(117.40)	(16.18)
	Benefits Paid	(44.39)	(44.80)
	Present value of obligation at the end of the year	659.06	604.17
	Contributions by the Employer	44.39	44.80
	Benefits paid	(44.39)	(44.80)
	Expected employers' contribution next year	122.80	42.54
iii	**Expenses recognized in the Statement Profit and Loss**		
	Current Service Cost	162.59	138.13
	Interest Cost	43.43	36.93
	Past Service Cost (if applicable)	10.65	-
	Total expenses recognized in the Statement of Profit and Loss for the year	216.67	175.06

iv	Expenses recognized in Other Comprehensive Income		
	Opening Amount recognised in OCI outside Profit and Loss account	11.35	27.53
	Remeasurements during the period	(117.40)	(16.18)
	Closing amount recognised in OCI outside Profit and loss account	(106.05)	11.35
v	Sensitivity Analysis		
	Discount rate +50 basis points	(2.63%)	(5.46%)
	Discount rate -50 basis points	2.78%	6.00%
	Salary increase rate +50 basis points	2.77%	5.91%
	Salary increase rate -50 basis points	(2.64%)	(5.43%)
vi	Maturity Analysis of the Benefit payments		
	Year 1	122.80	42.54
	Year 2	119.37	35.29
	Year 3	100.69	48.39
	Year 4	82.11	49.74
	Year 5	73.66	46.50
	Next 5 years and above	636.80	1,656.54

The above disclosures are based on information furnished by the independent actuary and relied upon by the auditors.

2.16.2.c Long Term Employee Benefits

Compensated absences (Vesting and Non Vesting): Unfunded Obligation

i.	Actuarial Assumptions	Current Year	Previous year
	Discount Rate (per annum)	7.80%	7.45%
	Salary escalation rate*	7.00%	7.00%
	Mortality rate	Indian Assured Lives Mortality (2006-08) Ult table	Indian Assured Lives Mortality (2006-08) Ult table

*The assumption of future salary escalation takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

The above disclosures are based on information furnished by the independent actuary and relied upon by the auditors.

2.17 Deferred Tax Liabilities (Net)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
A. Deferred Tax Liability			
On excess of net book value over Income tax written down value of fixed assets	1,998.93	2,126.92	2,229.92
On cash flow hedges	-	-	11.49
B. Deferred Tax Assets			
On Provisions	426.45	362.94	169.27
Deferred Tax Liabilities (Net) (A-B)	**1,572.48**	**1,763.98**	**2,072.14**

Movement in Deferred Tax Liabilities/assets balances during the year ended 31.03.2018

Particulars	Opening Balance 01.04.2017	Recognised in profit or loss	Recognised in Other Comprehensive Income	Closing Balance 31.03.2018
A. Deferred Tax Liability				
On excess of net book value over Income tax written down value of fixed assets	2,126.92	(127.99)	-	1,998.93
B. Deferred Tax Assets				
On Provisions	362.94	104.14	(40.63)	426.45
Deferred Tax Liabilities (Net) (A-B)	**1,763.98**	**(232.13)**	**40.63**	**1,572.48**

Movement in Deferred Tax Liabilities/assets balances during the year ended 31.03.2017

Particulars	Opening Balance	Recognised in profit or loss	Recognised in Other Comprehensive Income	Closing Balance
A. Deferred Tax Liability				
On excess of net book value over Income tax written down value of fixed assets	2,229.92	(103.00)	-	2,126.92
On cash flow hedges	11.49	(11.49)	-	-
B. Deferred Tax Assets				
On Provisions	169.27	199.27	(5.60)	362.94
Deferred Tax Liabilities (Net) (A-B)	**2,072.14**	**(313.76)**	**5.60**	**1,763.98**

Reconciliation of effective tax rate

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Profit before tax	**10,748.92**	**14,220.73**
Income tax expense calculated at 34.608%	**3,719.99**	**4,921.51**
Tax effect on permanent disallowances	176.40	266.74
Tax effect on permanent allowances	(128.53)	(189.31)
Total	**3,767.87**	**4,998.94**
Current Tax and Deferred Tax expense as per Statement of Profit and Loss	**3,767.87**	**4,998.94**

2.18 Other Non-Current Liabilities

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Deferred Grant	824.56	979.54	950.33
	824.56	**979.54**	**950.33**

2.19 Borrowings

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Loans repayable on demand from Banks (Secured)	29.22	-	8352.48
	29.22	**-**	**8352.48**

2.19.1 Working capital loans from banks are secured by first charge over the entire current assets of the company, both present and future, equitable mortgage over 25.44 acres of land and building belonging to the company and by personal guarantee of the Managing Director. The loans are repayable on demand.

2.20 Trade Payables

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Trade Payables			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises (See note 2.20.1)	69.40	111.53	43.55
(ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	4,337.88	4,423.49	4,115.43
	4,407.28	**4,535.02**	**4,158.98**

2.20.1 The company has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act 2006. Intimations have been received from some of the suppliers regarding their status under the said Act as at 31.03.2018, based on which, principal amount unpaid to such suppliers as at the year end aggregating to Rs.69.40 Lakhs (Rs.111.53 Lakhs) has been included under Trade payables. In the opinion of the management, the impact of interest, if any, which may be payable in accordance with the provisions of the Act, is not expected to be material.

Disclosures required under the Micro, Small and Medium Enterprises Development Act 2006 are as follows:

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
a. Principal Amount remaining unpaid but not due as at the year end.	69.40	111.53	43.55
b. Interest due thereon and remaining unpaid as at the year end.	-	-	-
c. Interest paid by the Company in terms of Section 16 of Micro, Small & Medium Enterprises Development Act 2006 along with the amount of payment made to the supplier beyond the appointed day during the year.	-	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-
e. Interest accrued and remaining unpaid as at the year end	-	-	-
f. Further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-
	69.40	**111.53**	**43.55**

2.21 Other Financial Liabilities

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Creditors for Capital Goods	240.87	53.90	102.41
Retention Money	66.73	45.68	3.64
Current maturities of long term borrowings (See Note 2.15C)	710.29	515.00	1,827.06
Unpaid Dividend	75.74	65.98	73.56
Interest Accrued on Borrowings	7.50	8.21	28.20
	1,101.13	**688.77**	**2,034.87**

2.22 Other Current Liabilities

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Statutory Dues	156.81	211.00	429.95
Deferred Grant	154.97	154.97	224.69
Advance from Customers	11.95	25.29	42.75
	323.73	**391.26**	**697.39**

2.23 Short-Term Provisions

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Provision for employee benefits (See Note 2.16.1)	208.94	84.85	33.17
	208.94	**84.85**	**33.17**

2.24 Current Tax Liabilities (Net)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Provision for Income Tax (Net)	918.20	1,515.96	2,104.53
	918.20	**1,515.96**	**2,104.53**

2.25 Revenue from Operations

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Sale of products	51,141.16	48,481.11
	51,141.16	**48,481.11**
Other operating revenues:		
Export entitlements	3,813.09	5,305.01
Job Work Charges	689.32	675.63
Scrap sales	15.44	34.32

Others	66.41	94.06
	4,584.26	**6,109.02**
Revenue from operations	**55,725.42**	**54,590.13**

2.26 Other Income

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Interest income	45.44	33.04
Subsidy Income - TUFS	18.57	144.09
Rent Received	19.45	17.55
Net Gain on foreign exchange translation	15.48	-
Deferred Grant income	154.97	146.64
Other Non Operating Incomes	13.16	5.09
	267.07	**346.41**

2.26.1 The company is in receipt of the Government Grant/Assistance as defined under Ind AS 20 – 'Accounting for Government Grants and Disclosure of Government Assistance' as under:

1. Grants in the nature of Merchandise Export Incentive Scheme, Refund of State Levies, Duty Drawback and Service Tax Refund are disclosed under the head 'Export Incentive' in Other Operating Revenue.
2. Grants in the nature of The Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) Scheme and Pradhan Mantri Paridhan Rojgar Protsahan Yojana Scheme (PMPRPY) being re-imbursement of employer's contribution to Employee Provident Fund is deducted in the Employee Benefits Expense amounting to Rs.127.88 Lakhs (Rs.14.43 Lakhs)
3. Grants in the nature of re-imbursement of cost towards capital asset under the Technology Upgradation Fund Scheme (TUFS) and Integrated Skill Development Scheme (ISDS) Project which is disclosed as Deferred Grant. The amount is disclosed under the head 'Other Income' in the proportions in which depreciation expense on those assets is recognised.
4. Grants in the nature of re-imbursement of interest cost on borrowings under the TUFS is disclosed under the head 'Other Income'.
5. Grants in the nature of re-imbursement of expenditure under the ISDS Project is deducted from the heads of related expenses.

2.27 Cost of Materials Consumed

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Opening inventory	1,382.42	353.68
Add: Purchases	26,328.20	22,124.90
Less: Closing inventory	2,306.08	1,382.42
	25,404.54	**21,096.16**

2.28 Changes in inventories of finished goods, Stock-in-trade and work-in-progress

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Opening inventory:		
Finished goods	278.61	51.21
Work-in-progress	2,245.77	897.43
	2,524.38	**948.64**
Closing inventory:		
Finished goods	1,093.70	278.61
Work-in-progress	5,166.46	2,245.77
	6,260.16	**2,524.38**
Change in inventories	**(3,735.78)**	**(1,575.74)**

2.29 Employee Benefits Expense

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Salaries & Wages	8,463.65	7,766.24
Contribution to Provident and Other Funds	404.54	475.58
Staff Welfare Expense	983.18	957.21
	9,851.37	**9,199.03**

2.29A Details of remuneration paid to Key Managerial Personnel:

Nature	For the year 2017-18	For the year 2016-17
i) Salary and Commission	584.60	761.67
ii) Defined Contribution Plans	5.98	5.98
	590.58	**767.65**

2.30 Finance Costs

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Interest Expense	525.58	841.27
Other borrowing cost	55.60	85.41
	581.18	**926.68**

2.31 Depreciation and Amortisation Expense

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Depreciation of Property, Plant and Equipment (See Note 2.01A)	2,314.24	2,161.96
Amortisation of Intangible assets (See Note 2.01C)	25.90	20.96
	2,340.14	**2,182.92**

2.32 Other Expenses

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Processing charges	3,241.27	2,584.34
Consumption of Stores and Spares	979.83	1,091.71
Power and Fuel	2,206.78	1,885.41
Repairs		
- Building	33.07	49.92
- Plant & Machinery	353.84	365.77
- Others	405.95	375.67
Other Production Expenses	96.68	154.46
Testing Charges	180.77	195.57
Forwarding and transport on sales	778.20	366.80
Insurance	72.83	67.31

Rent	50.56	45.10
Rates & Taxes	144.73	73.18
Travelling & Conveyance	138.18	147.47
Payments to Auditors [See Note 2.32.2]	17.79	19.92
Advertisement & Sales promotion	91.72	100.90
Professional & Consultancy charges	90.52	64.61
Provision for Doubtful Debts [See Note 2.08A]	347.03	-
Loss on Sale of Fixed assets	23.62	34.36
Donation [See Note 2.32.1]	29.93	29.53
Expenses on Corporate Social Responsibility activities [See Note 2.32.3]	1,275.12	611.06
Miscellaneous Expenses	243.70	156.62
Net Loss on foreign exchange translation	-	467.05
	10,802.12	**8,886.76**

2.32.1 Donations made to political parties during the year amounts to Rs.29.75 Lakhs (Rs.16.50 Lakhs)

2.32.2 Payments to Auditors:

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
(a) Statutory Audit Fees	9.00	10.35
(b) Other Services		
- Taxation Matters	5.13	5.16
- Others	3.66	4.08
- Reimbursement of Expenses	-	0.33
	17.79	**19.92**

2.32.3 Details of expenses on corporate social responsibility activities :

(a) Gross amount required to be spent by the company during the year Rs.303.62 Lakhs (Rs.267.75 Lakhs)

(b) Amount spent during the year on :

Particulars		For the year ended31.03.2018	For the year ended 31.03.2017
(i)	Construction/acquisition of any asset	-	-
(ii)	On purposes other than (i) above	1,275.12	611.06
		1,275.12	**611.06**

2.33 Earnings per equity share

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Profit after taxation	6,354.94	8,345.84
Weighted Average Number of Equity Shares of Rs. 10/- each (fully paid-up) (See Note 2.33A)	66,500,000	47,500,000
Earnings per equity share - Basic & Diluted in Rs.	**9.56**	**12.55**

2.33A During the year, 19,000,000 bonus shares were allotted in the ratio of 2:5 and accordingly the basic and diluted earnings per share for the current period and previous periods have been restated retroactively for comparative purposes in the manner required by Indian Accounting Standard (Ind AS) 33 "Earnings Per Share".

2.34 In accordance with Ind AS 108 on "Operating Segments", the company operates in one business segment viz. Textiles Business and hence has only one reportable segment.

2.34A Information about products and services: The company earns revenue from only a single group of product and service viz. Textile business comprising of sale of garments and fabrics products

2.34B Revenues from external customers attributed to the Company's country of domicile and attributed to all foreign countries from which the Company derives revenues :

Revenue	2017-18	2016-17
India	9,472.84	8,765.17
Outside India		
-The United States of America	40,165.14	38,515.02
-Others	2,192.51	1,876.55
Sale of products	**51,830.49**	**49,156.74**

All non current assets other than financial assets of the company are located in India

2.34C The following table gives details in respect of percentage of revenues generated from top customer and revenues from transactions with customers amounts to 10 percent or more of the company's revenues from product sale:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Number of customers who contribute to more than 10 percent of the company's revenue	3	3
Revenue from top customer	25,139.15	23,883.80
Revenue from customers contributing 10% or more to the Company's revenues	51,032.34	43,400.75

2.35 Disclosure of transactions with related parties as required by Ind AS-24.

A. Related parties and nature of relationship

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

a Key Managerial Personnel:

i Sabu M Jacob, Managing Director having control over the enterprise

ii Sindhu Chandrasekhar, Whole time director

b Enterprise owned or significantly influenced by key management personnel or their relatives:

i Kitex Childrenswear Limited

ii Kitex Limited

iii Anna Aluminium Company Private Limited

iv Kitex Herbals Limited

v Kitex Apparels Limited

vi Kitex Infantswear Limited

c Associate Enterprise

i Kitex USA LLC

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

a. Enterprises owned or significantly influenced by key management personal of their relatives:

SL No.	Name of Related Party	Nature of Transaction	For the year ended 31.03.2018	For the year ended 31.03.2017
1	Kitex Childrenswear Limited	Fabric Sale (Net)	6,924.28	5,332.34
		Rent Received	19.45	17.55
		Rent Paid	1.41	1.22
		Job Work Services Received	2,899.81	2,485.38
		Job Work Services Rendered	377.08	438.54
		Expense Recovered	33.80	93.35
		Expense Reimbursed	12.39	6.83
2	Kitex Limited	Sale of Fabric (Net)	1,398.09	2,428.27
		Sales of Yarn	79.77	70.76
		Purchase of Fabric	1,084.26	1,158.37
		Purchase of Yarn	20.07	-
		Purchase of Accessories	-	0.05
		Processing Charges Paid	19.05	24.09
		Job Work Charges Received	313.71	247.42
		Expense recoverd	-	3.25
		Others	-	0.39
3	Anna Aluminium Company (P) Ltd.	Spices Purchase	27.60	32.20
		Utensil Purchase	1.53	1.28
		Others (Net)	-	(0.80)

b. Key Management Personnel

SL No.	Name of Related Party	Nature of Transaction	For the year ended 31.03.2018	For the year ended 31.03.2017
1	Sabu M Jacob	Remuneration	572.85	751.89
2	Sindhu Chandrasekhar	Remuneration	17.73	15.76

c. Associate Enterprise:

SL No.	Name of Related Party	Nature of Transaction	For the year ended 31.03.2018	For the year ended 31.03.2017
1	Kitex USA LLC	Investments made	1476.17	709
		Sale-Ready Made Garments	25139.15	2008.42

a. Enterprises owned or significantly influenced by key management personnel or their relatives.

Receivables

SL No.	Name of Related Party	For the year ended 31.03.2018	For the year ended 31.03.2017
1	Kitex Childrenswear Limited	1,592.19	714.71
2	Kitex Limited	30.83	329.40

Payable

1	Anna Aluminium Company (P) Ltd.	0.13	0.13

b. Key Management Personnel

Payable

SL No.	Name of Related Party	For the year ended 31.03.2018	For the year ended 31.03.2017
1	Sabu M Jacob	462.86	1,044.27
2	Sindhu Chandrasekhar	0.31	0.16

c. Associate Enterprise:

SL No.	Name of Related Party	Nature of Transaction	For the year ended 31.03.2018	For the year ended 31.03.2017
1	Kitex USA LLC	Kitex USA LLC (Trade Receivable)	8,493.32	1,971.64
		Kitex USA LLC (Net Carrying value of Investments)	2,646.28	1,170.10

2.36 Lease Accounting

Lease expenses for cancellable operating leases :

The Company's leasing arrangements in respect of operating leases for residential quarters and equipment. Residential quarters and Equipment are hired on operating lease. The lease term is renewable every year by mutual consent on mutual agreement terms

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Amount charged to Statement of Profit and Loss account during the year:		
Rent for residential quarters	47.71	33.97
Rent for Equipment	2.86	11.13
Total	**50.57**	**45.10**

2.37 The details of Provisions, Contingent Liabilities and Contingent Assets are as required under Ind AS-37 Provisions, Contingent Liabilities and Contingent Assets for the year ended 31st March 2018.

2.37.1 Contingent Liabilities not provided for:

Particulars	As at 31.03.2018 Rupees in Lakhs	As at 31.03.2017 Rupees in Lakhs
1. Claims against the Company not acknowledged as debts being demand raised against the Company, disputed on Appeal before various Appellate authorities.		
i) Customs Dues [Which includes ₹ 1,635.79 Lakhs (₹ 1,400.19 Lakhs) in respect of which guarantee is issued]	2,877.77	2,394.20
ii) Employee Provident Fund and Employee State Insurance Corporation Dues	428.94	461.88
iii) Income tax dues	82.65	82.65
The above demands are disputed by the company and matters are pending in appeal before appellate authorities in various stages. In the opinion of the management and based on legal advice received, these demands are not tenable in law and the company is hopeful of getting full relief and hence no provision has been made thereof.		
2. Other Counter Guarantee issued in favour of Banks for the guarantees issued by the Banks	88.81	89.88
3. Letters of Credit Outstanding	602.85	459.90

2.38 Software under development disclosed under 'Intangable Assets under development' represents expenditure on implementation of an integrated ERP System covering all functional areas/transactions including inventories, which is in progress; and pending implementation of the same, the Company has alternate internal controls over financial reporting in place.

2.39 Fair Value Measurement

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of current trade receivables, current trade payables and other Current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature.

There were no transfers between Level 1 and Level 2 during the year.

2.39A Fair value hierarchy of financial instruments measured at fair value on a recurring basis is as follows:

Particulars	Fair value Hierarchy (Level)	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Financial Assets measured at Fair value through Profit or Loss				
Forward Exchange Contract (Net)	1	-	-	193.67
Financial Assets measured at Fair value through Other Comprehensive Income				
Investments in Equity shares - Quoted	1	6.68	10.55	5.93

2.39B Category wise classification of financial instruments is as follows:

Particulars	See Note	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Financial Assets measured at Fair value through Other Comprehensive Income				
Investments in Equity shares - Quoted	2.02	6.68	10.55	5.93
Financial Assets measured at Fair value through Profit or Loss				
Forward Exchange Contract (Net)	2.11	-	-	193.67
Financial Assets measured at amortised cost				
Non current:				
i. Loans	2.03	174.37	221.09	157.83
ii. Other financial assets	2.04	18.03	-	-
Current:				
i. Trade receivables	2.08	12,300.53	13,114.99	9,600.64
ii. Cash and cash equivalents	2.09A	9,268.03	13,047.98	24,624.38
iii. Bank balances other than (ii) above	2.09B	422.60	404.60	380.01
iv. Loans	2.10	2.00	2.00	2.00
		22,192.24	26,801.21	34,964.46
Financial Assets measured at cost				
Non current:				
i. Investments in Equity shares - Unquoted (Non current)	2.02	2,646.28	1,170.10	461.10
		2,646.28	1,170.10	461.10
Financial Liabilities measured at amortised cost (See Note 2.39C)				
Non Current				
i. Borrowings	2.15	62.58	314.29	829.28
		62.58	314.29	829.28
Current:				
i. Borrowings	2.19	29.22	-	8,352.48
ii. Trade payables	2.20	4,407.28	4,535.02	4,158.98
iii. Other financial liabilities	2.21	1,101.13	688.77	2,034.87
		5,537.63	5,223.79	14,546.33

2.39C Financial instrument measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their face values since the Company does not anticipate that the carrying cost would be significantly different from the values that would eventualy be received or settled.

2.40 Financial Risk Management - Objectives and Policies

The Company has a well- managed risk management framework, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as liquidity risk, market risk, credit risk and foreign currency risk) that may arise as a consequence of its business operations as well as its investing and financing activities.

Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable risk parameters in a disciplined and consistent manner and in compliance with applicable regulation.

1) Liquidity Risk

Liquidity risk is the risk that the Company will encounter due to difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The company has sound financial strength represented by its aggregate current assets as against aggregate current liabilities and its strong equity base and lower working capital debt.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Maturities of financial liabilities As at 31 March 2018	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	29.22	62.58	-	91.80
Trade payable	4,407.28	-	-	4,407.28
Other financial liabilities	1,101.13	-	-	1,101.13
Maturities of financial liabilities As at 31 March 2017	**Less than 1 year**	**1 year to 5 years**	**More than 5 years**	**Total**
Borrowings	-	314.29	-	314.29
Trade payable	4,535.02	-	-	4,535.02
Other financial liabilities	688.77	-	-	688.77
Maturities of financial liabilities As at 1 April 2016	**Less than 1 year**	**1 year to 5 years**	**More than 5 years**	**Total**
Borrowings	8,352.48	829.28	-	9,181.76
Trade payable	4,158.98	-	-	4,158.98
Other financial liabilities	2,034.87	-	-	2,034.87

2) Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company Credit risk arises primarily from financial assets such as trade receivables, other balances with banks and other receivables.

Credit risk arising from balances with banks is limited because the counterparties are banks with high credit ratings.

A Assets under credit risk

Particulars	31.03.2018	31.03.2017	01.04.2016
Assets under credit risk			
1. Non-current assets			
- Financial assets			
(i) Loans	174.37	221.09	157.83
(ii) Other financial assets	18.03	-	-

2. Current assets			
- Financial assets			
(i) Trade receivables	12,300.53	13,114.99	9,600.64
(ii) Cash and cash equivalents	9,268.03	13,047.98	24,624.38
(iii) Bank balances other than (ii) above	422.60	404.60	380.01
(iv) Loans	2.00	2.00	2.00
(v) Other financial assets	-	-	193.67

B Trade Receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India and USA. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

For trade receivables, as a practical expedient, the company computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates and also takes into account available external and internal credit risk factors.

Movement in expected credit loss allowance on trade receivables	31.03.2018	31.03.2017	01.04.2016
Balance at the beginning of the year	-	-	-
Loss allowance measured at lifetime expected credit losses (See Note 2.08A)	347.03	-	-
Balance at the end of the year	347.03	-	-

Details of Financial Assets that are neither past due nor impaired and that are past due but not impaired	31.03.2018	31.03.2017	01.04.2016
Financial assets that are neither past due nor impaired	18,519.75	24,460.30	34,831.02
Financial assets that are past due but not impaired :	3,665.81	2,330.36	127.51
Financial assets that are past due and impaired :	347.03	-	-
Total	22,532.59	26,790.66	34,958.53

3) Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

A Interest Rate Risk

As the Company is having low debt liabilities and its deferred payment liabilities do not carry interest, the exposure to interest rate risk from the perspective of Financial Liabilities is negligible. Below is the sensitivity of profit or loss in interest rates for borrowings.

Particulars	Impact in statement of Profit and Loss for 1% change	
	31 March 2018	31 March 2017
Interest sensitivity Change by 100 basis points (100 bps)	78.01	72.51

B Foreign Currency Risk

The Company undertakes transactions denominated in foreign currency (mainly US Dollar) which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency, are also subject to reinstatement risks.

The Company uses forward exchange contracts to hedge its exposures in foreign currency arising from firm commitments and highly probable forecast transactions. The carrying amount of foreign currency denominated financial assets and liabilities including derivative contracts, are detailed in Note No.2.41

The following table details the Company's sensitivity to a 1% increase and decrease in the rupee against the relevant foreign currencies net of forward contracts.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant.

Particulars	Impact in Statement of Profit and Loss for 1% change	Impact in Statement of Profit and Loss for 1% change
	31st March 2018	31st March 2017
Sensitivity		
INR/USD (Net Receivable)	179.89	245.35
INR/EUR (Net Payable)	4.53	2.85
INR/CHF (Net Receivable/(Payable))	1.08	0.09

2.41 Risk management transactions

2.41.1 The particulars of foreign currency denominated financial assets and liabilities entered into by the Company and outstanding as at Balance Sheet date is as under:

Currency	As at 31.03.2018		As at 31.03.2017	
	Foreign currency in Lakhs	₹ in Lakhs	Foreign currency in Lakhs	₹ in Lakhs
Export receivables:				
USD	24.00	1,566.18	-	-

2.41.2 The particulars of hedged export receivables/payables as at Balance Sheet date is as under:

Currency	As at 31.03.2018		As at 31.03.2017	
	Foreign currency	₹ in Lakhs	Foreign Currency	₹ in Lakhs
Receivables				
USD	24.00	1,566.18	-	-

2.41.3 The particulars of un hedged items as at Balance Sheet date is as under:

Currency	As at 31.03.2018		As at 31.03.2017	
	Foreign currency	₹ in Lakhs	Foreign Currency	₹ in Lakhs
Assets:				
EUR	0.47	37.97	0.32	21.96
USD	266.34	17,358.37	384.11	24,924.01
GBP	0.17	15.33	0.20	16.40
CHF	-	-	0.17	11.09
JPY	-	-	2.31	1.34
Liabilities:				
EUR	6.08	491.34	4.42	306.72
USD	14.36	935.94	6.00	388.98
CHF	1.59	108.74	0.03	1.63

2.42 Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

The Company's financial strategy aims to support its strategic priorities and provide adequate capital to its businesses for growth and creation of sustainable stakeholder value. The Company funds its operations through internal accruals. The Company aims at maintaining a strong capital base largely towards supporting the future growth of its businesses as a going concern.

As at 31st March, 2018, the Company has only one class of equity shares and has low debt liabilities. The company is not subject to any externally imposed capital requirements.

2.43 Additional information as required under the General instructions for Preparation of Consolidated Financial Statements to Schedule III Division II to the Companies Act, 2013.

Name of the entity	As at 31.03.2018		As at 31.03.2017	
	Net Assets, ie., total assets - total liabilities		Net Assets, ie., total assets - total liabilities	
	As a % of consolidated net assets	Amount (₹ in Lakhs)	As a % of consolidated net assets	Amount (₹ in Lakhs)
Company	98.20%	48,974.73	99.88%	44,404.82
Associate (Investment as per Equity Method):				
- Kitex USA LLC		2,646.28		1,170.10
Less: Share of Loss and Unrealised Profit		1,750.95		1,115.99
	1.80%	895.33	0.12%	54.11
Total	100.00%	49,870.06	100.00%	44,458.93

Name of the entity	For the year ended 31st March, 2018		For the year ended 31st March, 2017	
	Share in Profit or Loss		Share in Profit or Loss	
	As a % of consolidated Profit or Loss	Amount (₹ n Lakhs)	As a % of consolidated Profit or Loss	Amount (₹ in Lakhs)
Company	110.19%	7,002.23	110.50%	9,221.79
Associate (Investment as per Equity Method):				
- Kitex USA LLC				
Less: Share of Loss and Unrealised Profit	-10.19%	(647.29)	-10.50%	(875.95)
Total	100.00%	6,354.94	100.00%	8,345.84

Name of the entity	For the year ended 31st March, 2018		For the year ended 31st March, 2017	
	Share in other comprehensive income		Share in other comprehensive income	
	As a % of consolidated other comprehensive income	Amount (₹ in Lakhs)	As a % of consolidated other comprehensive income	Amount (₹ in Lakhs)
Company	85.53%	72.90	100.00%	15.20
Associate (Investment as per Equity Method):				
- Kitex USA LLC				
Less: Share of Loss and Unrealised Profit	14.47%	12.33	-	-
Total	100.00%	85.23	100.00%	15.20

Name of the entity	For the year ended 31st March, 2018		For the year ended 31st March, 2017	
	Share in total comprehensive		Share in total comprehensive	
	As a % of consolidated total comprehensive income	Amount (₹ in Lakhs)	As a % of consolidated total comprehensive income	Amount (₹ in Lakhs)
Company	109.86%	7,075.13	110.48%	9,236.99
Associate (Investment as per Equity Method):				
- Kitex USA LLC				
Less: Share of Loss and Unrealised Profit	-10%	(634.96)	-10%	(875.95)
Total	100.00%	6,440.17	100.00%	8,361.04

2.44 First Time Adoption of Ind AS

These financial statements, for the period ended 31st March 2018, are the first financial statements prepared by the company in accordance with Ind AS. For periods up to and including the year ended 31st March 2017, the company prepared its financial statements in accordance with Previous GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

Accordingly, the company has prepared financial statements which comply with Ind AS applicable for periods ending on or after 31st March 2018, together with the comparative period data as at and for the year ended 31st March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1st April 2017 and the financial statements as at and for the year ended 31st March 2017.

Exemptions applied:

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS.

The Company has applied the following exemptions:

a. a. Deemed cost for Property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

b. b. Determining whether an arrangement contains a lease

Appendix C of Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease, at the inception of the contract or arrangement. However, Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition..

c. Deemed cost for investments in Associate

Ind AS 101 First-time Adoption of Indian Accounting Standards, permits a first-time adopter to elect to continue with the carrying value for investments in Associates as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure its investments in Associate Enterprise in the standalone financial statements at their previous GAAP carrying value.

IND AS mandatory exemptions

The following exceptions have been applied in accordance with Ind AS 101 in preparing the financial statements..

a. Estimates

In accordance with Ind AS, as at the date of transition to Ind AS an entity's estimates shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP except impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition this was not required under the previous GAAP.

b. Derecognition of financial assets and financial liabilities

Company has elected to apply the derecognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS..

c. Classification and measurement of financial assets

Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

2.44A Reconciliations between previous GAAP and Ind AS are as given below

i. Reconciliation of Consolidated Equity as previously reported on account of transition from the previous Indian GAAP to IND AS:

Description	As at 31.03.2017	As at 01.04.2016
Consolidated Equity as reported under Previous GAAP	**44,448.81**	**36,499.44**
Add/(Less) : Adjustments under Ind AS		
a. Fair value changes on equity instruments carried through other comprehensive income	10.12	5.50
b. Adjustment on MTM of Hedging Instruments in a cash flow hedge	-	21.72
c. Propsed Dividend and distribution tax thereon	-	428.77
Consolidated Equity as reported under Ind AS	**44,458.93**	**36,955.43**

ii. Reconciliation of Consolidated Balance Sheet as at 01.04.2016 (date of transition to Ind AS)

Particulars	Footnotes	Previous GAAP	Adjustments	Ind AS
ASSETS				
1. Non-current assets				
a. Property, Plant and Equipment	3	17,283.55	965.02	18,248.57
b. Capital work-in-progress		14.47	-	14.47
c. Other Intangible assets		15.33	-	15.33
d. Intangible assets under development		109.83	-	109.83
e. Financial Assets				-
i. Investments	6	221.49	5.50	226.99
ii. Loans		157.83	-	157.83
iii. Other financial assets				-
f. Non-Current Tax Assets		338.95	-	338.95
g. Other non-current assets		358.61	-	358.61
2. Current assets				
a. Inventories		1,302.32	-	1,302.32
b. Financial Assets				
i. Trade receivables		9,600.64	-	9,600.64
ii. Cash and cash equivalents		24,624.38	-	24,624.38
iii. Bank balances other than (ii) above		380.01	-	380.01
iv. Loans		2.00	-	2.00
v. Other financial assets	5	160.46	33.21	193.67
c. Other current assets		3,071.93	-	3,071.93
TOTAL ASSETS		**57,641.80**	**1,003.73**	**58,645.53**

EQUITY AND LIABILITIES				
Equity				
a. Equity Share Capital		475.00	-	475.00
b. Other Equity	1, 5 & 6	36,024.44	455.99	36,480.43
Liabilities				
1. Non-current liabilities				
a. Financial Liabilities				
i. Borrowings		829.28	-	829.28
b. Provisions		456.93	-	456.93
c. Deferred tax liabilities (Net)	5 & 7	2,060.65	11.49	2,072.14
d. Other Non Current Liabilities	3	-	950.33	950.33
2. Current liabilities				
a. Financial Liabilities				
i. Borrowings		8,352.48	-	8,352.48
ii. Trade payables		4,158.98	-	4,158.98
iii. Other financial liabilities		2,034.87	-	2,034.87
b. Other Current Liabilities	3	682.70	14.69	697.39
c. Provisions	1	461.94	(428.77)	33.17
d. Current Tax Liabilities (Net)		2,104.53	-	2,104.53
TOTAL EQUITY AND LIABILITIES		**57,641.80**	**1,003.73**	**58,645.53**

iii. Reconciliation of Consolidated Balance Sheet as at 31.03.2017

Particluars	Footnotes	Previous GAAP	Adjustments	Ind AS
ASSETS				
1. Non-current assets				
a. Property, Plant and Equipment	3	16,095.18	1,134.51	17,229.69
b. Capital work-in-progress		1,367.79	-	1,367.79
c. Other Intangible assets		53.96	-	53.96
d. Intangible assets under development		197.61	-	197.61
e. Financial Assets			-	
i. Investments	6	54.54	10.12	64.66
ii. Loans		221.09	-	221.09
iii. Other financial assets				-
f. Non-Current Tax Assets (Net)		275.93	-	275.93

g. Other non-current assets		568.87	-	568.87
2. Current assets				
a. Inventories		4,049.72	-	4,049.72
b. Financial Assets				
i. Trade receivables		13,114.99	-	13,114.99
ii. Cash and cash equivalents		13,047.98	-	13,047.98
iii. Bank balances other than (iii) above		404.60	-	404.60
iv. Loans		2.00	-	2.00
v. Other financial assets		-	-	-
c. Other current assets		4,875.30	-	4,875.30
TOTAL ASSETS		**54,329.56**	**1,144.63**	**55,474.19**
EQUITY AND LIABILITIES				
1. Equity				
a. Equity Share Capital		475.00	-	475.00
b. Other Equity	6	43,973.81	10.12	43,983.93
Liabilities				
2. Non-current liabilities				
a. Financial Liabilities				
i. Borrowings		314.29	-	314.29
b. Provisions		741.59	-	741.59
c. Deferred tax liabilities (Net)		1,763.98	-	1,763.98
d. Other Non Current Liabilities	3	-	979.54	979.54
3. Current liabilities				
a. Financial Liabilities				
i. Borrowings		-	-	-
ii. Trade payables		4,535.02	-	4,535.02
iii. Other financial liabilities		688.77		688.77
b. Other Current Liabilities	3	236.29	154.97	391.26
c. Provisions		84.85	-	84.85
d. Current Tax Liabilities (Net)		1,515.96	-	1,515.96
TOTAL EQUITY AND LIABILITIES		**54,329.56**	**1,144.63**	**55,474.19**

iv. **Reconciliation of Consolidated Statement of Profit and loss for the year ended 31.03.2017**

Particulars	Foot notes	Previous GAAP	Adjustments	Ind AS
I. INCOME:				
Revenue from operations		54,590.13	-	54,590.13
Other income	3	199.77	146.64	346.41
Total Income		**54,789.90**	**146.64**	**54,936.54**
II. EXPENSES:				
Cost of materials consumed		21,096.16	-	21,096.16
Changes in inventories of finished goods, Stock-in-trade and work-in-progress		(1,575.74)	-	(1,575.74)
Employee benefits expense	2	9,182.85	16.18	9,199.03
Finance costs		926.68	-	926.68
Depreciation and amortization expense	3	2,036.28	146.64	2,182.92
Other expenses	5	8,853.55	33.21	8,886.76
TOTAL EXPENSES:		**40,519.78**	**196.03**	**40,715.81**
III. Profit before tax (I-II)		**14,270.12**	**(49.39)**	**14,220.73**
IV. Tax expense:				
a. Current tax		5,312.70	-	5,312.70
b. Deferred tax	2 & 5	(296.66)	(17.10)	(313.76)
		5,016.04	(17.10)	4,998.94
V. Profit after tax for the year before share of profit/loss of associate (III-IV)		**9,254.08**	**(32.29)**	**9,221.79**
VI. Share of Profit/ Loss of Associate				
(1) Share of loss in Associate		676.35		676.35
(2) Share of unrealised profit on transaction with Associate (Net of reversal)	2	199.60	-	199.60
VII. Net Profit /(Loss) for the year after Share of profit /(Loss) of Associate (V - VI)		**8,378.13**	**(32.29)**	**8,345.84**
VIII. Other comprehensive income				
A Items that will not be reclassified to profit or loss				
(i) Remeasurements of post employment benefit obligations	2		16.18	16.18
(ii) Fair value changes on Equity Instruments carried through other Comprehensive income	6		4.62	4.62
(iii) Income tax relating to items that will not be reclassified to profit or loss	2		(5.60)	(5.60)
IX. Total Comprehensive Income for the period (VII+VIII) (Comprising Profit and Other Comprehensive Income for the period)		**8,378.13**	**(17.09)**	**8,361.04**

v. Reconciliation of consolidated statement of cash flows for the year ended 31st March 2017

Particulars	For the year ended 31.03.2017		
	Previous GAAP	Ind AS Adjustment	Adjusted Figures (Ind AS)
Net Cash from/(used) in Operating Activities	4,490.18	24.67	4,465.51
Net Cash from/(used) in Investing Activities	(3,445.24)	-	(3,445.24)
Net Cash from/(used) in Financing Activities	(11,991.34)	-	(11,991.34)
Net increase/(decrease) in cash and cash equivalents	(10,946.40)	24.67	(10,971.07)
Cash and cash equivalents at the beginning of the year	24,991.28	366.90	24,624.38
Cash and cash equivalents at the end of the year	13,439.55	391.57	13,047.98

Details of Measurement and recognition difference between Ind AS and Previous GAAP for the year ended 31st March 2017

1) Proposed dividend

Under Previous GAAP upto 1.4.2016, proposed dividend including dividend distribution tax (DDT), are recognized as liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, proposed dividend is recognized as liability in the period in which it is declared by Company, usually when approved by shareholders in a general meeting or paid.

Therefore, the dividend liability (proposed dividend) including dividend distribution tax liability amounting to Rs.428.77 Lakhs upto 1.4.2016 has been derecognised in the retained earnings as on the date of transition.

Proposed dividend including dividend distribution tax liability amounting to Rs.428.77 Lakhs upto 1.4.2016 which was derecognised as on the transition date, has been recognised in retained earnings during the year ended 31st March,2017 as declared and paid..

2) Remeasurement benefit of defined benefit plans

In the financial statements prepared under Previous GAAP, remeasurement benefit of defined plans (gratuity), arising primarily due to change in actuarial assumptions was recognised as employee benefits expense in the Statement of Profit and Loss. Under Ind AS, such remeasurement benefits relating to defined benefit plans is recognised in Other Comprehensive Income as per the requirements of Ind AS 19- Employee benefits. Consequently, the related tax effect of the same has also been recognised in Other Comprehensive Income.

For the year ended 31st March, 2017, remeasurement of gratuity liability resulted in a net expenses of Rs.16.18 Lakhs which has now been reclassified from employee benefits expense in the Statement of Profit and Loss and recognised separately in Other Comprehensive Income. This has resulted in increase in employee benefits expense by Rs.16.18 Lakhs and Other Comprehensive Income by Rs.16.18 Lakhs for the year ended 31st March, 2017. Consequently, tax effect of the same amounting to Rs.5.60 Lakhs is also recognised separately in Other Comprehensive Income. The above changes do not affect Equity as at date of transition to Ind AS and as at 31st March, 2017..

3) Government Grant

As per previous GAAP, Government grants specifically relatable to capital assets are credited to the carrying value of the respective asset. As per Ind AS, Government grants relating to depreciable assets are recognised as deferred income and are transferred to the Statement of Profit and Loss over the periods and in the proportions in which depreciation expense on those assets are recognised. Accordingly, unamortised Government Grants under Liabilities includes Rs 965.02 Lakhs as on transition date which has been grossed up in the Property, Plant and Equipment and Rs.120.10 Lakhs received in relation to assets purchased subsequently. Deferred grant amounting to Rs 146.64 Lakhs has been transferred to the Statement of Profit and Loss during the year 2016-17 in the proportions in which depreciation expense on those assets are recognised and the balance in the deferred grant as on 31.03.2017 is Rs 1134.51 Lakhs (including grossing up of grant amounting to Rs 196.02 Lakhs received during the year). Consequently, depreciation expense for such assets have been increased by the same amount for the year 2016-17. The treatment has no impact in the net profit as per the Statement of Profit and Loss for the year ended 31.03.2017.

4) Other comprehensive income

Under Ind AS, all items of income and expense recognized in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expenses that are not recognized in profit or loss, but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans, effective portion of cash flow hedge and change in fair value of equity instruments. The concept of other comprehensive income did not exist under the previous GAAP.

5) Cash Flow Hedge

Under the previous GAAP, 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. Under Ind AS, forward exchange contract are initially measured at fair value and are re-

measured at subsequent reporting dates. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in Other Comprehensive Income in the cash flow hedge reserve and later reclassified to profit or loss when the hedge item affects profit or loss. This has resulted in increase of Other Current Financial Assets by Rs 33.21 Lakhs and corresponding increase in Other Equity by Rs 21.72 Lakhs (Net of tax of Rs 11.49 Lakhs) as at the transition date and subsequent adjustments to Foreign Exchange Rate Translation and deferred tax in the Statement of Profit and Loss on subsequent settlement in the year ended 31.03.2017. This has no impact to the Other Equity as at 31.03.2017 on closing of the forward contract.

6) Equity

Under the Previous GAAP, the Company accounted for long term investments in quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as Fair Value through Other Comprehensive Income (FVTOCI) investments. Ind AS requires FVTOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount amounting to Rs 5.50 Lakhs has been recognised as a separate component of equity, in the Equity Instrument through Other Comprehensive Income reserve with corresponding adjustment to the carrying value of investments. The amount recognised in Other Comprehensive Income for the year ended 31.03.2017 is Rs 4.62 Lakhs.

7) Deferred tax

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Consequent deferred tax adjustments in relation to transactions referred to above have also been made in the books of accounts.

8) Other matters

In the preparation of these Ind-AS Financial Statements, Company has made several presentation differences between previous GAAP and Ind-AS. These differences have no impact on reported profit or total equity. Accordingly, some assets and liabilities have been reclassified into another line item under Ind-AS at the date of transition. Further, in these Financial Statement, some line items as described differently under Ind-AS compared to previous GAAP although the assets and liabilities included in these line items are unaffected.

2.45 Figures have been stated to the nearest rupee. Previous GAAP figures have been reclasified to conform to Ind AS presentation requirements.

As per our separate report of even date attached

For VARMA & VARMA
(FRN :004532S)

V. Sathyanarayanan
Partner
CHARTERED ACCOUNTANTS
Membership No. 21941

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

Sabu M. Jacob
Chairman, Managing Director
and Chief Financial Officer
DIN: 00046016

CA Benni Joseph
Director
DIN: 01219476

A. Babu
Company Secretary

Place: Kizhakkambalam
Date: 18/05/2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Kitex Garments Limited,

Kizhakkambalam

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of Kitex Garments Limited (hereinafter referred to as "the Company") and its associate (Kitex USA LLC), comprising the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS financial statements in terms of requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Company including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.The respective Board of Directors of the company and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these ConsolidatedInd AS financial statements based on our audit.

While conducting the 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 thereunder.

We conducted our audit of the consolidated Ind AS financial statements 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 Consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS 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 Consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 Consolidated Ind AS 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 Consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the other financial information of the associate, the aforesaid Consolidated Ind AS 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 including the Ind AS, of the consolidated state of affairs of the Company and its associate as at 31st March, 2018, and their consolidated profit, consolidated total comprehensive income, its consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Other Matters

a) The consolidated Ind AS financial statements also include the Company's share of net loss (after elimination of share of unrealised profit on transactions with associate) of Rs. 647.29 Lakhs for the year ended 31st March, 2018 (Previous Year – Net loss of Rs. 875.95 Lakhs) as considered in the consolidated Ind AS financial statements, in respect of one associate registered outside India, whose financial statements/ financial information have not been audited for the reasons as stated in Note No 1.2.B to the Consolidated Ind AS Financial Statements. These financial statements/ financial information have been prepared by the Management of the associate and has been compiled by a Certified Public Accountant in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants and have been furnished to us by the Management of the Company and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the associate, is based solely on such unaudited financial statements/ financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Company.

b) The comparative financial information of the Company for the transition date opening balance sheet as at 1st April 2016 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2016 dated 4th April 2016 expressed an unmodified opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and the other financial information of the associate, having regard to the observations stated under Other Matters paragraph above, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

   (d) In our opinion, the aforesaid ConsolidatedInd AS financial

statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls system with reference to financial statements reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

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

i. The Consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Company and its associate– Refer Note No 2.37.1.1 to the Consolidated Ind AS financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For VARMA & VARMA
(FRN: 004532S)

V. Sathyanarayanan
Partner
CHARTERED ACCOUNTANTS
Membership No. 21941

Place: Kizhakkambalam
Date: 18.05.2018

ANNEXURE A REFERRED TO IN PARAGRAPH 1(f) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF KITEX GARMENTS LIMITED FOR THE YEAR ENDED 31ST MARCH 2018

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

In conjunction with our audit of the consolidated Ind AS financial statements of Kitex Garments Limited (hereinafter referred to as "the Company") and its associate (Kitex USA LLC), as of and for the year ended March 31, 2018, we have audited the internal financial controls system with reference to financial statements reporting of the Company as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the company is responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls system with reference to financial statements reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controlssystem with reference to financial statements reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to Financial Statements reporting

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financialcontrols system with reference to financial statements reporting and such internal financial controls systemwith reference to financial statements reportingwere operating effectively as at March 31, 2018, based on theinternal control with reference to financial statements reporting criteria established by the Company considering theessential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants ofIndia.

Other Matters

(a) As stated in Note No 2.38 to the consolidated Ind AS Financial Statements, Software under development disclosed under 'Intangible assets under development' represents expenditure on implementation of an integrated ERP System covering all functional areas/ transactions including inventories, which is in progress; and pending implementation of the same, the company has alternate internal controls over financial reporting in place.

(b)As stated in sub-paragraph (a) of the Other Matters paragraph in our independent auditor's report, the financial statements/ financial information of the associate registered outside India are unaudited and have been furnished to us by the Management and our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting does not include reporting insofar as it relates to the said associate.

Our opinion is not modified in respect of the above matters.

For VARMA & VARMA
(FRN: 004532S)

V. Sathyanarayanan
Partner
CHARTERED ACCOUNTANTS
Membership No. 21941

Place: Kizhakkambalam
Date: 18.05.2018

KITEX GARMENTS LIMITED

(CIN: L18101KL1992PLC006528)
P. B. No. 5, Kizhakkambalam - 683562, Alwaye, Kochi, Kerala
Phone: 91 0484 4142000, Fax: 91 484 2680604
Website: www.kitexgarments.com, E-mail: sect@kitexgarments.com

Proxy Form

(Form No. MGT – 11)
[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):
Registered address:

E-mail Id:
Folio No/ Client Id& DP Id:

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

(1) Name:.....Address.....
.....
Email-Id.....Signature..... (or failing him)

(2) Name:.....Address.....
.....
Email-Id.....Signature..... (or failing him)

(3) Name:.....Address.....
Email-Id.....Signature.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 26th Annual General Meeting of the Company on Saturday, July 28, 2018 at Factory Premises of the Company at Building No. 9/536A, Kitex House, Kizhakkambalam, Kochi – 683562 at 10.00 A.M. and at any adjournment thereof in respect of such resolutions as are indicated below:

No.	RESOLUTIONS
ORDINARY BUSINESS	
1	To receive, consider and adopt Audited Financial Statements (including the Consolidated financial statements) of the Company for the year ended March 31, 2018 together with the Report of the Board of Directors and Independent Auditors report thereon.
2	To declare a final Dividend of Re. 0.75 per equity share and to ratify the Interim Dividend of Re. 0.75 per equity share, already paid during the year, for the financial year ended March 31, 2018.
3	To appoint a Director in place of Mrs. Sindhu Chandrasekhar (DIN 06434415), who retires by rotation in terms of Section 152(6) of Companies Act, 2013 and Article 116 of Articles of Association, and being eligible offers herself for re-appointment.
4	To appoint the Independent Auditors and to fix their remuneration.

Affix Revenue Stamp

Signed this_____day of June 2018
Signature of shareholder(s).....
Signature of Proxy holder(s).....

Notes:
1. This form of proxy in order to be effective should be completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the resolutions, Explanatory statement and Notes, please refer to the Notice of the Twenty fifth Annual General Meeting.
3. A holder may vote either for or against each resolution

KITEX GARMENTS LIMITED

(CIN: L18101KL1992PLC006528)
P. B. No. 5, Kizhakkambalam - 683562, Alwaye, Kochi, Kerala
Phone: 91 0484 4142000, Fax: 91 484 2680604
Website: www.kitexgarments.com, E-mail: sect@kitexgarments.com

ATTENDANCE SLIP

26TH ANNUAL GENERAL MEETING
Folio No. /DP ID – Client ID: Name and Address of the shareholder(s):

I certify that I am a registered Shareholder/ Proxy for the registered shareholder of the Company. I hereby record my presence at the 26th Annual General Meeting of the Company on Saturday, July 28, 2018 at the Factory Premises of the Company at Building No. 9/536 A, Kizhakkambalam, Kochi – 683562 at 10.00 AM

_____	_____	_____
Member's Folio/DPID- Client ID No.	Member's/ Proxy's name in Block Letters	Member's/ Proxy's Signature

CUT HERE----------
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Electronic Voting Particulars

If desirous of E-voting, please read the instructions given in the AGM Notice before exercising.

EVSN (Electronic Voting Sequence Number)	* Default PAN/ Sequence No.

* Those who have not registered their PAN may use default PAN

Registered Office
Kitex Garments Limited
(CIN: L18101KL1992PLC006528)
P. B. No. 5, Kizhakkambalam - 683562, Alwaye, Kochi, Kerala
Phone: 91 0484 4142000, Fax: 91 484 2680604
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