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

Ref: KGL/SE/2019-20/AUG/01

August 2, 2019

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 – 400001	National Stock Exchange of India Ltd 'Exchange Plaza', Bandra - Kurla Complex Bandra (E), Mumbai, Maharashtra - 400051.
Script No: 521248	**Script No: KITEX**

Sub:- ANNUAL GENERAL MEETING, ANNUAL REPORT FY 2018-19 AND INTIMATION OF BOOK CLOSURE

This is to inform you that 27th Annual General Meeting of the Company will be held on Wednesday, August 28, 2019 at Building No. 9/536A, Kizhakkambalam, Kochi – 683562, Kerala at 10.00 A.M. to transact the business set out in the Notice of said meeting.

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), we are submitting herewith the Annual Report of the Company along with Notice of AGM for the FY 2018-19 which is being dispatched/ sent to the members by the permitted mode.

The Directors have recommended a final dividend of Rs. 1.50 per equity share (150 %) of Re. 1 each of the Company for approval by the shareholders at the AGM.

Pursuant to Regulation 42 of the SEBI Listing Regulations, the Register of Members and Share Transfer Books of the Company will remain closed from August 21, 2019 to August 28, 2019 (both days inclusive) for determining entitlement of members to final dividend for financial year ended March 31, 2019. Dividend, if approved shall be paid on or before September 25, 2019 and to be completed within the statutory time limit.

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

Yours faithfully,

For **Kitex Garments Limited**

CS. Mithun B Shenoy
Company Secretary & Compliance officer

Enclosure: As above

KITEX GARMENTS LIMITED

Annual Report 2018-19

KITEX

GROWING THE FUTURE

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

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

Mr. M.C.Jacob
(22.04.1933 – 05.06.2011)

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Disclaimer

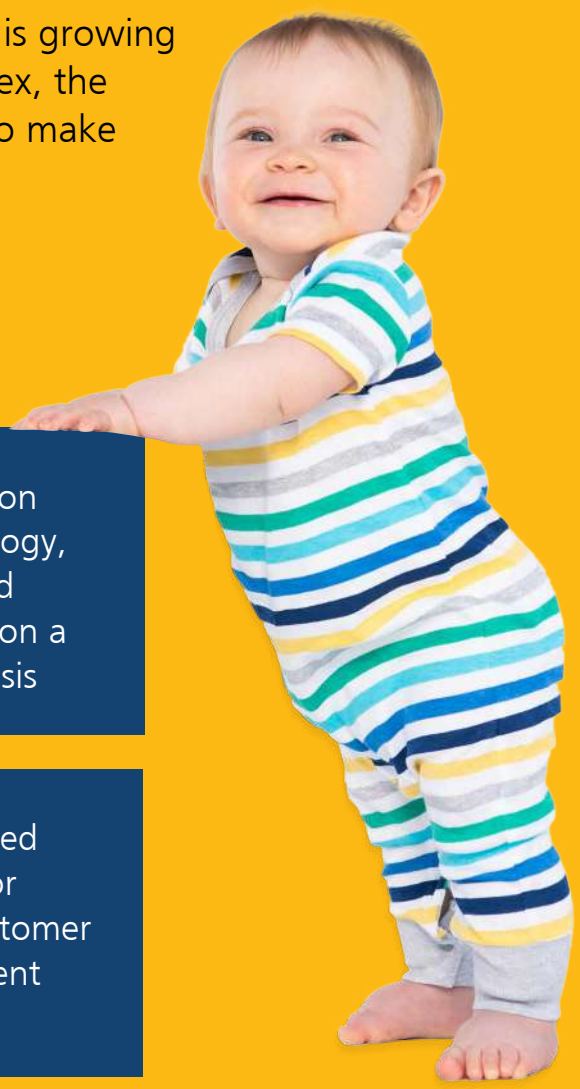
Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty 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.

GROWING THE FUTURE

Long term business vision is all about having an expanded and a more fulfilling future in mind. A vision for growth is all about doing the right things today. The right ingredients in terms of strategic actions will ensure a successful future. i.e growth in the future is an outcome of today's actions.

At Kitex, the management has been moving ahead by keeping the future in mind. With one of the highest brand equity in the infant apparel manufacturing, the company is in the cusp of a transformation for meeting the emerging global demand for high quality infant apparel. Our vision is to become the No.1 infant apparel manufacturer in the world.

By expanding technological, operational and research capabilities, the company is growing more healthy into its future. At Kitex, the management is doing everything to make the future grow.



How are we growing the future

- With better capacity utilisation in FY19 achieved better sales volumes
- Upgradation of technology, quality and efficiency on a regular basis
- Better innovation = better processes and designs
- Value added services for better customer engagement

The company has set a growth target with a mission for 2025 to achieve a projected turnover of ₹ 2000+ crores by 2024-25

OUR STRATEGIC ROAD MAP

The company is planning to add production capacity across the value chain, which includes expansion of the knitting capacity and the processing capacity to 100 tons each

The company has set a growth target with a mission for 2025 to achieve a projected turnover of ₹ 2000+ crores by 2024-25 as against ₹ 607 crores of 2018-19. While aiming the ambitious target the company is planning to invest ₹ 910 crores in six years

At the operational level vision 2025 translates into technological and operational expansion with organic diversification of the product portfolio. As a first step, the company is planning to add production capacity across the value chain, which includes expansion of the knitting capacity and the processing capacity to 100 tons each.

As for diversification, the company is planning to venture into manufacturing and sale of new products in the infant apparel category, which includes products like socks for children, baby diapers and baby wet wipes. The company is also considering strengthening of its vertical integration of its manufacturing value chain with the setting up of a cotton spinning mill for yarn production with a capacity of 100 tons per day. The plans are also afoot to set up a manufacturing facilities for ancillary materials such trims & packages which includes cartons, tapes, paper tags, labels, hangers, woven tags etc.

As for diversification, the company is planning to venture into manufacturing and sale of new products in the infant apparel category, which includes products like socks for children, baby diapers and baby wet wipes.

CHAIRMAN'S STATEMENT

Dear Shareholders

Welcome to our Annual Report for FY19 which comes with the theme "Growing the future" which is a concise of our strategic intent to secure our future.

Growing the Future

We have been Growing the Future. From a revenue of ₹ 202 Crore in 2009 we have grown to ₹ 607 Cr in FY19 over a period of 10 years. During the same ten years period our profit before tax grew from 8% in FY09 to 21% in FY19. Over the period we also progress in terms of our technological, operational, human resources, products and social capabilities. Today we are the 2nd largest infant apparel manufacturer in the world.

We are a supplier of choice to world's leading apparel brands and retail chains. During our year on year progression we had faced multiple external and internal challenges. We have been able to surmount most of them with our avid focus on our vision to be the No.1 infant garment manufacturer in the world and the resultant management actions to achieve our goals.

Various timebound expansion plans under our vision 2025 is ongoing and I am confident of achieving these milestones with the support from our team, customers, suppliers and other stakeholders.

Strategic Environment

When it comes to the current global scenario with respect to infant apparel manufacturing, its mostly advantage India. We are a stable and growing economy with a strong democratic system. Compared to many emerging economies, our political, social and economic factors are stable. We are quick in adopting global best practices and technology scaleup. Across the globe especially with the developed world we have a warm and cordial relations to strengthen our trade relations.

During my FY18 address to the shareholders I had briefly touched upon the consequences of US trade barrier on China and its impact on India. The US- China trade war continue to escalate. In a recent study, the Commerce Ministry has identified 203 products, including apparels where exports could be increased to the US. We continue to monitor these developments with respect to our risks and opportunities.

Our Performance in FY19

Our performance for FY 2018-19 has been a year of remarkable growth. Your Company continued to build a strong product lines for the future and we stay invested in bringing operational efficiencies to improve the quality of products. On consolidated basis, total revenue for the financial year under review was ₹ 62,928 lakhs as against ₹ 55,992 lakhs for the previous financial year, I.e a year on year growth of 12.39%. Profit before tax was ₹ 13,019 lakhs and net profit after tax was ₹ 8,145 lakhs for the financial year under review as against ₹ 10,748.92 lakhs and ₹ 7,002.23 lakhs for the previous year.

Going forward we would keep you updated on a regular basis on all the material developments in your Company through our periodical Statuary and Investor Relation Communications.

I take this opportunity to thank our team, customers, suppliers, banks and investors for the continued support and guidance.

Sabu M Jacob
Chairman & Managing Director

We are a supplier of choice to world's leading apparel brands and retail chains. During our year on year progress we had faced multiple external and internal challenges. We have been able to surmount most of them with our avid focus on our vision to be the No.1 infant garment manufacturer in the world and the resultant management actions to achieve our goals.

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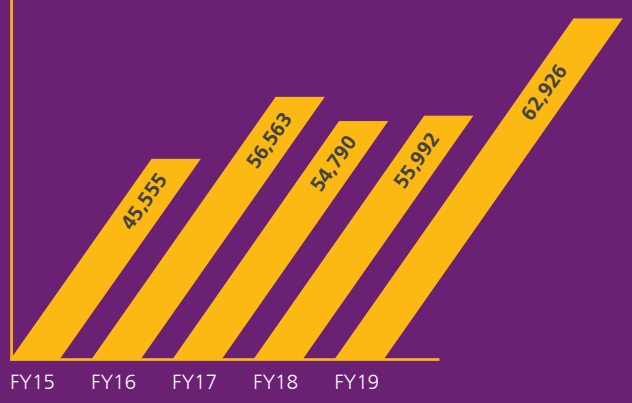
FINANCIAL HIGHLIGHTS

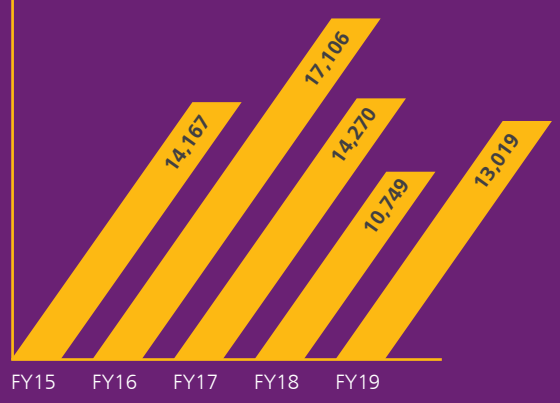
(₹ in lakhs)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Income								
Sales	31,199.88	31,698.33	44,221.00	51,109.59	54,581.67	54,590.13	55,725.42	60,680.46
Other Income	634.82	402.51	1,334.36	1,342.34	1,981.66	199.77	267.07	2,246.01
Total	**31,834.69**	**32,100.85**	**45,555.36**	**52,451.94**	**56,563.33**	**54,789.90**	**55,992.49**	**62,926.47**
Expenditure								
Cost of Raw Materials Consumed	17,491.24	16,126.71	23,477.44	20,978.53	20,976.48	21,096.16	25,404.54	28,280.74
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(265.83)	389.11	118.23	(21.54)	29.72	(1,575.74)	(3,735.78)	(3,644.54)
Employees Benefits Expense	3,780.74	4,376.44	5,697.16	7,450.07	8,361.72	9,182.86	9,851.37	10,508.83
Finance Costs	1,760.69	1,147.20	1,061.59	1,916.41	1,375.67	926.68	581.18	388.00
Depreciation and amortization expense	686.64	862.13	968.00	2,132.94	2,127.31	2,036.28	2340.14	2,726.25
Other Expenses	4,370.40	4,795.17	5,414.40	5,828.78	6,586.93	8,853.55	10,802.12	11,648.18
Total	**27,823.88**	**27,696.76**	**36,736.83**	**38,285.19**	**39,457.83**	**40,519.79**	**45,243.57**	**49,907.46**
PBT	4,010.82	4,404.08	8,818.53	14,166.75	17,105.50	14,270.11	10,748.92	13,019.01
Current Tax	1,235.00	1,485.00	2,536.00	4,217.00	6,094.00	5,312.70	3,978.82	4,873.46
Deferred Tax	64.26	(18.60)	545.65	98.00	(198.00)	(296.67)	(232.13)	(233.54)
PAT	2,711.56	2,937.68	5,736.88	9,851.75	11,209.50	9,254.08	7,002.23	8,145.55
Capital	475.00	475.00	475.00	475.00	475.00	475.00	665.00	665.00
Earnings per equity share	5.71	6.18	12.08	20.74	23.60	19.48	10.64	12.22

Total Income

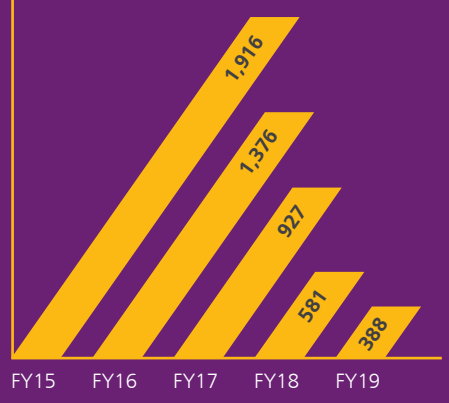


PBT

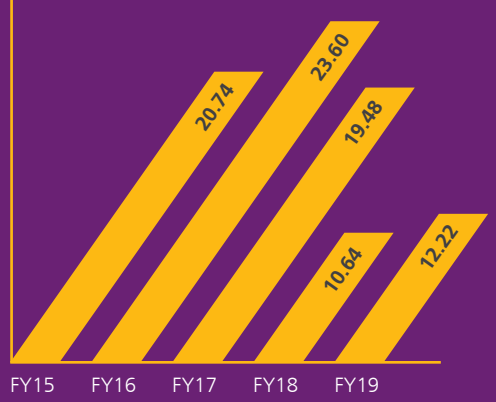


PAT

Finance Costs



EPS



(No. of shares increase to 6.65 Crores pursuant to bonus issue @2:5)

Revenue at a all time high of

₹ 62,926 lakhs

ABOUT US

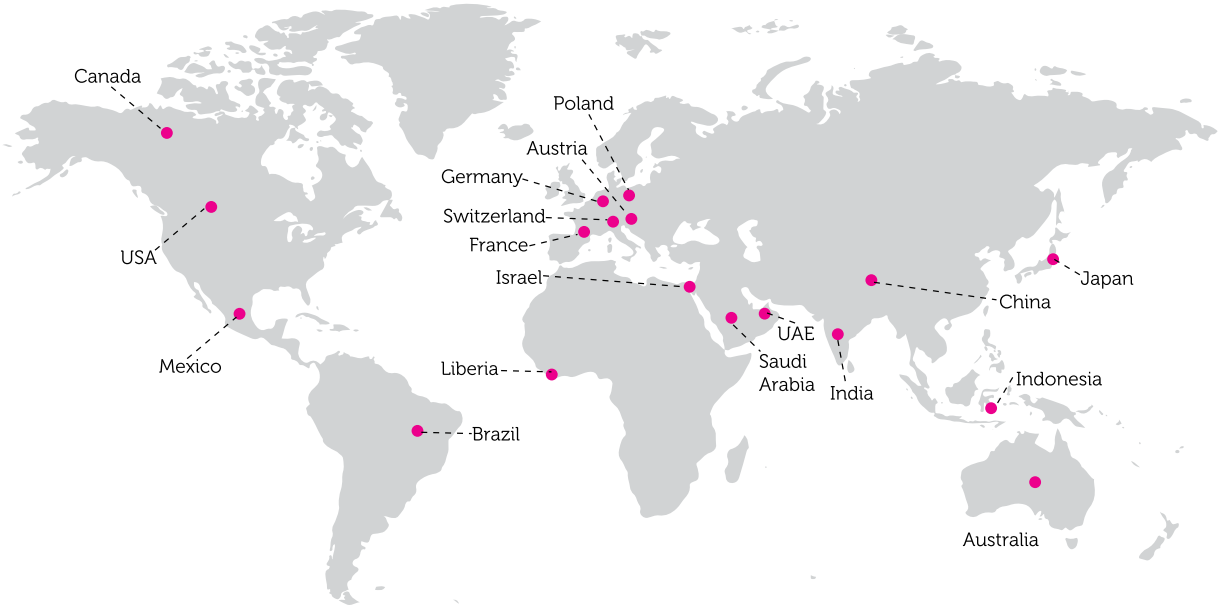
Infant apparels manufactured by the company are available in Australia, Austria, Brazil, Canada, China, France, Germany, Liberia, India, Indonesia, Israel, Japan, Mexico, Poland, Saudi Arabia, Switzerland, UAE and USA through the outlets of our clients.

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

Number of employees

4326

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



Per day Capacity (Infant wear) units

4.32 Lakhs

Built up area sq.ft.

600000

Textile Capacity per day (Tons)

50

KITEX VALUE CHAIN

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

Cotton is harvested from farms

Raw Cotton undergoes Ginning and is cleaned and converted to Bales for dispatch to Spinning Mills

Fibres are spun to make Yarns in Spinning Mills

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

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

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

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

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

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

Greige fabric is bleached on advanced bleaching machinery from Germany

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

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

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

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

Automated Spreading and Cutting machines enable accurate cutting of fabrics

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

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

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

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

REVIEW OF OPERATIONS

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 is a 350000 sq. ft garmenting factory and manufactures fabrics in its 240 meters long and 70 meters wide process house in an area of 200000 sq. ft. which is 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.

Our 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 childrenswear apparel brands in the United States and Europe.

The Board of Directors had approved the Phase I expansion of our facility with an outlay of ₹ 241 Crores towards automation, new plant & machinery and other amenities.

The Board was informed that company had spent ₹ 25 Crores against the total outlay and the balance of ₹ 216 Crores is being allocated in a phased manner along with implementation of Strategic Road Map 2025.

At Kitex product stewardship is managed through four core elements

1

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

2

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

3

To deliver the most innovative products and services to our customers

4

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

Worldwide Responsible Accredited Production (WRAP)

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

Global Organic Textile Standard (GOTS)

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

Supplier Compliance Audit Network (SCAN)

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

Global Security Verification

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

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.

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.

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.

Oeko-Tex

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

HOW WE CREATE VALUE

INPUT

Market Needs

Parents across the world are looking for safe, aesthetically designed apparel for their infants. Global revenue in the baby clothes segment is estimated to be US$47,479m in 2019. The market is expected to grow annually by 5.4% (CAGR 2019-2023).

Customer Needs

Leading infant apparel manufactures and retailers are looking for reliable and quality sources/manufactures with technologically advanced manufacturing processes.
World wide quality certifications, adoption of social and sustainability practices by the manufactures and socio political condition of the source country is also a major condition for selecting the suppliers.

Our Relationships and Assets

Relationships

Customers
Our People
Suppliers
Investors
Society

Assets

Technologically advanced manufacturing Facilities
Dedicated R&D and Design Studios
Intellectual Property
Strong Cashflow

WHO WE ARE

What we do

The company designs and manufactures infant apparels in its 350000 sq. ft garmenting factory and manufactures fabrics in its 240 meters long and 70 meters wide process house in an area of 200000 sq. ft. Products are manufactured in a digitally controlled error-free, automatic and computer-controlled facility which consists of advanced preparation of color recipes, high quality knitting machines, most modern dyeing, printing and finishing machines that use cutting-edge technology. The plant produces 50,000 Kilograms of knitted fabrics that are of exceptional quality, and is well appreciated and recognized by reputed childrenswear apparel brands in the United States and Europe.

How we do

Our fully air-conditioned garment unit uses latest machinery for pattern CAD, plotting and grading. Automatic spreader machines enhance the speed of spreading. Automated cutting machines enable faster & precision cutting. Latest sewing machinery ensures stain-free, quality sewing. Most modern embroidery machines are on hand. Needle detector machines ensure safety of products before shipping. State-of-the-art spectrophotometer ensures electronic color reading & transmission.

OUTCOME

Revenue From Operations (FY19)

₹ 62,926 lakhs

PAT (FY19)

₹ 8146 lakhs

Emerged as a reliable manufacturer of infant apparel in the world.

2nd largest infant apparel manufacturer in the world with top infant apparel buyers and global retailers as our customers.

Taxes Paid

5,107 lakhs in FY19

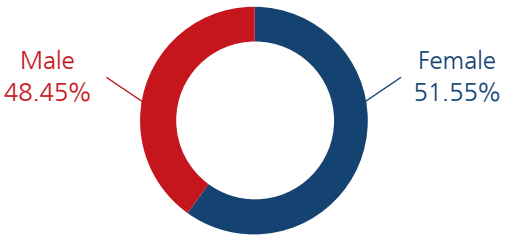
CSR Spent

558 lakhs in FY19

Employee Benefits Expenses

10509 lakhs in FY19

OUR PEOPLE



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 4326 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

The company believes that employees are its wealth. In addition to salary and prerequisites like ESI, PF, Gratuity, etc, employees are also provided free food and accommodation. All workplaces, including production facilities, are centrally air-conditioned. Company provides free transportation facilities to all local employees to commute between various parts of the city and its premises. Other welfare facilities include Doctor-on-call, counsellors, stationed nurses and a medical laboratory. ATM, Shopping and Bakery services are also available within its premises. The company's clean and modern dormitories and cooking & dining facilities are highly appreciated by our customers and stakeholders across the world. Satellite TVs are available for entertainment of hostel residents. Arts and Sports events are conducted periodically at its premises to keep employees engaged and productive.

SOCIAL ECONOMIC VALUE ADDED

REVENUE
₹ 62,926 lakhs

CSR EXPENDITURE
₹ 558 lakhs

PROFIT BEFORE TAX
₹ 13,019 lakhs

PROPOSED DIVIDEND PER SHARE
₹ 1.50 per share

PROFIT AFTER TAX
₹ 8,146 lakhs

TOTAL PROPOSED DIVIDEND
₹ 997.50 lakhs

TAXES PAID
₹ 5,107 lakhs

MARKET CAP
₹ 679.63 Crore

EMPLOYEE BENEFITS EXPENSES
₹ 10,509 lakhs

EARNINGS PER SHARE
₹ 12.22 per share

ENVIRONMENT & HEALTH

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

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.

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

OHS Strategy

Work place safety is primarily the individual's responsibility.

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

The management complies 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

Twenty20
Nation building through village development

Even before the statutory provisions pertaining to CSR section came into effect KGL had been interacting with the community around Kizhakkambalam and providing health, education and skills development services to those who needed it most. The Board of Directors, management and all the employees follows the philosophy of 'Building Better Tomorrows".

Kitex Garments Limited (KGL) has given utmost importance to the social activities which contribute to the growth of the society by empowering Communities and accelerating the development through interventions in water & sanitation, ensuring good health & wellness, environment sustainability and making available safe drinking water, education and skill development.

Even before the statutory provisions pertaining to CSR section came into effect KGL has been interacting with the community around Kizhakkambalam and providing health, education and skills development services to those who needed it most. The board of directors, management and all the employees follows the philosophy of 'Building Better Tomorrows".

In the year 2014, we consolidated our CSR programme through Twenty20 Kizhakkambalam Association being a society incorporated under The Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955 and the Charitable Institution is registered under Income Tax Act, 1961. We focused on developing kizhakkambalam along verticals that aligned with sustainable living.

Kitex CSR – Twenty20 Kizhakkambalam Association

The Key activities/ initiatives of Kitex CSR conducted during the FY 2018-19 are detailed below:

Twenty20 Nation building through village development

FY19 Impact

226 Houses

1762 Acres under agri cultivation

112,000 banana saplings in FY19

243 Wells - constructed & maintained

Housing

Your company has introduced housing scheme 'Ente Veedu Scheme' in the year 2016 whereby 650 houses including sanitation, colony renovation, toilets etc were constructed so far in njaraloor colony, vilangu colony, makanikara colony and kanappuram colony under kizhakkambalam panchayat.

Infrastructural development

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

Agriculture

Promoting sustainable agricultural practices was the main focus areas of Kitex CSR initiatives. It includes participative and group farming with the full co-operation of farmers in kizhakkambalam panchayat. Out of total used area, 850 acres were used for paddy cultivation, 890 acres for vegetable framing, 10 acres for sugarcane farming and 12 acres for fruits cultivation. The company has cultivated 1,12,000 numbers bananas during the year under review. The company has farm development equipments and other mechanical devices for better yield and financial improvements.

Safe Drinking water and water Security

The water and soil conservation structures like check dams, rain water harvesting, farm bunds and farm ponds constructed with the participation and contribution of the community helped in increasing the water level in the water bodies in these villages and retain soil moisture.

The programme focuses on supply of drinking water to some of the backward colonies located in and near the factory premises at Kizhakkambalam. 110 permanent wells were constructed and 133 wells were maintained during the reporting period. Safe drinking water was provided to backward areas of Panchayat.

The Swachh Bharat Program of the central government gave the necessary momentum to initiate the sanitation drive in villages. KGL has been maintaining toilets in and around Kizhakkambalam market & bus stand and trained local salaried people were involved in cleanliness drive.

KGL is investing in building capacities of communities to harvest and conserve water. This has been achieved by building water harvesting structures and blending modern technologies with local situations. KGL has initiated dredging of all canals in and around Kizhakkambalam by removing dumped wastes and thereby securing it useful for the agriculture and drinking needs.

Education & Supply of foods

KGL has been providing inter-alia nutritional lunch to the students apart from basic infrastructure for schools such as construction and repair of classrooms, toilet blocks and water stations for basic hygiene facilities and midday meal kitchens. The company is also providing educational support such as uniforms, textbooks, notebooks and sports kits to under privileged students.

Food Security Programme

Your company distributes essential food materials including vegetables at very moderate subsidized prices (which is almost half the market prices) on a daily basis subject to the poor and needy families. This benefit was extended to about 6000 families in kizhakkambalam panchayat area during last year.

Health Care

Under KGL's health for all initiative regular health and medical check-up camps are organized. Free medicines were distributed and follow up medical facilities were extended on a regular basis to the needy members in addition to conducting free surgeries. The Company through its 'mother and child' initiative, has been providing egg and milk to pregnant women and children under 5 years of age. Continuing with the program of good health to all in Kizhakkambalam, the company extends its ambulance services to the needy on demand at the shortest time at free of cost. This is basically for patients who have to undertake dialysis on a regular basis in the primary Health Centre.

Self Employment

KGL has started new scheme "Pashu Gramam", "Adu Gramam" and "Kozhi Gramam" farms whereby 64 families were provided with cows costing a total of ₹ 1.6 crore and 40 families were provided with goats costing a total of ₹ 40 lakhs and 140 families were provided with chicken costing a total of ₹ 35 lakhs on their request in Kizhakkambalam panchayat free of cost.

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

Flood Relief Support

KGL provided floor relief support to7,200 families in and around Kizhakkambalam panchayat against the backdrop of the unprecedented floods that ravaged Kerala in 2018.

Twenty20 Nation building through village development

FY19 Impact

244 families under self employment schemes

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

CSR Committee

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

CHIEF FINANCIAL OFFICER

Mr. Boby Michael

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Mithun B Shenoy

MANAGEMENT TEAM

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

INDEPENDENT STATUTORY AUDITORS

MSKA & Associates, Chartered Accountants, Chennai

INTERNAL AUDITORS

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

SECRETARIAL AUDITORS

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

INCOME TAX CONSULTANTS

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

BANKER

State Bank Of India

SHARE TRANSFER AGENTS

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

REGISTERED OFFICE & FACTORY

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

LISTED IN STOCK EXCHANGES:

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

MANAGEMENT DISCUSSION & ANALYSIS

GLOBAL ECONOMY

The global economy is expected to grow at a steady pace of around 3 percent in calendar year 2019 and 2020, after an expansion of 3.1 per cent in 2018 amid signs that global growth has peaked. However, a worrisome combination of development challenges could further undermine growth, according to the United Nations World Economic Situation and Prospects (WESP) 2019.

Further clouding the prospects are a confluence of risks with the potential to severely disrupt economic activity and inflict significant damage on longer-term development prospects. These risks include waning support for multilateral approaches; the escalation of trade policy disputes; protectionism; nativism; financial instabilities linked to elevated levels of debt; and rising climate risks, as the world experiences an increasing number of extreme weather events.

As global financial conditions tighten, an unexpectedly rapid rise in interest rates or a significant strengthening of the US dollar could exacerbate emerging market fragilities, leading to heightened risk of debt distress. This risk can be further aggravated by global trade tensions, monetary policy adjustment in developed economies, commodity price shocks, or domestic political or economic disruptions. Many low-income countries have already experienced a substantial rise in interest burdens. Countries with a substantial amount of dollar-denominated debt, high current account or fiscal deficits, large external financing needs and limited policy buffers are particularly vulnerable to financial stress.

Heightened trade tensions between the United States and China have raised the risk of a recession next year if the dispute between the world's two largest economies is prolonged and escalates further. There will be a setback to growth stories of many developing countries and economic growth may slow down.

INDIAN ECONOMY

India is moving towards realizing a New India by 2022, when we celebrate 75 years of India's independence. Promoting inclusive employment-intensive industry and building resilient infrastructure are vital factors for economic growth and development.

India to Remain Fastest-growing Economy in 2019 & 2020, Says UN Report; Pegs GDP Growth at 7.1 per cent in 2019-20. The country is expected to witness strong economic growth in FY 20, after it has emerged as the fastest growing major world economy last year despite growing global vulnerabilities "Better demand conditions, strong domestic consumption, settled GST implementation, capacity expansion from growing investments in infrastructure, continuing positive effects of reform policies and improved credit off take especially in the services sector at 24 per cent will sustain the robust GDP growth in the range of 7.1 per cent in calendar year 2019." The Indian industry body observed that despite 2018 being filled with external vulnerabilities arising out of rising oil prices, trade wars between major global trading partners and US monetary tightening, India outshined as the world's fastest growing major economy and also consolidated its position as the 6th largest economy in the world. It added that although capital spending has shown signs of revival, a more widespread and sustained recovery in private investment remains a crucial challenge in India.

US ECONOMY

The U.S. economy fell short of the Trump administration's 3 percent annual growth target in 2018 despite $1.5 trillion in tax cuts and a government spending blitz. In 2018 the US G.D.P. grew 2.5 percent for the full year , down from the 3 percent previously reported. Growth in 2018 was the strongest since 2015 and better than the 2.2 percent logged in 2017.

Going forward, US personal consumption expenditures rose 4.3% in the second quarter of CY19 the best performance in six quarters. Despite the challenges in the economic growth the consumer spending is projected to continue its growth. However analysts also caution that the consumer spending may not continue to grow at a 4% pace, but solid job growth and rising wages will allow households to increase their spending through the rest of this year and into 2020.

INFANT APPAREL SECTOR

The Infant (Baby) ware market accounts for 33% of total global children wear market. With a market size of $60 bn, market is expected to grow at a CAGR of 4.4% to reach $67 bn by 2019. Parents tend to look for baby clothing from both disposable and functional aspects. Technavio analysts forecast that the global children's and infant wear market to grow at a CAGR close to 6% during the forecast period 2019-2023, according to their latest market research report.

Ecommerce

Rising Internet penetration and adoption of smartphones has led to a surge in online sales. Online shopping of children's wear and infant wear is further facilitated by quick doorstep delivery and secure 24/7 e-transactions, which help consumers save time and energy by avoiding city traffic and long billing queues in physical retail stores.

Various factors such as lack of time, frequent offers & discounts, larger product offerings, and convenience of shipping are some of the factors boosting the e-commerce market for infant apparels. Increasing number of nuclear and single-parent families in the U.S. and Canada is expected to augment growth in the coming years.

According to an IBIS World report extract published online, revenue for the Online Baby and Infant Apparel Sales industry has increased significantly over the five years to 2018. The industry has experienced steady revenue growth since 2013, aided by the e-commerce sector capturing significant market share from brick-and-mortar apparel stores as more consumers shop online. Additionally, strengthening economic conditions, including rising consumer confidence and disposable income, are continuing to boost demand for industry products. Moreover, growth in the number of births has increased the number of infants and toddlers, which has increased demand for this industry. As a result of these positive trends, industry revenue is expected to grow at an annualized rate of 13.5% to $2.5 billion over the five years.

REVIEW OF OPERATIONS

It is a vertical setup with knitting and processing of fabrics, until finished garments are done in-house. The facility at Kizhakkambalam near Kochi in India is a 350000 sq. ft garmenting factory and manufactures fabrics in its 240 meters long and 70 meters wide process house in an area of 200000 sq. ft., and is 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 childrenswear apparel brands in the United States and Europe.

Market & Customers

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. The company has also set up a Design Studio in US for valued added design services.

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.

REVIEW OF FINANCIAL PERFORMANCE

On standalone basis, your company reported the revenue from operation and other income was Rs. 62,926.47 lakhs signifying a growth of 12.38 % over previous financial year. The Revenue increased due to the better orders from the buyers. The operating profit stood at 13,019.01 lakhs compared with 10,748.92 lakhs in the previous year. Total employee benefit expense has increased by 6.67%. Our effective tax rate is at 30.07% when compared to the previous year. The net profit for the year was Rs. 8,145.55 lakhs against Rs. 7,002.23 lakhs reported in the previous year. The EPS from continuing operations for the reporting year was Rs. 12.22.

On consolidated basis, total revenue for the financial year under review was Rs. 62,927.58 lakhs as against Rs. 55,992.49 for the previous financial year, 12.39% growth. Profit before tax was Rs. 13,000.35 lakhs and net profit after tax was Rs. 8,126.89 lakhs for the financial year under review as against Rs. 10,748.92 lakhs and Rs. 7,002.23 lakhs for the previous year.

Ratios:

Return on networth: current year 13.77%

previous year 13.56%

Current ratio CY: 2.97 and PY: 5.39 (reason: in the current year, short term borrowings stood at 86.68 Crores as against previous year borrowings of .29 crores. However the net current assets in the year is higher by 21.5 cores)

Interest coverage ratio: CY: 34.55 PY: 19.49 (reason: higher profitability combined with lower interest cost have resulted in favourable increase in the ratio).

RISK & RISK MITIGATION

Your Company continues to strengthen its robust Risk Management Framework and the same was reviewed by the Audit Committee periodically. The Committee meets for focused interaction with business, identifying and prioritizing strategic, operational risk and formulating appropriate mitigation strategies and conducting frequent review of the progress on the management of the identified risk. Your company believes that managing risk helps in maximizing return. The company's approach in addressing business risks includes periodical review of such risks and thereby mitigating it effectively. The risk management framework is reviewed periodically by the Board and the Audit Committee. Some of the risks that the company is exposed to are:

- **FINANCIAL RISKS:**

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

- **COMMODITY PRICE RISKS**

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

- **REGULATORY RISKS**

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

- **HUMAN RESOURCE RISKS**

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

- **STRATEGIC RISKS**

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

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 2018-19

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 4326 employees. Industrial relations are cordial and satisfactory.

CAUTIONARY STATEMENT

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

NOTICE

Notice is hereby given that the 27th Annual General Meeting of the Members of Kitex Garments Limited will be held on Wednesday, August 28, 2019 at the Factory Premises of the Company at Building No. 9/536A, Kizhakkambalam, Kochi – 683562, 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, 2019 together with the Report of the Board of Directors and Independent Auditors report thereon.
2. To declare a final Dividend of ₹ 1.50 per equity share for the financial year ended March 31, 2019.
3. To appoint a Director in place of Mr. Sabu M. Jacob (DIN 00046016), 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 himself for re-appointment.

SPECIAL BUSINESS

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

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

"**RESOLVED THAT** pursuant to Section 188 and other applicable provisions of the Companies Act, 2013 and the Companies (Meeting of Board and its Powers) Rules, 2014 including any modifications or amendments or clarifications thereon, if any, and pursuant to Regulations 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time read with Company's policy on materiality of and dealing with Related Party transaction and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, approval of the shareholders be and is hereby accorded to the Board of Directors of the Company to enter into a contract(s)/ Transaction(s)/ arrangement(s) with Kitex Childrenswear Limited, a related party within the meaning of Sec 2(76) of the Act and Reg 2(1)(zb) of Listing Regulations, for such transactions as given in the explanatory statement on such terms and conditions as Board may deem fit, upto a maximum aggregate amount of ₹ 300 Crores in each financial year for a period of 3 years w.e.f FY 2019-20, provided that contract(s)/ Transaction(s)/ Arrangement(s) so carried out shall at all times be in the ordinary course of Company's business and also at arms length basis."

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

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

5. Revision in approval for Material Related Party Transactions with Kitex USA LLC

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

"**RESOLVED THAT** pursuant to Section 188 and other applicable provisions of the Companies Act, 2013 and the Companies (Meeting of Board and its Powers) Rules, 2014 including any modifications or amendments or clarifications thereon, if any, and pursuant to Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time read with standard listing agreement entered with the Stock Exchanges and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary and in supersession of General Meeting resolution passed by the Company dated 09.02.2018 through postal Ballot route, approval of the shareholders be and is hereby accorded to the Board of Directors to enter into a contract(s)/ Transaction(s)/ arrangement(s) with KITEX USA LLC a related party within the meaning of the aforesaid law, on such terms and conditions as may be mutually agreed upon, upto a maximum amount of ₹ 600 Crores in each financial year from the financial year 2019-20 for a period of 3 years, however that contract(s)/ Transaction(s)/ Arrangement(s) so carried out shall at all times be in the ordinary course of Company's business and also at arms length basis."

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

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

6. Re-appointment of Mr. Benni Joseph (DIN: 01219476) as an Independent Director

To consider and if thought fit, to pass the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and all other applicable provisions of the Companies Act, 2013 (the 'Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 made thereunder (including any amendment, variation, statutory modifications or re-enactment(s) thereof for the time being in force) read with Schedule IV of the Act and Reg 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, ("SEBI Listing Regulations") and subject to the provisions of its Articles of Association and based on recommendation of the Nomination & Remuneration Committee of Directors and the Board of Directors of the Company, Mr. Benni Joseph (DIN: 01219476), who was appointed as an Independent Non Executive Director of the Company, who has submitted the declaration that meets the criteria of independence as in the Act and the SEBI Listing Regulations and who holds office of Independent Director up to January 11, 2020, and being eligible, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director for reappointment, be and is hereby re-appointed as an Independent Non Executive Director of the Company to hold office for a second term of five (5) years with effect from January 12, 2020 to January 11, 2025 and whose office shall not be liable to retire by rotation.

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

7. Re-appointment of Prof. E. M. Paulose (DIN: 03563106) as an Independent Director

To consider and if thought fit, to pass the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and all other applicable provisions of the Companies Act, 2013 (the 'Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 thereunder (including any amendment, variation, statutory modifications or re-enactment(s) thereof for the time being in force) read with Schedule IV of the Act and Reg 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, ("SEBI Listing Regulations") and subject to the provisions of its Articles of Association and based on recommendation of the Nomination & Remuneration Committee of Directors and the Board of Directors of the Company, Prof. E. M. Paulose (DIN: 03563106), who was appointed as an Independent Non Executive Director of the Company, who has submitted the declaration that meets the criteria of independence as in the Act and the SEBI Listing Regulations and who holds office of Independent Director up to January 11, 2020, and being eligible, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director for reappointment, be and is hereby re-appointed as an Independent Non Executive Director of the Company to hold office for a second term of five (5) years with effect from January 12, 2020 to January 11, 2025 and whose office shall not be liable to retire by rotation.

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

8. Re-appointment of Prof. E. M. Paulose, Non-executive Independent Director who has attained the age of above 75 years

To consider, and if thought fit, to pass with or without the modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (Amendment Regulations) and other applicable provisions if any, of the Companies Act, 2013 and subject to such other approvals as may be necessary in this regard, the consent of the members be and is hereby accorded to re-appointment of Prof. E. M. Paulose (DIN: 03563106), as the Non-Executive Independent Director of the Company, who has attained age above 75 years, w.e.f. January 12, 2020 and to hold office till January 11, 2025."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such other acts, deeds and things as are necessary and expedient in this regard."

By Order of the Board of Directors of
Kitex Garments Limited

Kizhakkambalam
July 5, 2019

CS. Mithun B Shenoy
Company Secretary
(ACS 30796)

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 August 21, 2019 to August 28, 2019 (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 2018-19 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 ₹ 1.50 (150 %) per share has been recommended by the Board of Directors for the year ended March 31, 2019, subject to the approval of shareholders. Dividend, if approved shall be paid on or before September 25, 2019 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 August 27, 2019.

11. All documents, transfers, dematerialization requests and other communications in relation thereto should be addressed directly to the Company's Registrar & Share Transfer Agents.

12. Members may also note that the Notice of the 27th Annual General Meeting and the Annual Report for FY 2018-19 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 2011-12 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 2011-12 in the website of the company and the shareholders can view the details at www.kitexgarments.com

14. 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.

15. As per provisions of Section 124 of Companies Act, 2013, the amount of dividends remaining unclaimed for a period of seven years are required to be transferred along with shares held in those folios to the Investor Education and Protection Fund. Accordingly, the dividend declared for all the financial years ended upto March 31, 2011 had been transferred to Investor Education and Protection Fund.

16. 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 31st March, 2018, the information on unclaimed dividend for the years from 2011-12 to 2017-18 was filed with the Ministry of Corporate Affairs and hosted on the web site of the Company within the statutory time.

17. Details of dividend declared for the financial years from 2011-12 onwards are given below:

Financial Year	Declared on	Dividend yield	Amount paid per equity share (₹)
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%	₹ 1.25
2015-16 (Interim)	30.10.2015	75%	Re.0.75
2015-16 (Final)	10.06.2016	75%	Re.0.75
2016-17 (Interim)	31.10.2016	75%	Re.0.75
2016-17 (Final)	19.06.2017	75%	Re.0.75
2017-18 (interim)	04.11.2017	75%	Re.0.75
2017-18 (Final)	28.07.2018	75%	Re.0.75

18. The Company had released an Advertisement dated April 27, 2019 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 April 6, 2019 to the concerned shareholders whose dividend remains unpaid or unclaimed for period of Seven (7) consecutive years since 2012, 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.

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

20. Voting through electronic means:

a) In compliance with provisions of Section 108 of the Companies Act, 2013 and the Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time together with relevant clauses in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide Members the facility to exercise their right to vote at the 27th 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 August 21, 2019. 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 also to be used by the de-mat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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

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

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

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

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

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

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

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

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

(xviii) Note for Non-Individual Shareholders & Custodians

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

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 Sunday, August 25, 2019 at 9 A.M. and ends on Tuesday, August 27, 2019 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., Wednesday, August 21, 2019, 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 www.evotingindia.co.in under help section or write to Mr. Rakesh Dalvi, Manager with email id: helpdesk.evoting@cdslindia.com and contact Helpdesk: 18002005533/ 022-22723333.

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

22. The Company has appointed Mr. P. D. Vincent (FCS 3067 and CP. 7940), Managing Partner, SVJS & Associates, Company Secretaries, Kochi, as the Scrutinizer for conducting the e-voting process (including remote e-voting) in a fair and transparent manner.

23. 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.

24. 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.

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

A. MR. SABU M. JACOB

Name of Director	Mr. Sabu M. Jacob
Date of Birth & Age	11.05.1962; 57 years
Qualification	BA Economics
Expertise in specific functional areas	Mr. Sabu M. Jacob (DIN: 0046016) has been involved in the promotion and the Management of the Company as Managing Director right from its inception. He is having more than 28 years of experience in the field of garments industry.
Directorship held in other Companies	• Kitex Garments Limited as Chairman & Managing Director • Kitex Apparels Limited as Director • Kitex Herbals Limited as Director • Kitex Infantswear Limited as Director • Kitex Childrenswear Limited as Managing Director • Kitex babywear Limited as Director • Kitex Kidswear Limited as Director • Kitex Knits Limited as Director • Kitex Littlewear Limited as Director • Kitex Socks Limited as Director
Details of the remuneration last drawn	Refer the Directors Report
Date of first appointment on the Board	16.08.1993
Relationship with other Directors, Manager and other Key Managerial Personnel of the company	He is a promoter of the Company and not related to the directors, Manager and other Key Managerial Personnel.
Number of Meetings of the Board attended during the year and other Directorships	Refer Directors Report.
Chairman/ Member of the Committee of the Board of Directors of this Company	• CSR Committee as the Chairman • Stakeholders Relationship Committee as Member
Committee Membership in other Companies	• Kitex Childrenswear Ltd: Chairman of CSR Committee • Kitex Infantswear Ltd: Member of Audit Committee and Nomination and Remuneration Committee
Shareholdings in the Company	2,20,15,606 Equity Shares

B. Benni Joseph

Name of Director	Mr. Benni Joseph
Date of Birth & Age	12.04.1957; 62 years
Qualification	Chartered Accountant
Expertise in specific functional areas	Mr. Benni Joseph (DIN: 01219476) was originally appointed as director of the Company on July 31, 1998 and pursuant to the requirements under Companies Act, 2013, was appointed as Independent Directors of the Company w.e.f. January 12, 2015 for a period of 5 consecutive years in the 23rd Annual General Meeting held on June 4, 2015. He is having more 20 years of experience in the field of Finance and Accounts.

Directorship held in other Companies	• Kitex Childrenswear Limited • Kitex babywear Limited • Kitex Socks Limited • Kitex Packs Limited • Kitex Littlewear Limited • Kitex Kidswear Limited • Kitex Knits Limited
Details of the remuneration last drawn	Refer the Directors Report
Date of first appointment on the Board	July 31, 1998
Relationship with other Directors, Manager and other Key Managerial Personnel of the company	He is a not related to the directors, Manager and other Key Managerial Personnel.
Number of Meetings of the Board attended during the year and other Directorships	Refer Directors Report.
Chairman/ Member of the Committee of the Board of Directors of this Company	• Audit Committee as the Chairman • Stakeholders Relationship Committee as Member • Nomination and Remuneration Committee as the Member • CSR Committee as Member
Committee Membership in other Companies	Kitex Childrenswear Ltd: Member of Audit Committee, Chairman of Nomination and Remuneration Committee and Member of CSR Committee
Shareholdings in the Company	Nil

C. Prof. E. M. Paulose

Name of Director	Prof. Mr. E. M. Paulose
Date of Birth	05.10.1936; 83 years of age
Qualification	Post Graduate in Economics
Expertise/ Experience in specific functional areas	He was the Principal of M. A. College, Kothamangalam, Ernakulam for more than two decades. He was also the Director of U. C. College, Aluva. In his career of over 45 years, he did various important assignments in his professional area, presented various papers at both national and international forums.
Directorship held in other Companies	Kitex Childrenswear Limited
Details of the remuneration last drawn	Refer the Directors Report
Date of first appointment on the Board	04.07.2011
Relationship with other Directors, Manager and other Key Managerial Personnel of the company	He is not related to the directors, Manager and other Key Managerial Personnel.
Number of Meetings of the Board attended during the year	Refer Directors Report.
Chairman/ member of the Committee of the Board of Directors of this Company	Audit Committee as the Member Nomination & Remuneration Committee as the Chairman
Committe membership in other companies	Kitex Childrenwear: Chairman of Audit Committe, Member of Nomination and Remuneration Committe
Shareholdings in the Company	140

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF COMPANIES ACT, 2013

Item No. 4

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

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

The Company envisages that the transactions entered into with M/s. Kitex Childrenswear Limited whether individually and/or in aggregate would exceed the stipulated threshold limit of ten percent of consolidated annual turnover of the Company as per the latest audited financial statements of the Company during a financial year under review. The company therefore requires the approval of the shareholders by an ordinary resolution for entering into such transaction(s)/ Contract(s)/ arrangement(s) with M/s. Kitex Childrenswear Limited upto a maximum amount as mentioned in the resolution in each financial year from the FY 2019-20 for a period of 3 years.

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

All related parties shall abstain from voting on this resolution.

The relevant information is as follows:

1.	Name of the related parties	Kitex Childrenswear Limited (KCL)
2.	Name of the Director or KMP who is related	Mr. Sabu M Jacob
3.	Nature of relationship	Mr. Sabu M. Jacob is the Chairman & Managing Director of Kitex Garments Limited (KGL) and is also the Managing Director of KCL. He is the promoter for both the companies. He is holding 99.69% shares in KCL along with his wife.
4.	Monetary Value	The estimated aggregate contract value for the matters proposed in the resolution shall not exceed ₹ 300 Crores for KCL in each financial year for 3 consecutive years.
5.	Nature, material terms and particulars of arrangements	Purchase and sale of Processed Textiles, job work contracts, also takes on rent and rent out some portion of the factory premises to KCL by the company as these are dependent on the requirement of both companies for its products from time to time and the ability to supply of specified material by theses companies. However such transactions would be in the ordinary course of the company's business and at the arm's length basis.
6	Any advance paid or received for the arrangement if any	As per industry norms, custom and uses.
7	Tenure of Contract	3 years
8	Any other information relevant or important for the members to take a decision on the proposed resolution	Nil

The Audit committee and the Board of the Directors of the Company have considered these proposed arrangements and limits at their meeting held on May 20, 2019 have approved the proposed arrangements with the Related Party M/s. Kitex Childrenswear Limited and have also decided to seek approval of shareholders by way of ordinary resolution pursuant to section 188 of the

Companies Act 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time.

Mr. Sabu M. Jacob together with his relatives and M/s. Kitex Childrenswear Limited who directly hold in aggregate 36756502 Equity shares of the Company are concerned or interested in the ordinary resolution under Agenda Item no. 4.

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.

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

The Directors/ Key Managerial Personnel or their relatives are concerned or interested, to the extent of their shareholding in the Company, if any, in the resolutions set out at item no. 4 of the accompanying notice.

Item No. 5

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

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

The Company envisages that the transactions entered into with M/s. Kitex USA LLC whether individually and/or in aggregate would exceed the stipulated threshold limit of ten percent of consolidated annual turnover of the Company as per the latest audited financial statements of the Company during a financial year under review. The company therefore requires the approval of the shareholders by an ordinary resolution (in supersession of General Meeting resolution passed by the Company dated 09.02.2018 through postal Ballot route) for entering into such transaction(s)/ Contract(s)/ arrangement(s) with M/s. Kitex USA LLC upto a maximum amount as mentioned in the resolution in each financial year from the FY 2019-20 for a period of 3 years.

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

All related parties shall abstain from voting on this resolution.

The relevant information is as follows:

1.	Name of the related parties	Kitex USA LLC (KUL)
2.	Name of the Director or KMP who is related	Mr. Sabu M Jacob & Mr. K.L.V. Narayanan
3.	Nature of relationship	Mr. Sabu M. Jacob is the Chairman & Managing Director of the Kitex Garments Limited (KGL) and the Managing Director of Kitex Childrenswear Limited (KCL). He is the promoter for all these companies. KGL and KCL jointly invested in KUL in the proportion of 50:50. Mr. K. L. V. Narayanan being the Non Executive Director of the Company, is also the Director of KUL.
4.	Monetary Value	The estimated aggregate contract value for the matters proposed in the resolution shall not exceed ₹ 600 Crores for KUL in each financial year for 3 consequent years w.e.f. FY 2019-20 (in supersession of General Meeting resolution passed by the Company dated 09.02.2018 through postal Ballot route)

5.	Nature, material terms and particulars of arrangements	Purchase and sale of Garments by the company as these are dependent on the requirement of both companies for its products from time to time and the ability to supply of specified material by theses companies. However such transactions would be in the ordinary course of the company's business and at the arm's length basis.
6	Any advance paid or received for the arrangement if any	As per industry norms, custom and uses.
7	Tenure of Contract	3 years
8	Any other information relevant or important for the members to take a decision on the proposed resolution	Nil

The Audit committee and the Board of the Directors of the Company have considered these proposed arrangements and limits at their meeting held on May 20, 2019 and have approved the proposed arrangements with the Related Party M/s. Kitex USA LLC and have also decided to seek approval of shareholders by way of ordinary resolution pursuant to section 188 of the Companies Act 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time.

Mr. Sabu M. Jacob together with his relatives and M/s. Kitex Childrenswear Limited who directly hold in aggregate 36756502 Equity shares of the Company are concerned or interested in the ordinary resolution under Agenda Item no. 5.

Relevant documents referred to in the Notice and the Statement are available for inspection by the Members at the Registered Office of the Company from 11 am to 5 pm on all working days from the date of dispatch of the Notice till the last date for voting.

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

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

Item No. 6 & 7

Prof. E. M. Paulose (DIN: 03563106) and Mr. Benni Joseph (DIN: 01219476) were originally appointed as Directors of the Company on July 4, 2011 and July 31, 1998 and pursuant to the requirements under Companies Act, 2013, were appointed as Independent Directors of the Company w.e.f. January 12, 2015 for a period of 5 consecutive years in the 23rd Annual General Meeting held on June 4, 2015. The said period of five years ends on January 11, 2020. They were eligible for re-appointment as Independent Directors for one more term of upto five consecutive years subject to meeting the criteria of independence and passing of a special resolution by the shareholders of the Company to that effect. Considering the past performance of Prof. E. M. Paulose and Mr. Benni Joseph as Directors of the Company, their consent and necessary disclosures to continue as Independent Directors of the Company and that they continue to meet criteria of Independence, the Board of Directors, on July 5, 2019, had approved their re-appointments as Independent Directors of the Company for the second term from January 12, 2020 to January 11, 2025, subject to approval of the shareholders and has recommended their re-appointments for approval of the shareholders in the forthcoming 27th Annual General Meeting by way of Special Resolutions.

Prof. E. M. Paulose and Mr. Benni Joseph are not disqualified from being appointed as director in terms of Sec 164 of the Companies Act, 2013 and his consent to act as director has been received by the Company. The Company has received a declaration from them that meets the criteria of independence as prescribed both under Sec149 (6) read Sch IV of the Companies Act, 2013 and under Reg 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In the opinion of the Board, Prof. E. M. Paulose and Mr. Benni Joseph fulfills the conditions for the appointment as an Independent director as specified in the Schedule IV of the Act and the SEBI regulations. Prof. E. M. Paulose and Mr. Benni Joseph are independent of the management and possess appropriate skills, experience and knowledge.

The Company has received notices in writing from a member under Section 160 of the Act proposing the candidature of Prof. E. M. Paulose and Mr. Benni Joseph for the office of Independent Directors of the Company.

Mr. Benni Joseph doesn't hold by himself or for any other person on a beneficial basis, any shares in the Company as per declaration given by him. But Mr. E. M. Paulose is holding 140 shares in the Company.

The Nomination and Remuneration Committee (NRC) of the Board of Directors, based on the report of performance evaluation of Independent Directors, has recommended the re-appointment of Mr. Benni Joseph and Prof. E. M. Paulose as Independent Directors for a second term of 5 (five) consecutive years on the Board of the Company from January 12, 2020 to January 11, 2025.

The copy of the draft letter for appointment of Prof. E. M. Paulose and Mr. Benni Joseph as Independent director of the Company would be made available, for inspection by the members without payment of any fee, at the registered office of the Company between 11:00 AM and 1:00 PM on all working you upto the date of the Annual General Meeting.

The Board recommends the Special Resolutions set out at Item Nos. 6 and 7 of the Notice, for approval by the members.

None of the Directors other than Prof. E. M. Paulose and Mr. Benni Joseph, nor any Key Managerial Personnel or their respective relatives is, in any way interested in the Resolution at Item No.6 to 7 of the Notice.

Item No. 8

Pursuant to the Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended on May 9, 2018 prescribes that listed entity shall not appoint a person or continue directorship of any person as a Non-Executive Director(s) who has attained the age of 75 years, unless a special resolution is passed to that effect.

Prof. E. M. Paulose was appointed as the Non-Executive Independent Director of the Company in accordance with the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder, at the 23rd Annual General Meeting held on June 4, 2015 for a period of five years upto January 11, 2020. Considering the past performance of Prof. E. M. Paulose as Director of the Company, their consent and necessary disclosures to continue as Independent Director of the Company and that they continue to meet criteria of Independence, the Board of Directors, on July 5, 2019, had approved his re-appointment as Independent Director of the Company for the second term from January 12, 2020 to January 11, 2025, who has attained the age of 75 years, subject to the approval of the shareholders in the forthcoming Annual General Meeting by way of Special Resolution. In the opinion of the Board, they fulfill the conditions specified under this Act for such appointments and that the proposed directors are independent of the management.

The Board recommends the Special Resolutions set out at Item Nos. 8 of the Notice, for approval by the members.

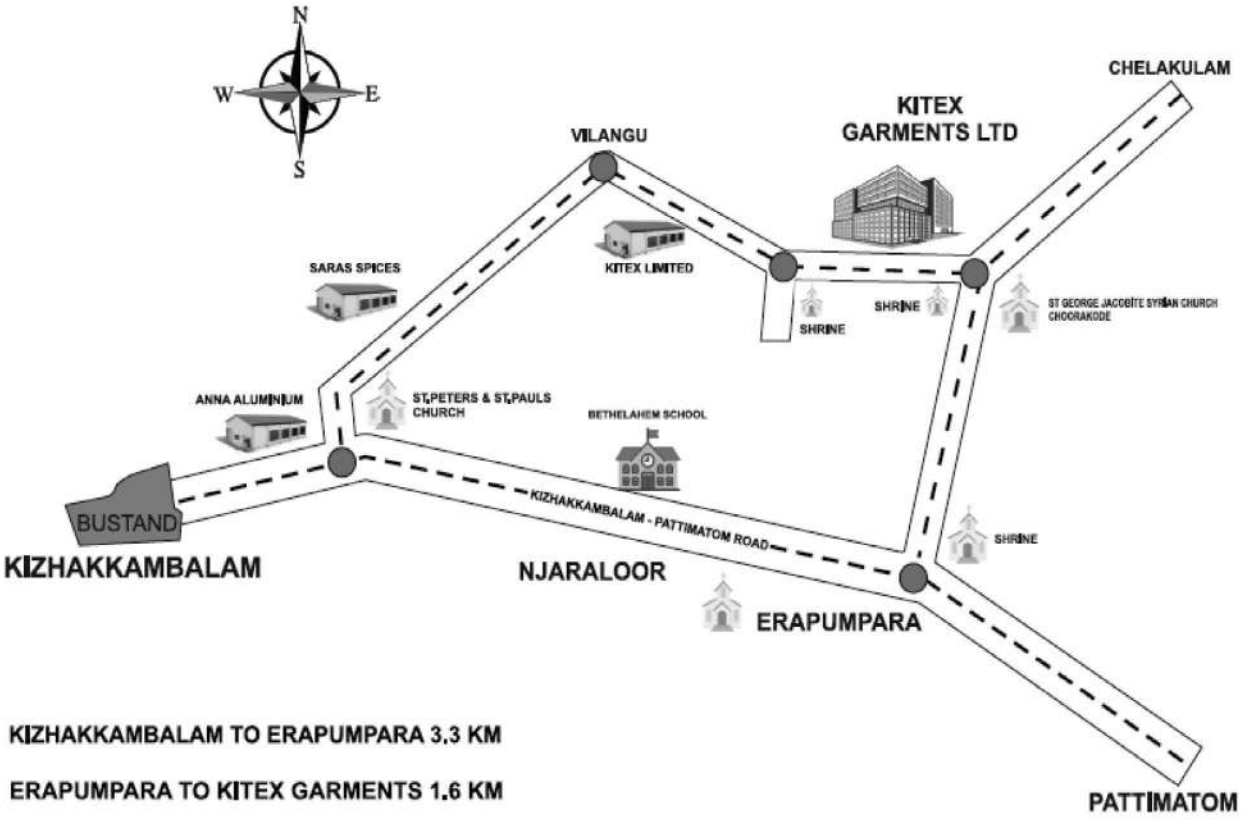
None of the Directors other than Mr. E. M. Paulose, nor any Key Managerial Personnel or their respective relatives is, in any way interested in the Resolution at Item No.8 of the Notice.

By Order of the Board of Directors of
Kitex Garments Limited

Kizhakkambalam
July 5, 2019

CS. Mithun B Shenoy
Company Secretary
(ACS 30796)

ROUTE MAP TO THE 27TH ANNUAL GENERAL MEETING VENUE



KIZHAKKAMBALAM TO ERAPUMPARA 3.3 KM

ERAPUMPARA TO KITEX GARMENTS 1.6 KM

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Twenty Seventh Annual Report of the Company together with the audited financials statements for the financial year ended March 31, 2019.

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

As mandated by the Ministry of Corporate Affairs, your company has prepared the financial statement (both standalone and consolidated) for the year ended March 31, 2019 as per Indian Accounting Standard ('IND AS') notified under Sec 133 of the Companies Act, 2013 read with notification no. G.S.R. 111(E) dated 16.02.2015 as amended from time to time.

The Standalone and consolidated financial performance of the Company for the financial year ended March 31, 2019 is summarized below:

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
Sales and other Income				
Revenue from operations	60,680.46	55,725.42	60,680.47	55,725.42
Other Income	2,246.01	267.07	2247.12	267.07
Total Revenue	**62,926.47**	**55,992.49**	**62927.58**	**55,992.49**
Profit Before Interest and Depreciation	16,133.25	13,670.24	16114.60	13,670.24
Less: Finance Charges	387.99	581.18	388.00	581.18
Depreciation	2,726.25	2,340.14	2726.25	2,340.14
Net Profit Before Tax	**13,019.01**	**10,748.92**	**13,000.35**	**10,748.92**
Less: Provision for Tax	4,873.46	3746.69	4,873.46	3746.69
Net Profit After Tax	**8,145.55**	**7,002.23**	**8126.89**	**7002.23**
Share Of Profit/ (Loss) Of Associates	-	-	(982.34)	(647.29)
Net Profit after share of profit of Associates	-	-	7144.55	6354.94
Balance of Profit brought forward	29,252.65	24,202.70	27,489.37	23,086.71
Balance available for appropriation	37,376.59	31,281.70	34,612.31	29,518.42
Dividend paid on Equity Shares (Interim and Final)	498.75	855.00	498.75	855.00
Tax on Dividend	102.52	174.06	102.52	174.06
Transfer to General Reserve	1,000.00	1,000.00	1,000.00	1000.00
Surplus carried to Balance Sheet	35,775.33	29,252.65	33,011.05	27,489.37

3. FINANCIAL PERFORMANCE

The Company continues to strengthen its market leadership in Infantswear across US markets during the year. It delivered yet another year of consistent and profitable growth and fortified its manufacturing capabilities.

Your Company continued to build a strong product lines for the future and invested in bringing operational efficiencies to improve the quality of products. The manpower of the Company also remained a priority. During the year under report, there was a sustained focus to increase strength of your company and sharpen competitive advantages with a view towards long term value creation.

STANDALONE PERFORMANCE

On standalone basis, your company reported the revenue from operation and other income was ₹ 62,926.47 lakhs signifying a growth of 12.38 % over previous financial year. The Revenue increased due to the better orders from the buyers. The operating profit stood at ₹ 13,019.01 lakhs compared with ₹ 10,748.92 lakhs in the previous year. Total employee benefit expense has increased by 6.67%. Our effective tax rate is at 30.07% when compared to the previous year. The net profit for the year was ₹ 8,145.55 lakhs against ₹ 7,002.23 lakhs reported in the previous year. The EPS from continuing operations for the reporting year was ₹ 12.22.

CONSOLIDATED PERFORMANCE

On consolidated basis, total revenue for the financial year under review was ₹ 62927.58 lakhs as against ₹ 55,992.49 for the previous financial year, 12.39% growth. Profit before tax was ₹ 13,000.35 lakhs and net profit after tax was ₹ 8,126.89 lakhs for the financial year under review as against ₹ 10,748.92 lakhs and ₹ 7,002.23 lakhs for the previous year.

During the year under review, your company received and continues to receive enormous order confirmations from major Infant Garment buyers viz., Gerber Childrenswear LLC, Carters, Buy-Buy Baby, Ross Stores, Amazon, Target, and 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:

TOYS "R" US, Inc., a customer of your Company had filed a petition in the Bankruptcy Court in The United States of America to wind down its US operation in the previous year. Provision of ₹ 347.03 Lakhs was made for the receivables towards loss, if any on recovery of receivables in the financial year 2017-18. After the hearings at the US Bankruptcy court on September 6, 2018 and November 13, 2018, Plan submitted under Chapter 11 was confirmed. The Claim allowed to the company aggregates to 9.17 Million US Dollars, of which the company has already received an interim disbursement of 1.60 million dollars (17.50% of the claim allowed) during March 2019. Consequently, the provision carried in the books of ₹ 347.03 Lakhs has been written back during the year. The accounting for the balance claim will be made on the receipt of balance amount.

4. PERFORMANCE HIGHLIGHTS OF SUBSIDIARY & ASSOCIATE COMPANY

- **ASSOCIATE COMPANY**

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

  As on March 31, 2019, the Company has an Associate Company. The Consolidated Financial Statements of the Company along with its Associate prepared for the year 2018-19 in accordance with relevant Ind AS issued by ICAI forms part of this Annual Report.

- **SUBSIDIARIES**

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

  Further, pursuant to the provisions of Sec 136 of the Act, the standalone financial statements (including consolidated) of the Company, consolidated financial statements along with relevant documents and separate audited financial statements in respect of subsidiaries are available on the website of the Company www.kitexgarments.com.

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

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

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

  Your company has also sold products worth ₹ 30,417.82 Lakhs to its Associate during the reporting period. Your Company has made investment in Kitex USA LLC of $ 200,000 lakhs in the previous year.

5. KITEX BRAND

At Kitex Garments, we believe in perfection. Its brand reflects passion, values and beliefs. Kitex has launched multi-coloured logo as its identity in international apparel market.

6. 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, 2019, 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, 2019 and of the profit of the Company for the year ended on that date;

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

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

(v) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively; and

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

7. DIVIDEND, DIVIDEND DISTRIBUTION POLICY AND TRANSFER TO RESERVE

Your directors are pleased to recommend for the approval of shareholders a final dividend of 150 % (Re. 1.50 per equity shares of face value of ₹ 1/-). The Final dividend if declared shall be distributed to the members within 30 days from the AGM.

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

The Total outgo on account of dividend inclusive of taxes for FY 2018-19 is ₹ 601.27 lakhs which represents a payout of 7.38 % of the Company's standalone profits.

As per Regulation 43A of the SEBI (Listing Obligations 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 approved and adopted Dividend Distribution policy is available on the Company's Website: viz., www.kitexgarments.com

8. SHARE CAPITAL

The paid-up equity share capital as on 31st March, 2019, was ₹ 6.65 Crores consisting of 6,65,00,000 equity shares of ₹ 1/- each fully paid-up.

9. TRANSFER TO INVESTORS EDUCATION AND PROTECTION FUND

a. Transfer of Unpaid Dividend

Pursuant to the provisions of Sec 124 (5) of the Companies Act, 2013, your Company has transferred ₹ 7,90,103 for the financial year 2010-11 to Investors Education Protection Fund (IEPF) on 03.07.2018. This amount was lying unclaimed/ unpaid with the Company for the period of 7 (seven) years after declaration of final dividend for the FY 2010-11.

b. Transfer of shares underlying unpaid dividend

The Board of Directors at its meeting held on May 18, 2018, transmitted 164,155 equity shares of the Company into the demat account of the IEPF Authority held with CDSL (DPID/ Client ID: 12047200 – 13676780) in terms of the provisions of Sec 124 (6) of the Companies Act, 2013 read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time.

The equity shares were the shares of 26 shareholders whose unclaimed/ unpaid dividend pertaining to FY 2010-11 had been transferred into IEPF and who had not encashed their dividends for 7 (seven) subsequent financial years. The Company has taken various steps by sending reminders requesting them to encash their dividend so as to reduce the limit of unclaimed dividend before transferring the dues to IEPF. The complete list of such shareholders whose shares were due for transfer to IEPF was also placed in investor's relationship section on the website of the Company www.kitexgarments.com.

Further dividend which has become unclaimed for the last 7 years since 2011-12 must be claimed by the concerned shareholders on or before June 10, 2019 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.

10. CAPITAL EXPENDITURE

As on 31st March, 2019, the Fixed Assets stood at ₹ 23,271.19 lakhs and net fixed assets of ₹ 16,387.63 lakhs. Additions during the year amount to ₹ 2,002.83 lakhs.

Phase I expansion of ₹ 241 Crores of capital investment for automation, new Plant & Machinery and other amenities which was approved by the Board of Directors on April 28, 2017. The Board was informed that company had spent ₹ 25 Crores out of approved limit and hence the balance of ₹ 216 Crores is being carried out for implementation of Strategic Road Map 2025. The Vendor successfully tested the automation to the extent of 25% and the delivery had completed and the Balance 75%, the manufacturer is hopeful to deliver the automation soon. The Board of Director has been taking utmost effort to implement the expansion.

11. FUTURE PROSPECTS

The Board of Directors approved remaining investment plan of ₹ 269 Crores out of 910 Crores towards expansion plan for Kitex Garments Strategic Roadmap 2025. This include investment plan of ₹ 241 Crores and ₹ 400 Crores approved earlier at its meeting April 28, 2017 and April 25, 2018 respectively, out of which ₹ 25 Crores has already been utilised. The said investment shall be from internal accruals and borrowings. This investment plan is to be spent over the next 7 years in the Company and its wholly owned subsidiaries. The Board reviewed the roadmap 2025 as prepared by M/s. KPMG. The Board has also requested M/s. KPMG to assist with the evaluation of additional expansion plan for spinning unit, socks, diaper and wet tissue manufacturing.

Status update for Key activities

- Preparation of strategy document – 100% completed
- Incorporation of Wholly owned Subsidiaries - 100% completed
- Land identification – 100% completed
- Preparation of detailed project report – 90% completed
- Machinery and supplier identification – 80% completed
- Land acquisition – 45% completed
- Building and infrastructure planning – 30% completed
- Automation of existing machinery – 30% completed

12. CREDIT RATING

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

13. 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:

- Social Impact Award by Bharathiyar School of Management & Entrepreneur Development Alumni Association on 23.02.2019.
- Top exporter award at Cochin Sea Port 2018 on International Customs day on 25.01.2019.
- Future Kerala entrepreneurial excellence & best CEO awards 2018.

14. CHANGE IN THE NATURE OF BUSINESS

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

15. LISTING

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

16. DEPOSIT FROM THE PUBLIC

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

17. EXTRACT OF ANNUAL RETURN

As per the requirements of Sec 92 (3) of the Act and Rules framed thereunder, the extract of annual return for the FY 2018-19 is given in Annexure – B in the prescribed form MGT 9, which is a part of this report. The same is available on www.kitexgarments.com

18. SECRETARIAL STANDARD

The Company complies with all applicable secretarial standards.

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

During the financial year ended March 31, 2019, no loan, guarantees and investments pursuant to the provisions of Section 186 of the Act and SEBI (LODR) Regulations, 2015, were made by the Company. However Investments covered under the provision of Section 186 of the Companies Act 2013 are given in the notes to financial Statements.

20. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board has appointed Mr. Krishnaraj S. as Chief Financial officer (CFO) and Key Managerial Personnel (KMP) of the Company w.e.f. October 1, 2018 in the place of Mr. Sabu M. Jacob, Chairman and Managing Director who has been additionally holding the responsibility of CFO. Mr. Krishnaraj ceased to be associated with the Company w.e.f. May 20, 2019 due to his personal reasons. Consequent to the cessation, Mr. Sabu M. Jacob was appointed as interim CFO till such time new incumbent joins the Company.

Mr. Mithun B. Shenoy was appointed as Company Secretary and Compliance officer of the Company designated as Key Managerial Personnel w.e.f. November 5, 2018 in the place of immediate past Company Secretary who retired on October 12, 2018 due to his superannuation.

There is no change in the Board of Directors & Key Managerial Personnel of your company during the financial year 2018-19 except as mentioned above.

In accordance with the provisions of the Act and Article 117 & 118 of Articles of Association of the Company, Mr. Sabu M. Jacob (DIN 00046016) Chairman and Managing Director will be retire at the ensuing Annual General Meeting and being eligible, seek reappointment. The Board of Directors recommends their re-appointment. Item seeking his re-appointment along with his 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 Reg 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended from time to time. Based on the confirmation/ disclosure received from the directors, the Non Executive Directors namely Mr. E. M. Paulose, Mr. Benni Joseph and Mr. C. P. Philipose are treated as independent as on March 31, 2019.

Prof. E. M. Paulose and Mr. Benni Joseph were appointed as Independent Directors of the Company w.e.f. January 12, 2015 for a period of 5 consecutive years in the 23rd Annual General Meeting held on June 4, 2015. The said period of five years ends on January 11, 2020. Considering the past performance of Prof. E. M. Paulose and Mr. Benni Joseph as Directors of the Company, their consent and necessary disclosures to continue as Independent Directors of the Company and that they continue to meet criteria of Independence, the Board of Directors, on July 5, 2019, had approved their re-appointments as Independent Directors of the Company for the second term from January 12, 2020 to January 11, 2025, subject to approval of the shareholders and has recommended their re-appointments for approval of the shareholders in the forthcoming Annual General Meeting by way of Special Resolutions.

The Company had approved through Postal Ballot the continuation of directorship of Prof. E. M. Paulose and Mr. C. P. Philipose, non-executive independent directors of the company, who have attained age of above 75 years, from the effective date of the said Amendment Regulations i.e., April 01, 2019 till the expiry of his term i.e., January 11, 2020. The Board of Directors on July 5, 2019 had also approved the re-appointment of Prof. E. M. Paulose as Independent Director of the Company for the second term from January 12, 2020 to January 11, 2025, who has attained the age of 75 years, subject to the approval of the shareholders in the forthcoming Annual General Meeting by way of Special Resolution.

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

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

21. BOARD EVALUATION & FAMILIARISATION PROGRAMME

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

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual Directors pursuant to the provisions of the Companies Act, 2013 and Reg 17 (10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

Further, the Independent Directors of the Company met on February 14, 2019 to review the performance of the Non-executive directors, Chairman of the Company and the access 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.

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

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

Some of the salient features of which are as follows:

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

23. 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.

24. 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.

25. CORPORATE SOCIAL RESPONSIBILITY

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

26. 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.

27. CORPORATE GOVERNANCE

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

28. VIGIL MECHANISM

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

29. RELATED PARTY TRANSACTIONS

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

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

30. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

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

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

32. BUSINESS RISK MANAGEMENT

Your Company continues to strengthen its robust Risk Management Framework and the same was reviewed by the Audit Committee periodically. The Committee meets for focused interaction with business, identifying and prioritizing strategic, operational risk and formulating appropriate mitigation strategies and conducting frequent review of the progress on the management of the identified risk. Your company believes that managing risk helps in maximizing return. The company's approach in addressing business risks includes periodical review of such risks and thereby mitigating it effectively. The risk management framework is reviewed periodically by the Board and the Audit Committee. Some of the risks that the company is exposed to are:

- **FINANCIAL RISKS:**

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

- **COMMODITY PRICE RISKS**

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

- **REGULATORY RISKS**

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

- **HUMAN RESOURCE RISKS**

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

- **STRATEGIC RISKS**

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

33. AUDITORS

33.1. INDEPENDENT AUDITOR

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

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

33.2. SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has re-appointed M/s. SVJS & Associates, Practicing Company Secretaries, Kochi to conduct the secretarial Audit for the financial year 2018-19. The Audit Report issued by the Secretarial Auditors for the said FY form part of this Report and is set out in Annexure - F. The secretarial Audit report does not contain any qualification, reservation, disclaimer or adverse remarks.

33.3. INTERNAL AUDITORS

Messrs. K. Venkitachalam Aiyer & Co, Chartered Accountants continue to be the Internal Auditors of your company for the financial year 2018-19.

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

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

Name of Regulator	Date of levy	Reason for levy	Amount	Company Remarks
SEBI	31.08.2018	Non Redressal of investors complaint of Mr. Madhubhai Patwa	Rs. 11,00,000	The Company has redressed the investor's complaint on time during the period where principle of natural justice was in force. Without considering it, Adjudication officer has passed such order. The matter is now with Securities Appellate Tribunal (SAT), Mumbai. Considering the amount, matter is not considered as material

35. ENVIRONMENT AND SAFETY

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

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

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

The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Act. The Company has filed Annual Report for the year ended December 31, 2018 under the Act with District officer.

36. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

37. GENERAL

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

- Neither the Managing Director nor the Whole-time Directors of the Company 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.

- Company is not required to maintain cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013.

38. ACKNOWLEDGEMENTS

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

For and on behalf of the Board of
Kitex Garments Limited

July 5, 2019
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

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

Sl. No.	1	2	3	4	5	6
Name of the subsidiary:	Kitex Littlewear Ltd	Kitex Babywear Ltd	Kitex Knits Ltd	Kitex Socks Ltd	Kitex Packs Ltd	Kitex Kidswear Ltd
The date since when subsidiary was acquired:	25.09.2018	29.10.2018	29.10.2018	29.10.2018	29.10.2018	17.10.2018
Reporting period for the subsidiary concerned, if different from the holding company's reporting period:	31.03.2019	31.03.2019	31.03.2019	31.03.2019	31.03.2019	31.03.2019
Reporting currency	INR	INR	INR	INR	INR	INR
Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	NA	NA	NA	NA	NA
Share capital:	100.00	10.00	10.00	10.00	10.00	-
Reserves & surplus:	(7.14)	(0.93)	(0.92)	(0.93)	(0.93)	(7.82)
Total assets:	3,391.46	392.09	560.47	560.11	166.32	26.03
Total Liabilities:	3,391.46	392.09	560.47	560.11	166.32	26.03
Investments:	-	-	-	-	-	-
Turnover:	-	-	-	-	-	-
Profit before taxation:	(7.14)	(0.93)	(0.92)	(0.93)	(0.93)	(7.82)
Provision for taxation:	-	-	-	-	-	-
Profit after taxation:	(7.14)	(0.93)	(0.92)	(0.93)	(0.93)	(7.82)
Proposed Dividend:	-	-	-	-	-	-
Extent of shareholding (in %)	100%	100%	100%	100%	100%	100%

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

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

Part "B": Associates and Joint Ventures

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

(Amount in Lakhs)

Sl. No.	Name of Associates/Joint Ventures	KITEX USA LLC
1	Latest audited Balance Sheet Date	31.03.2019
2	Date on which the Associate or Joint Venture was associated or acquired	04.04.2015
3	Shares of Associate/Joint Ventures held by the company on the year end	
	i. No.	4250210.09 shares
	ii. Amount of Investment in Associates/Joint Venture	2776.24
	iii. Extend of Holding %	50%
4	Description of how there is significant influence	More than 20% of total share capital held by the Company
5	Reason why the associate/ joint venture is not consolidated	Not applicable
6	Net-worth attributable to Shareholding as per latest audited Balance Sheet	(23.41)
7	Profit / Loss for the year	
	i. Considered in Consolidation	(982.34)
	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)

Mithun B Shenoy
Company Secretary
(ACS 30796)

May 20, 2019
Kizhakkambalam

ANNEXURE – B

TO THE BOARD'S REPORT

EXTRACT OF ANNUAL RETURN

(Form MGT-9)

As on the financial year ended on March 31, 2019

[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	82.47%
2	Fabrics	2650	17.53%

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)
2	Kitex Babywear Limited, P.B. No. - 5, Kizhakkambalam, Aluva - 683562, Kerala	U18204KL2018PLC055316	Wholly owned Subsidiary	100%	2 (87)
3	Kitex Kidswear Limited, P.B. No. - 5, Kizhakkambalam, Aluva - 683562, Kerala	U18109KL2018PLC055151	Wholly owned Subsidiary	100%	2 (87)
4	Kitex Knits Limited, P.B. No. - 5, Kizhakkambalam, Aluva - 683562, Kerala	U18209KL2018PLC055318	Wholly owned Subsidiary	100%	2 (87)
5	Kitex Littlewear Limited, P.B. No. - 5, Kizhakkambalam, Aluva - 683562, Kerala	U18109KL2018PLC054849	Wholly owned Subsidiary	100%	2 (87)
6	Kitex Packs Limited, P.B. No. - 5, Kizhakkambalam, Aluva - 683562, Kerala	U25209KL2018PLC055321	Wholly owned Subsidiary	100%	2 (87)
7	Kitex Socks Limited, P.B. No. - 5, Kizhakkambalam, Aluva - 683562, Kerala	U18109KL2018PLC055319	Wholly owned Subsidiary	100%	2 (87)

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

i) Category-wise Share Holding as of March 31, 2019

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.	10,290,460	-	10,290,460	15.47	10,385,507	-	10,385,507	15.62	0.14
e) Banks/ FI	-	-	-	-	-	-	-	-	-
f) Any Other									
i. Directors and Relatives of Director	26,154,181	-	26,154,181	39.33	26,370,995	-	26,370,995	39.66	0.33
Sub-total (A) (1) :-	36,444,641	-	36,444,641	54.80	36,756,502	-	36,756,502	55.27	0.47
(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)	**36,444,641**	**-**	**36,444,641**	**54.80**	**36,756,502**	**-**	**36,756,502**	**55.27**	**0.47**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/ FI	37,295	-	37,295	0.06	72,852	-	72,852	0.11	0.05
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s).	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-		-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)		-	-	-		-	-	-	-
Foreign Portfolio Investor (Corporate) Category I	4,499	-	4,499	0.01	-	-	-	-	-0.01
Foreign Portfolio Investor (Corporate) category II	3,112,241	-	3,112,241	4.68	981,918	-	981,918	1.48	-3.20
Foreign Portfolio Investor (Corporate) Category III	158,651	-	158,651	0.24	66,965	-	66,965	0.10	-0.14
Sub -total (B) (1) ;-	**3,312,686**	**-**	**3,312,686**	**4.98**	**1,121,735**	**-**	**1,121,735**	**1.69**	**-3.29**

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	
2. Non-Institutions									
a) Bodies Corp.	7,098,480	132,400	7,230,880	10.87	6,490,309	96,400	6,586,709	9.90	-0.97
b) Individuals			-	-			-	-	
i) Individual Shareholders holding nominal share Capital upto ₹ 1 lakh	8,832,277	1,805,070	10,637,347	16.00	10,872,253	1,517,180	12,389,433	18.63	2.63
ii) Individual shareholders holding nominal share Capital in excess of ₹ 1 lakh	7,459,535	-	7,459,535	11.22	7,789,528	-	7,789,528	11.71	0.50
c) Others (specify)			-	-			-	-	
Overseas Corporate Bodies		-	-	-		-	-	-	-
Clearing Member	62,657	-	62,657	0.09	60,920	-	60,920	0.09	0.01
Market Maker	-	-	-	-	-	-	-	-	-
IEPF	264,835	-	264,835	0.40	428,990	-	428,990	0.65	0.25
Foreign National	1,725	-	1,725	0.00	1,725	-	1,725	0.00	-
Non Resident Indian	896,731	-	896,731	1.35	1,092,755	-	1,092,755	1.64	0.29
HUF	186,163	-	186,163	0.28	-	-	-	-	-0.28
TRUSTS	2,800	-	2,800	0.00	2,800	-	2,800	0.00	0.00
Resident HUF	-	-	-	-	268,903		268,903	0.40	0.40
Sub -total (B) (2):-	**24,805,203**	**1,937,470**	**26,742,673**	**40.21**	**27,008,183**	**1,613,580**	**28,621,763**	**43.04**	**2.83**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**28,117,889**	**1,937,470**	**30,055,359**	**45.20**	**28,129,918**	**1,613,580**	**29,743,498**	**44.73**	**-0.47**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**64,562,530**	**1,937,470**	**66,500,000**	**100.00**	**64,886,420**	**1,613,580**	**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	10,290,460	15.47	-	10,385,507	15.62	-	0.14
2	SABU M JACOB	21,819,800	32.81	-	22,015,606	33.11	-	0.29
3	RENJITHA JOSEPH	4,328,100	6.51	-	4,328,100	6.51	-	-
4	BOBY M JACOB	6,281	0.01	-	27,289	0.04	-	0.03
	Total	**36,444,641**	**54.80**	**-**	**36,756,502**	**55.27**	**-**	**0.47**

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-2018	10290460	15.47	10290460	15.47
	Addition: purchase of shares	95047	0.14	10385507	15.62
	At the end of the Year 31-Mar-2019			10385507	15.62
2	SABU MECKAMKUNNEL JACOB				
	At the beginning of the year 01-Apr-2018	21819800	32.81	21819800	32.81
	Addition: purchase of shares	195806	0.29	22015606	33.11
	At the end of the Year 31-Mar-2019			22015606	33.11
3	RENJITHA JOSEPH				
	At the beginning of the year 01-Apr-2018	4328100	6.51	4328100	6.51
	At the end of the Year 31-Mar-2019			4328100	6.51
4	BOBY M JACOB				
	At the beginning of the year 01-Apr-2018	6281	0.01	6281	0.01
	Addition: purchase of shares	21008	0.03	27289	0.04
	At the end of the Year 31-Mar-2019			27289	0.04

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-2018	4233434	6.37	4233434	6.37
	At the end of the Year 31-Mar-2019			4125428	6.20
2	GOPINATHAN C K .				
	At the beginning of the year 01-Apr-2018	3853825	5.80	3853825	5.80
	At the end of the Year 31-Mar-2019			4069000	6.12
3	ACUMEN CAPITAL MARKET(INDIA) LTD				
	At the beginning of the year 01-Apr-2018	1406345	2.11	1406345	2.11
	At the end of the Year 31-Mar-2019			1152692	1.73
4	VALUEQUEST INDIA MOAT FUND LIMITED				
	At the beginning of the year 01-Apr-2018	1472235	2.21	1472235	2.21
	At the end of the Year 31-Mar-2019			0	0.00
5	JINSHA NATH C K				
	At the beginning of the year 01-Apr-2018	1203999	1.81	1203999	1.81
	At the end of the Year 31-Mar-2019			1203999	1.81
6	SETHUPARVATHY .				
	At the beginning of the year 01-Apr-2018	758346	1.14	758346	1.14
	At the end of the Year 31-Mar-2019			719046	1.08

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
7	RAJALAKSHMI S				
	At the beginning of the year 01-Apr-2018	663494	1.00	663494	1.00
	At the end of the Year 31-Mar-2019			644854	0.97
8	ICG Q LIMITED				
	At the beginning of the year 01-Apr-2018	700000	1.05	700000	1.05
	At the end of the Year 31-Mar-2019			938521	1.41
9	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS				
	At the beginning of the year 01-Apr-2018	264835	0.40	264835	0.40
	At the end of the Year 31-Mar-2019			428990	0.65
10	CAMEL FOODS PVT LTD.				
	At the beginning of the year 01-Apr-2018	6154	0.01	6154	0.01
	At the end of the Year 31-Mar-2019			199933	0.30
11	SONAL APURVAKUMAR GANDHI				
	At the beginning of the year 01-Apr-2018	184072	0.28	184072	0.28
	At the end of the Year 31-Mar-2019			184072	0.28

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, 2019 is considered.

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding		Date	increase/ decrease in share holding	Reason	Cumulative shareholding during the year	
		No. of shares at beginning 01.04.2018/ end of the year 31.03.2019	% of total shares of the Company				No. of shares	% of total shares of the Company
	Shareholding of Director:							
1	Mr. K. L. V. Narayanan	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
2	Mr. Benni Joseph	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
3	Mr. E. M. Paulose	140	0.00	01.04.2018	-	-	140	0.00
		140	0.00	31.03.2019	-	-	140	0.00
4	Mr. C. P. Philipose	1,240	0.00	01.04.2018	-	-	1,240	0.00
		1,240	0.00	31.03.2019	-	-	1,240	0.00
	Shareholding of Key Managerial Personnel:							
1	Mr. Sabu M. Jacob * (Chairman and Managing Director)	21,819,800	32.81	01.04.2018	-	-	21,819,800	32.81
		22,015,606	33.11	31.03.2019	-	-	22,015,606	33.11
2	Ms. Sindhu Chandrasekhar (Whole Time Director)	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
3	Mithun B Shenoy (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 ₹)

Indebtedness at the beginning of the financial year - 01.04.2018	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	77,186,974	-	-	77,186,974
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3,625,977	-	-	3,625,977
Total (i+ii+iii)	**80,812,950**	**-**	**-**	**80,812,950**

Change in Indebtedness during the financial year				
* Addition	890,287,479	-	-	890,287,479
* Reduction	-70,701,345	-	-	-70,701,345
Net Change	**819,586,134**	**-**	**-**	**819,586,134**

Indebtedness at the end of the financial year 31.03.2019				
i) Principal Amount	896,385,537	-	-	896,385,537
ii) Interest due but not paid		-	-	-
iii) Interest accrued but not due	4,013,547	-	-	4,013,547
Total (i+ii+iii)	**900,399,084**	**-**	**-**	**900,399,084**

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of the Managing Director/ Whole Time Director/ Manger		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 Section17(1) of the Income-tax Act, 1961	10,800,000	750,962	11,550,962
	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	-	1,008,431	1,008,431
2	**Stock Option**	-	-	-
3	**Sweat Equity**	-	-	-
4	**Commission:**			-
	- As a % of Profit	57,071,611	-	57,071,611
	- Others, specify	-	-	-
5	**Others, please specify**			-
	Contribution to PF	629,592	21,600	651,192
	Contribution to Gratuity	-	-	-
	Contribution to Superannuation Fund	-	-	-
	Consolidated Allowances	-	-	-
	Total (A)	**68,501,203**	**1,780,993**	**70,282,196**
	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. 13,75,34,940.17		

B. Remuneration to other directors:

(Amount in ₹)

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	280,000	250,000	-	200,000	730,000
	- Commission	-	-	-	-	-
	- Others	-	-	-	-	-
	Total (1)	**280,000**	**250,000**	**-**	**200,000**	**730,000**
2	**Other Non- Executive Directors**					
	- Fees for attending Board/ Committee Meetings	-	-	240,000	-	-
	- Commission	-	-	-	-	-
	- Others	-	-	-	-	-
	Total (2)	**-**	**-**	**240,000**	**-**	**240,000**
	Total (B) = (1+2)	**280,000**	**250,000**	**240,000**	**200,000**	**970,000**
	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	70,282,196				
	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 ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Mr. Krishnaraj, Chief Financial Officer *	Mr. A. Babu, Company Secretary#	Mr. Mithun B Shenoy, Company Secretary$	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,265,525	458,462	302,769	2,026,756
	(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	-	272,720	184,500	457,220
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- As % of profit	-	-	-	-
	- Others, specify	-	-	-	-
5	**Others, please specify**	-	-	-	
	Contribution to PF	-	12,600	9,000	21,600
	Contribution to Gratuity	-	-	-	-
	Contribution to Superannuation Fund	-	-	-	-
	Consolidated Allowances	-	-	-	-
	Total	**1,265,525**	**743,782**	**496,269**	**2,505,576**

* Mr. Krishnaraj S. was appointed as CFO w.e.f. October 1, 2018
\# Mr. A. Babu retired as CS w.e.f. October 12, 2018
$ Mr. Mithun B Shenoy appointed as CS w.e.f. November 5, 2018

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.

Kitex Garments Limited

May 20, 2019
Kizhakkambalam

Sabu M. Jacob
Chairman and Managing Director

ANNEXURE – C

TO DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES – 2018-19

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

A. Brief outline of the company's CSR policy

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

Our vision is – "to effectively contribute to the social and economic development of the communities in which we operate. In doing so we intend to build a better, sustainable way of life for the weaker sections of society and raise the country's human development index".

Our CSR policy includes:

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 web link: 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, 2019 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: ₹ 140,41,51,151

D. Prescribed CSR Expenditure (two per cent of the amount as in Item C above): ₹ 2,80,83,023

E. Details of CSR Spend during the financial year

i. Total amount spent for the financial year: ₹ 5,57,69,163.18/-

ii. Amount Unspent, if any; None.

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

(Amount in ₹)

(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	1,31,352.00	2,60,846.95 (Direct expenditure on Programs)	2,60,846.95	Directly by the Company
2	Education & Knowledge development	Promoting education		34,085.00	67,686.00 (Direct expenditure on Programs)	67,686.00	
3	House construction and colony development	Environment sustainability		52,776.00	1,04,806.31 (Direct expenditure on Programs)	1,04,806.31	
4	Food and nutrition practices at family and community level	Eradicating hunger, poverty and Malnutrition		2,69,70,190.00	5,35,59,224.72 (Direct expenditure on Programs)	5,35,59,224.72	
5	Infrastructure Development	Environment sustainability		8,94,621.00	17,76,599.2 (Direct expenditure on Programs)	17,76,599.2	
Total Spent				**2,80,83,023.00**	**5,57,69,163.18**	**5,57,69,163.18**	

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 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.'

May 20, 2019
Kizhakkambalam

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

Benni Joseph
Member
CSR Committee
(DIN: 01219476)

ANNEXURE – D

TO THE DIRECTOR'S REPORT

PARTICULARS OF CONTRACTS/ARRANGEMENTS WITH RELATED PARTIES

(Form No. AOC-2)

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

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

Sl. No	Name of Related Party	Nature of Relationship	Duration of Contract	Salient Terms (1)	Amount (In Lakhs)
Nature of Contract or arrangement					
Revenue from Sale of goods and services (including expenses recovered)					
1	Kitex Childrenswear Limited	Enterprises owned or significantly influenced by key management personnel or their relatives	ongoing	Based on Transfer Pricing Guidelines	10,070.07
2	Kitex Limited				261.38
3	Anna Aluminum Company (P) Ltd.				0.54
Purchases of goods and services (including reimbursements)					
4	Kitex Childrenswear Limited	Enterprises owned or significantly influenced by key management personnel or their relatives	ongoing	Based on Transfer Pricing Guidelines	2156.89
5	Kitex Limited				1169.77
6	Anna Aluminum Company (P) Ltd.				28.70
Donation					
4	Twenty 20 Kizhakkambalam Association	Enterprises owned or significantly influenced by key management personnel or their relatives	ongoing		700.00
Corporate Social Responsibility Activities					
	Twenty 20 Kizhakkambalam Association	Enterprises owned or significantly influenced by key management personnel or their relatives	ongoing		470.77

Sl. No	Name of Related Party	Nature of Relationship	Duration of Contract	Salient Terms (1)	Amount (In Lakhs)
Revenue from services (including expense recovered)					
	Kitex Littlewear Limited	Enterprises owned or significantly influenced by key management personnel or their relatives	ongoing	Based on Transfer Pricing Guidelines	0.87
	Kitex Kidswear Limited		ongoing		0.80
	Kitex Knits Limited		ongoing		0.70
	Kitex Socks Limited		ongoing		0.70
	Kitex Packs Limited		ongoing		0.70
	Kitex Babywear Limited		ongoing		0.70
Investments made					
15	Kitex USA LLC	Enterprises owned or significantly influenced by key management personnel or their relatives	Refer No. (2) as below		129.97
Sales - Ready Made Garments					
16	Kitex USA LLC	Enterprises owned or significantly influenced by key management personnel or their relatives	Ongoing	Based on Transfer Pricing Guidelines	30,417.82

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, 2019, Company has invested $ 4250210.09 constituting 50% of total capital of the Investee Company

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

Kizhakkambalam
May 20, 2019

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) All Yard Lighting Luminaire of the Premises have been changed from 400W Metal Halide to 100W LED.

b) Motors of AHUs and Chiller Unit are now controlled and operated with VFD, thus achieving ample saving in energy cost.

c) Replacing of all Motors which are re-wound more than 3 times with new one.

d) Conducting periodical "Awareness/Orientation classes to the technicians, workers and other concerned to pass on a clear message on the importance of preserving energy and to take manual steps to switch off light and power wherever it is not required.

e) All 13W PL Lamps of Toilet Blocks were replaced with 5W LED Lamps. Similarly 14W CFL of Gents Hostel were replaced with 7W LED.

f) For Pneumatic Lines of compressed air system, "Floor wise Valve" control has been introduced so as to control air supply and to achieve reduced usage of compressor.

g) Conducting periodical "Thermal imaging" on Switch Gears, Bus Bars and Cable termination to understand loose connection, if any, and thereby avoiding chances overheating and insulation failures.

h) Installed "Solar Water Heating System" for 'Canteen Use' and thereby dependency on usage of LPG and other sources of Heating is reduced.

i) Steps were initiated to use "Canteen Waste" for the generation of 'Bio gas"

j) Decision is taken to procure only energy efficient Motors whenever requirement for new Motors or replacing existing Motors are coming.

k) Steps were initiated to switch off Electric Lamps on areas where adequate natural light is available during day time.

l) Usage of water is restricted/regulated by closing respective valves at different intervals. This is being carried-out without creating any difficulty for the end user.

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

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

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

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

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

iii. Capital investment on energy conversation equipment: NIL

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

POWER & FUEL CONSUMPTION	Year Ended 31.03.2019	Year Ended 31.03.2018
Electricity		
a) Purchased		
Units (KWH)	19517975 units	17453922 units
Total Amount (Rs.)	11,90,24,066	10,84,54,837
Cost/Unit (Rs./ KWH)	6.10	6.21
b) Own generation		
Through Diesel Generator		
Units (KWH)	326218 units	89213 units
Total Amount (Rs.)	71,12,823	18,13,717.8
Cost/Unit (Rs. / KWH)	21.80	20.33
Fuel		
a) Furnace Oil		
Quantity (KL)	2097 KL	2441 KL
Total Amount (Rs.)	7,48,65,547	6,63,47,092
Cost/Unit (Rs. KL)	35,701	27,180
b) Firewood		
Quantity (MT)	19975 MT	16297 MT
Total Amount (Rs.)	5,30,38,887	4,39,47,263
Cost/Unit (Rs. MT)	2,655	2,697
c) Diesel		
Quantity (KL)	24 KL	1.88 KL
Total Amount (Rs.)	16,55,634	1,14,960
Cost/Unit (Rs. KL)	68,985	61,148.93

B. Technology Absorption

i. The efforts made towards technology absorption

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

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

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

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

Loop steamer machinery's thermo-cure technology enables to obtain excellent quality of finishing results of printed farics in brilliant colours while saving a lot of energy. Multiple applications like saturated steam, super-heated steam and hot air polymerizing are some added advantages of the machine. PLC touch screen control enables easy and quick adjustments on machine with low noise. With value addition in fabrics, the machinery is highly efficient in steam consumption and easy maintenance.

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

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

iv. Expenditure incurred on research and development

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

C. Foreign exchange Earnings and Outgo

(Rs. in lakhs)

Sl. No.	Particulars	2018-19	2017-18
1	Earnings on account of Exports	46,671.61	42,420.38
2	Outgo on account of Imports & Expenditure	7,178.78	145.78

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

Kizhakkambalam
May 20, 2019

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

ANNEXURE – F

TO THE DIRECTOR'S 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 31.03.2019, 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 31.03.2019 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) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 and The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to the extent applicable.

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

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

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

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

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

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.

Further, We report that during the period under review, on our verification, we noted that a penalty of Rs. 11 Lakhs under Sections 15 HB and 15C of the Securities and Exchange Board of India Act, 1992 vide Adjudication Order dated 31.08.2018 was levied for delaying settlement of an investor grievance of an earlier year for which the company has filed an appeal before the Securities Appellate Tribunal.

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

For **SVJS & Associates**
Company Secretaries

Sd/-
CS.Vincent P. D.
Managing Partner
CP No: 7940, FCS: 3067

Kochi
20.05.2019

ANNEXURE – A TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

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

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

1. Maintenance of the Secretarial records is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to express an opinion on these records, based on our audit.
2. During the audit, we have followed the 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 2019 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.

For **SVJS & Associates**
Company Secretaries

Sd/-
CS.Vincent P. D.
Managing Partner
CP No: 7940, FCS: 3067

Kochi
20.05.2019

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	491.60 : 1
		Mr. Benni Joseph, Independent Director	2.01 : 1
		Mrs. Sindhu Chandrasekhar	12.78 : 1
		Prof. E. M. Paulose, Independent Director	1.79 : 1
		Mr. K L V Narayanan, Director	1.72 : 1
		Mr. C. P. Phillipose, Director	1.44 : 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	19.58%
		Mr. Benni Joseph	21.74%
		Prof. E. M. Paulose	31.58%
		Mr. K L V Narayanan	9.09%
		Mr. C. P. Phillipose	5.26%
		Mrs. Sindhu Chandrasekhar	0.43%
		Mr. Krishnaraj S.#	NA
		Mr. Mithun B Shenoy, Company Secretary $	NA
3	The percentage Increase/ Decrease in the median remuneration of employees	7.85%	
4	The number of permanent employees on the rolls of company	4326	
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, 2019**
		Average increase in remuneration of emloyees excluding KMP	6.85%
		Average increase in remuneration of KMP	22.01%
6	Affirmation that the remuneration is as per the remuneration policy of the company.	Remuneration paid during the year ended March 31, 2019 is as per the Remuneration policy of the Company	

Krishnraj S. CFO joined the Company w.e.f. Oct 1, 2018. Hence no comparison has been made.

$ Mithun b Shenoy, Company Secretary joined the Company w.e.f. Nov 5, 2018. Hence no comparison has been made.

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

Kizhakkambalam
May 20, 2019

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 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	57	Graduate	Employee	Managing Director	16.08.1993	36	6,85,01,203	Executive Director – Kitex Limited	33.11%	No

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

Kizhakkambalam
May 20, 2019

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

CORPORATE GOVERNANCE REPORT

"Corporate Governance is the acceptance by management of the inalienable rights of shareholders as the true owners of the corporation and of their own role as trustees on behalf of the shareholders. It is about commitment to values, about ethical business conduct and about making a distinction between personal and corporate funds in the management of a company." - Report of N. R. Narayana Murthy Committee on Corporate Governance constituted by SEBI (2003)

Your Directors present the Company's Report on Corporate Governance for the year ended March 31, 2019 in terms of regulations 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 of our stakeholders. The Company's Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons and Immediate Relatives of Designated Persons & Code of Practices and Procedures for Fair Disclosure of UPSI are an extension of our values and reflect our commitment to ethical business practices, integrity and regulatory compliance.

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

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

The Board of Directors is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interest of all stakeholders. The Company continues to focus its resource, strengths and strategies to achieve the vision of becoming 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:

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

BOARD COMMITTEES: The 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, 2019 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, 2019 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)		Directorship in other listed entity (Category of Directorship)	No of shares or convertible Instruments
				Chairman	Member		
Executive and promoter Directors							
Mr. Sabu M Jacob (DIN 00046016)	27.04.1994	Promoter/ Exe. Chairman & MD	9	-	-	-	2,20,15,606
Ms. Sindhu Chandrasekhar (DIN 06434415)	16.03.2015	Executive Director (Woman Director)	8	1	1	-	-
Non Executive Independent Directors							
Mr. Benni Joseph (DIN 01219476)	12.01.2015	Independent Director	7	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	-	-	-	-	1240
Non Executive Non Independent Director							
Mr. K.L.V. Narayanan (DIN 01273573)	04.04.2013	Non-Executive Director	2	-	-	Victory Paper & Boards (India) Ltd. (Executive Director)	-

Notes:

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

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

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

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

2. A. 2. INDEPENDENT DIRECTORS

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

2. A. 3. BOARD MEETINGS

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

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

In the financial year 2018-19, the Board met seven times. The meetings were held on April 25, 2018, May 18, 2018, July 2, 2018, August 13, 2018, October 12, 2018, November 5, 2019 and February 14, 2019. 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 July 28, 2018
1.	Mr. Sabu M Jacob (Chairman & MD)	7 of 7	Present
2.	Ms. Sindhu Chandrasekhar	7 of 7	Leave sought
3.	Mr. Benni Joseph	7 of 7	Present
4.	Prof. E M Paulose	7 of 7	Leave sought
5.	Mr. C P Philipose	6 of 7	Present
6.	Mr. K L V Narayanan	7 of 7	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 departments.

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 have a one to one discussion with the newly appointed Director to familiarize him with the Company's operations. Further, on an ongoing basis as a part of Agenda of Board/ Committee meetings, presentations are regularly made to the Independent Directors on various matters inter-alia covering the Company's and associates businesses and operations, industry and regulatory updates, strategy, finance, risk management framework, role, rights, responsibilities of the Independent Directors under various statutes and other relevant matters. 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. A. 9. CHART SETTING OUT THE SKILLS/ EXPERTISE/ COMPETENCE OF BOARD OF DIRECTOR

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

a. Finance & Accounting Competence

   (Exposure in handling financial management of a large organization along with understanding financial statements)

b. Leadership quality in running large enterprise

   (*Expertise in leading well-governed large organization with an understanding of organizational structure and its environment, risk management and emerging local & global trends)*

c. Understanding use of latest technology in textile sector:

   (Understanding the use of latest technology across textile sector and ability to anticipate technology driven changes and disruption impacting the business)

d. Expertise in understanding of changing regulatory framework

   (Expertise in handling large public companies with high governance standard and understanding of changing regulatory framework)

e. Exposure in setting the Business Strategies

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

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 Regulations 18 of the Listing Regulations. All members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, Economics, Risk and International finance. It functions in accordance with its terms of reference that defines its authority, responsibility and report function. Audit Committee comprised of 3 directors viz., Mr. Benni Joseph, as the Chairman, Prof. E M Paulose and Mr. C P Philipose as members of the Committee.

➢ **MEETINGS AND ATTENDANCE**

The Audit Committee met seven times during the financial year 2018-19. The maximum gap between two meetings was not more than 120 days. The Committee met on April 25, 2018, May 18, 2018, July 2, 2018, August 13, 2018, October 12, 2018, November 5, 2018 and February 14, 2019. The requisite quorum was present at all the meetings. The Audit Committee authorized Mr. C P Philipose to be present at the 27th 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	7	7	6

Mr. Sabu M. Jacob, Chairman & Managing Director and Interim Chief Financial Officer and Ms. Sindhu Chandrasekhar, Executive Woman Director are permanent invitees to the Audit Committee meeting. The Independent 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.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity including any other services rendered by them.
- Reviewing with the management, the annual financial statements and auditor's Report thereon before submission to the Board for approval, with particular reference to:
  - i. Matters required to be included in the Directors Responsibility Statement to be included in the Board Report in terms of Section 134 of the Act.
  - ii. Changes, if any, in accounting policies and practices and reason for the same.
  - iii. Major accounting entries involving estimates based on the exercise of judgment by management.
  - iv. Significant adjustments made in the financial statements arising out of audit findings.
  - v. Compliance with listing and other legal requirements relating to financial statements.
  - vi. Disclosure of any related party transactions.
  - vii. Modified opinion in the draft audit report.
    - Reviewing with the management, the quarterly financial statements before submission to the board for approval.
    - Reviewing and monitoring the auditors independence and effectiveness of audit process
    - Approval or subsequent modification of transactions of the listed entity with related parties.
    - Scrutiny of inter-corporate loans and investments.
    - Valuation of undertakings or assets of the listed entity wherever it is necessary.

- Evaluation of internal financial controls and risk management systems.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with Independent auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the whistle blower mechanism.
- Approval of appointment of Chief Financial officer after assessing the qualifications, experience and background etc.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing the utilization of loan and/ or advances from/ investment by the holding company in the subsidiary exceeding ₹ 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on the date of coming into force of this provisions.

The Audit Committee shall mandatorily review the following information:

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

➢ **COMPOSITION**

The Nomination and Remuneration Committee comprises of 3 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 Nomination and Remuneration Committee is in accordance with the provisions of Section 178 of the Companies Act, 2013 and Reg 19 of the Listing Regulations. The Company Secretary shall act as Secretary to the Committee.

➢ MEETING AND ATTENDANCE

The Nomination and Remuneration Committee met four times during the year on May 18, 2018, August 13, 2018, November 5, 2018 and February 14, 2019. 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.
- Recommend to the Board, all the remuneration, in whatever form, payable to 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 2018-19 was ₹ 9.70 lakhs. The Non-Executive Director/ Independent Directors do not have any pecuniary relationship or transactions with the Company.

B. REMUNERATION OF EXECUTIVE DIRECTORS

The appointment and remuneration including annual increments if any, of Executive Directors including Chairman and Managing Director and Whole-time Director is governed by the recommendation of the Remuneration & Nomination 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 is aimed at attracting and retaining high caliber talents. Presently, the Company does not have a stock option schemes for its Directors. The Nomination and Remuneration Policy of the Company is displayed on the Company's website www.kitexgarments.com

DETAILS OF REMUNERATION PAID TO DIRECTORS FOR THE YEAR ENDED MARCH 31, 2019

Name of the Director	Term of appointment	Salary	Perquisites	Retiral Benefits	Commission	Others: contribution to PF	Performance Bonus	Total	Stock option granted
Mr. Sabu M Jacob Chairman & Managing Director	5 years from 16.08.2015 to 15.08.2020	1,08,00,000	-	-	5,70,71,611	6,29,592	-	6,85,01,203	-
Ms. Sindhu Chandrasekhar, Executive Director	5 years from 16.03.2015 to 15.03.2020	7,50,962	-	-	-	21,600	10,08,431	17,80,993	-

PERFORMANCE EVALUATION

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

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

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

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

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

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

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

2.B.3. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee oversees the following:

a. redressal of security holder's complaints relating to share transfers/ transmission, non-receipt of annual reports, non receipt of declared dividend, issue of new/ duplicate share certificates, general meeting etc.

b. Review of measure taken for effective exercise of voting rights of shareholders.

c. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar.

d. Review of various measures and initiative taken by the listed entity for reducing quantum of unclaimed dividend and ensuring timely receipt of dividend warrants/ annual Report/ statutory notices to the shareholders by the Company.

This Committee consists of 4 Directors viz., Mr. K. L. V. Narayanan as Chairman, Mr. Sabu M. Jacob, Mr. Benni Joseph and Ms. Sindhu Chandrasekhar as the members.

Mr. Mithun B Shenoy, Company Secretary shall act as Compliance Officer of the Committee.

During the year, the Committee met on 3 times viz., May 18, 2018, August 13, 2018 and November 5, 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. Details of share transfers/ transmissions approved by the Directors and Officers are placed before the Board.

Attendance at Stakeholders' Relationship Committee meetings is as below:

Composition	Mr. K.L.V. Narayanan	Mr. Sabu M. Jacob	Ms. Sindhu Chandrasekhar	Benni Joseph
No. of Meetings attended	3	3	3	-

Status of investor complaints is as below:

No. of investor queries/ complaints received from April 01, 2018 to March 31, 2019	No. of complaints not solved to the satisfaction of shareholders
Nil	1*

** Nil as per company records. This cannot be redressed due to various legal impediments. For more details, please refer Sl no. 6.3 of this report.*

As on March 31, 2019, 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.
- Formulate and implement the BR policies in consultation with the respective stakeholders.
- Establish a monitoring mechanism to ensure that the funds contributed by the Company are spent for the intended purpose only.

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

  During the year, the Committee met 3 times viz., May 18, 2018, August 13, 2018 and February 14, 2019. 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	3	3	3	2

2.B.5. INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on February 14, 2019 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	26th	2018	28.07.2018	10.00 A.M	Nil	Building No. 9/536 A, Kizhakkambalam, Kochi 683 562. Kerala
2	25th	2017	19.06.2017	10.00 A.M		
3	24th	2016	10.06.2016	10.00 A.M		

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 resolutions on "Continuation of directorship of Mr. E. M. Paulose & Mr. C. P. Philipose, non executive directors of the Company who have attained the age of 75 years on April 1, 2019. The details of the results were published in the leading newspapers and is available on the company's website www.kitexgarments.com

Date of Postal Ballot Notice : 14.02.2019	Voting period : March 1, 2019 to March 31, 2019
Date of declaration of result . : 01.04.2019	Date of Approval : 01.04.2019

Name of the resolution	Type of resolution	No of votes polled	Votes cast in favor		Votes cast against	
			No of votes	%	No of votes	%
Continuation of directorship of Mr. E. M. Paulose, Non Executive Independent director who has attained the age of 75 years	Special Resolution	37117768	36840640	99.25	277128	0.75
Continuation of directorship of Mr. C. P. Philipose, Non Executive Independent director who has attained the age of 75 years	Special Resolution	37117438	36840310	99.25	277128	0.75

Mr. P. D. Vincent, Managing Partner 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:

The Company also issues presentations made to the analysts after the declaration of the quarterly, half yearly and annual results are submitted to the BSE and NSE as well as uploaded on the Company's website. FAQ giving details about the company and its shares is uploaded on the Company's website.

5. GENERAL SHAREHOLDER INFORMATION:

5.1. ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR 2018-19

Day and Date	Wednesday, August 28, 2019
Time	10.00 A.M
Venue	Building No. 9/536A, Kizhakkambalam, Kochi 683 562, Kerala
Financial Year	April 1, 2018 to March 31, 2019
Book Closure	August 21, 2019 to August 28, 2019
Last date for Receipt of Proxy	August 26, 2019
E-voting starts	Sunday, August 25, 2019 at 9 A.M.
E-Voting ends on	Tuesday, August 27, 2019 at 5 P.M.
Results of E-Voting on	On or before August 30, 2019 at 10:00 AM
Dividend payment date	on or before September 25, 2019

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 30.06.2019	on or before Second week of August, 2019
Un-audited Q2 and half year ending 30.09.2019	on or before Second week of November, 2019
Un-audited Q3 and Nine months ending 31.12.2019	on or before Second week of February, 2020
Audited Results for the year ending 31.03.2020	on or before Third week of May, 2020

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 2019-20.

5.4. MARKET PRICE DATA

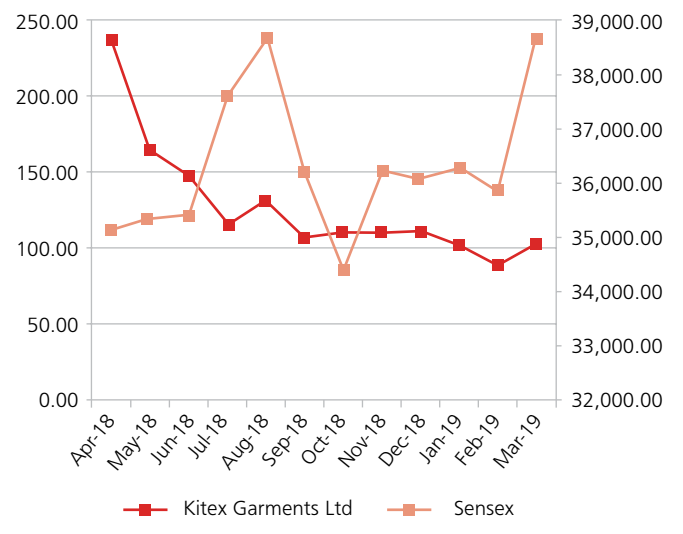
Market Price and Volume of the Company's Shares of face value of Re. 1 each traded in the major stock exchanges where Company's shares are listed during the financial year 2018-19:

Year (2018-19)	BSE (Amount in ₹)		NSE (Amount in ₹)		Volume (nos.)	
Months	**High**	**Low**	**High**	**Low**	**BSE**	**NSE**
April	252.65	227.75	252.70	225.55	1,15,446	9,90,264
May	249.70	163.00	242.00	163.55	1,98,733	19,64,440
June	172.10	143.05	172.80	145.00	2,12,754	14,88,729
July	160.00	97.75	159.00	98.15	8,23,321	62,58,294
August	137.90	117.10	138.00	116.00	6,18,302	54,02,419
September	134.00	105.00	133.80	107.65	2,30,140	15,12,205
October	124.00	98.10	123.90	100.00	3,37,493	15,70,496
November	127.45	108.05	127.90	108.00	1,82,068	16,26,332
December	115.90	103.85	116.15	103.65	96,923	8,54,667
January	114.00	97.95	112.50	97.90	79,657	8,47,301
February	104.45	88.00	104.75	87.65	84,068	8,58,539
March	111.90	89.40	111.45	88.65	2,44,864	24,73,993

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 2018-19 IS AS BELOW:

Month (FY 2018 -19)	Kitex Garments Ltd	Sensex
Apr-18	237.25	35,160.36
May-18	164.80	35,322.38
Jun-18	148.30	35,423.48
Jul-18	116.70	37,606.58
Aug-18	130.85	38,645.07
Sep-18	106.55	36,227.14
Oct-18	110.65	34,442.05
Nov-18	109.70	36,194.30
Dec-18	111.00	36,068.33
Jan-19	102.35	36,256.69
Feb-19	89.05	35,867.44
Mar-19	102.00	38,672.91



5.6. SHARE TRANSFER PROCESS

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

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

5.7. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2019

Range	No. of Shareholders	No. of Shares held	% of shareholding
1 and 1000	36535	9866716	14.84
5001 and 10000	212	1508155	2.27
10001 and 20000	101	1458864	2.19
20001 and 30000	25	600858	0.90
30001 and 40000	9	324270	0.49
40001 and 50000	3	132998	0.20
50001 and 10000	18	1349836	2.03
100001 and Above	26	51258303	77.08
Total	**36929**	**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, 2019, 64886420 shares of the company, constituting 97.57 % were in dematerialized form.

5.9. CATEGORIES OF SHAREHOLDING AS ON MARCH 31, 2019:

Category	No. of Shareholders	No. of Shares held	% Shareholding
Resident	34881	20447864	30.75
Financial Institutions	1	14012	0.02
NRI	1566	1092755	1.64
Corporate Body	404	16972216	25.52
Clearing Member	53	60920	0.09
Trusts	1	2800	0.00
Bank	2	58840	0.09
FPI	7	1048883	1.58
Alternative Investment Fund	-	-	-
Directors/relative	8	26370995	39.66
IEPF	1	428990	0.65
Foreign National	5	1725	0.00
Total	**36929**	**66500000**	**100.00**

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

As of March 31, 2019, 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

5.14. CREDIT RATING

The Company has obtained rating from ICRA during the year ended March 31, 2019.

Instruments	Current Rated Amount	Rating	outlook
Fund-based - Term Loans	5.34 Crs	AA-	Reaffirmed
Fund-based - Working Capital Facilities	117.00 Crs	A1+	Reaffirmed
Non-fund Based-Working Capital Facilities	20.00 Crs	A1+	Reaffirmed
Unallocated facilities	37.68 Crs	AA-	Stable

6. OTHER DISCLOSURE

6. 1. RELATED PARTY TRANSACTIONS

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

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

Name of the party	Type of transaction	Limits upto which the amounts are approved	Sanction given by Shareholders through
M/s. Kitex Childrenswear Limited	Sale, purchase and service rendered	Rs.150 Crores each financial year	Annual General meeting held on 19.06. 2017
M/s. Kitex USA LLC	Sales of Garments	Rs.300 Crores each financial year	Postal Ballot dated 07.02.2018

6. 2. SUBSIDIARY COMPANIES

The Company has 6 wholly owned subsidiaries during the year under review. The minutes of all the subsidiaries of the Company are placed before the Board of Directors of the Company. The details of the policy for determining "material subsidiaries are made available on the website of the Company viz. www.kitexgarments.com.

6. 3. STATUTORY COMPLIANCE, PENALTY AND STRICTURES

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

On August 31, 2018, (received by us on September 14, 2018), the Company received the SEBI order imposing penalty of ₹ 11 Lakhs under Sections 15 HB and 15C of the SEBI Act, 1992 vide Adjudication Order dated 31.08.2018, for delaying settlement of investor grievances, for which company has filed an appeal before the Securities Appellate Tribunal, Mumbai. Please note that on August 31, 2018, the Company had resolved the grievance of Mr. Madhubhai Patwa, shareholder by transferring 12000 shares plus 4800 bonus shares to his demat account no. and also by remitting an amount of ₹ 1,20,720/- to his bank account being the dividend for the period from 2005-06 to 2017-18. The aforesaid transfer of shares and payment of dividend amount is in consonance with the demand of the said shareholder.

6. 4. VIGIL MECHANISM/WHISTLE BLOWER POLICY

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

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

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

SEBI 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. 6. POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

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

6. 7. POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

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

6. 8. DISCLOSURE OF ACCOUNTING TREATMENT

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

6. 9. Auditors' Remuneration

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

Particulars	Amount (Rs. In lakhs)
Payment to Statutory Auditors	18.44
Payment to all the entities in the Statutory Auditors network firms	-
Total	18.44

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

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

6.11. 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.

6.12. CERTIFICATE FROM CEO/CFO

The CEO certification of the financial statements for the year has been submitted to the Board of Directors, in its meeting held on May 20, 2019 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations.

6.13. OBSERVANCE OF THE SECRETARIAL STANDARDS ISSUED BY THE ICSI

The Institute of Company Secretaries of India (ICSI), one of the India's premier professional bodies has issued Secretarial Standards on important aspects like Board Meetings, and General Meetings under series SS-1 and SS-2 which came into force from 1st July, 2015 upon endorsement of the same by Ministry of Corporate Affairs by notification and your company adheres to these standards where ever applicable. The other standards like Payment of Dividend, Maintenance of Registers 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.

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

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

No personnel has been denied access to the Audit Committee.

7. OTHER USEFUL SHAREHOLDERS INFORMATION

7.1 GREEN INITIATIVE

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

7.2 CHANGE IN ADDRESS AND FURNISHING BANK DETAILS

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

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

To prevent fraudulent encashment of dividend warrants, Shareholders, who hold shares in physical form, should provide their Bank Account details to the Company's RTA, while those Shareholders who hold shares in 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 2010-11 to the Investor Education and Protection Fund as applicable. Details of such unclaimed/ unpaid dividend transferred upto 2011-12 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 2011-12 to 2017-18 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 2011-12 will be transferred to the Investor Education and Protection Fund on or before July 5, 2019 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
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
2017-18 (Final)	963	7,65,427.50	1.15	28.07.2018	01.09.2025

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	2,44,500	6,06,753.75
2009-10	40	828	1932	12,700	2,77,817.00
2010-11	26	980	175	1,63,000	7,90,103.00

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.

The status of the aforesaid unclaimed shares, as on March 31, 2019 is given below:

Particulars	No. of Shareholders	No. of Shares
Aggregate number of Shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on April 1, 2018	496	632380
Number of Shares transferred in favour of IEPF Authority from the Unclaimed Suspense Account during FY 2018-19	-	-
number of shareholders who approached listed entity for transfer of shares from suspense account during the FY 2018-19	-	-
Number of Shareholders / legal heirs to whom the shares were transferred from the Unclaimed Suspense Account during FY 2018-19	-	-
Aggregate number of Shareholders and outstanding shares held in the Unclaimed Suspense Account as on March 31, 2019	496	632380

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

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

7.7 ENCASH DIVIDEND PROMPTLY

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

7.8 QUOTE FOLIO NO. / DP ID NO.

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

1. FORMAT FOR REGISTERING EMAIL ID

DP/Client ID / Folio No:

Name of the sole / first holder:

Postal Address:

Email Address:

Signature

.....

2. FORMAT OF MANDATE FOR PAYMENT OF DIVIDEND BY NECS / NEFT

Folio No:

Name of the sole / first holder:

Postal Address:

Email Address:

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

Bank Name

Branch Name:

Branch Address:

MICR code:

IFSC code:

Account Type:

Account No:

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

Photocopy of Bank Pass Book / Bank Statement

Photocopy of a Blank cheque leaf of the account

Signature

.....

3. FORMAT FOR CLAIMING UNPAID DIVIDENDS OF PREVIOUS YEARS

DP / Client ID / Folio No:

Name of the sole / first holder:

Postal Address:

Years for which dividend not received:

Signature

.....

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, 2019 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**

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

May 20, 2019
Kizhakkambalam

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such Statutory Authority.

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

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

For SVJS & Associates
Company Secretaries

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

Kochi
20.05.2019

CEO'S/ CFO'S CERTIFICATE

I, Sabu M. Jacob, Chairman and Managing Director and Interim CFO of the Company, to the best of my knowledge and belief, certify that:

a. I have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2019 and that to the best of my knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c. I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have disclosed, to the auditors and the Audit Committee, wherever applicable, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to be taken to rectify these deficiencies.

d. I have indicated to the auditors and the Audit Committee, wherever applicable,

   i. significant changes in internal control over financial reporting during the year;

   ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii. Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For **Kitex Garments Limited**

May 20, 2019
Kizhakkambalam

Sabu M. Jacob
Chairman and Managing Director & Interim CFO

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KITEX GARMENTS LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Kitex Garments Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

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

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

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

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

Key Audit Matters

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

Revenue:	
Key Audit Matter	**How the Key Audit Matter was addressed in our audit**
Refer to note 1.12 'Revenue recognition' to the standalone financial statements. Revenue is recognised on satisfaction of performance obligation upon transfer of control of promised products to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products. In terms of the application of the new revenue accounting standard Ind AS 115 (Revenue from Contracts with Customers), control is transferred either when the product is delivered to the customer's site or when the product is shipped, depending on the applicable terms. The Management has exercised judgement in applying the revenue accounting policy while recognising revenue.	We have performed the following principal audit procedures in relation to revenue recognized: • Understood the revenue recognition process, evaluated the design and implementation, and operating effectiveness of internal controls including relevant information technology controls relating to revenue recognised; • identifying the nature of the revenues and identification of any unusual contract terms; • We performed substantive procedures on a sample of transactions for revenue stream from source data through to general ledger to test that appropriate revenue recognition had been applied. • We have evaluated the delivery and shipping terms of the contracts for revenue recognised during the period. Our testing included tracing the information to agreements and payments; • We performed other substantive, transactional testing and analytical procedures to validate the recognition of revenue throughout the year. • Tested sample transactions around the period end to ensure they were recorded in the correct period; and • Tested journal entries posted to revenue accounts focusing on unusual or irregular items, if any
Inventory:	
Key Audit Matter	**How the Key Audit Matter was addressed in our audit**
Refer to note 1.6 'Inventories' to the standalone financial statements. The total value of inventory as of March 31, 2019 amounted to ₹ 12,888 lakhs representing 16.40% of the total assets (2018: 8,782 Lakhs, 14.22% of the total assets). Inventories are measured the lower of cost and net realisable value. The valuation of inventory is dependent on establishing appropriate valuation controls. We focused on this area as Management judgement is applied to estimate the appropriate write-down for obsolete inventories and the indirect production costs manually capitalised as inventory. These judgements are key elements in the valuation of inventories.	We have performed the following principal audit procedures in relation to Inventory valuation: • We tested relevant internal controls that the Company uses to ensure proper valuation of inventory, including the procedures for write-down of obsolete inventory and the indirect production costs manually capitalised as inventory. • We tested the adequacy of write-downs for excess and/or obsolete inventory by verifying future demand data, historical usage, historical accuracy of write-downs and management's plans to utilise the inventory. • We evaluated the significant judgements and estimates made by Management in applying Company's accounting policy in relation to indirect production costs. • We assessed the Company's disclosures in the financial statements in respect of inventory.

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

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

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

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

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

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

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

Other Matter

The comparative financial information of the Company for the year ended March 31, 2019 prepared in accordance with Ind AS included in the Statement have been audited by the predecessor statutory auditors who had audited the Standalone financial statements for the relevant periods. The report of the predecessor statutory auditor dated May 18, 2018 on the comparative financial information for the year ended March 31, 2018 expressed an unmodified audit opinion on those standalone financial statements.

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 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
   (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 2.39.1 to the standalone financial statements;
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

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

Geetha Jeyakumar
Partner
Membership No.: 29409

Place: Kochi
Date: May 20, 2019

ANNEXURE – A

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Geetha Jeyakumar
Partner
Membership No.: 29409

Place: Kochi
Date: May 20, 2019

ANNEXURE – B

TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KITEX GARMENTS LIMITED FOR THE YEAR ENDED MARCH 31,2019

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

i.(a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment).

(b) Some of the fixed assets (Property, Plant and Equipment) were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.

(c) According to the information and explanation given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

Immovable properties of land and buildings whose title deeds have been pledged with banks as security for term loans, are held in the name of the Company based on the Mortgage deed executed between the bank and the Company for which confirmations have been obtained from respective bankers.

ii. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on verification between the physical stock and the book records.

iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of investments. The company has not given any loans, guarantees or securities.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits falling under the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules made thereunder and hence reporting under clause (v) of the Order is not applicable.

vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.

vii.(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and any other statutory dues applicable to it. There were no undisputed statutory dues in arrears as at March 31,2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax, customs duty, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
The Customs Act, 1962	Customs Duty and interest	220.26	1996-97 to 1997-98	Honourable Supreme Court
The Customs Act, 1962	Customs Duty and interest	2,937.04	2010-11 to 2017-18	Honourable High Court of Kerala
Income Tax Act, 1961	Penalty	33.91	2010-11	Commissioner of Income tax (Appeals)
Income Tax Act, 1961	Income tax dues	116.94	2015-16	Commissioner of Income tax (Appeals)

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company does not have any loans or borrowings from financial Institutions and has not issued any debentures.

ix. In our opinion, according to the information explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

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

Geetha Jeyakumar
Partner
Membership No.: 29409

Place: Kochi
Date: May 20, 2019

ANNEXURE – C

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

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

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

We have audited the internal financial controls with reference to standalone financial statements of Kitex Garments Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls With Reference to Standalone Financial Statements

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

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

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

Opinion

In our opinion, the Company has, in all material respects, internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

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

Geetha Jeyakumar
Partner
Membership No.: 29409

Place: Kochi
Date: May 20, 2019

STANDALONE BALANCE SHEET
AS AT MARCH 31, 2019

(Rupees in Lakhs)

Sl No.	Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
I	**ASSETS**			
1	**Non-current assets**			
	(a) Property, plant and equipment	2.01A	16,387.65	17,129.78
	(b) Capital work-in-progress	2.01B	3,763.58	3,201.36
	(c) Other intangible assets	2.01C	49.93	34.51
	(d) Intangible assets under development	2.01D	223.25	200.28
	(e) Financial assets			
	(i) Investments	2.02	2,922.92	2,652.96
	(ii) Other financial assets	2.03	5,146.56	166.95
	(f) Non-current tax assets	2.04	275.93	275.93
	(g) Other non-current assets	2.05	316.90	403.17
2	**Current assets**			
	(a) Inventories	2.06	12,888.02	8,782.44
	(b) Financial assets			
	(i) Trade receivables	2.07	16,531.54	12,300.53
	(ii) Cash and cash equivalents	2.08	9,406.27	9,268.03
	(iii) Bank balances other than (ii) above	2.09	457.46	418.69
	(iv) Other financial assets	2.10	1,470.36	2,078.30
	(c) Other current assets	2.11	8,721.80	4,832.45
	TOTAL ASSETS		**78,562.17**	**61,745.38**
II	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity share capital	2.12	665.00	665.00
	(b) Other equity	2.13	58,478.68	50,956.00
	Liabilities			
2	**Non-current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	2.14	-	62.58
	(b) Provisions	2.15	777.92	676.26
	(c) Deferred tax liabilities (net)	2.16	1,338.94	1,572.48
	(d) Other non-current liabilities	2.17	669.59	824.56
3	**Current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	2.18	8,668.30	29.22
	(ii) Trade payables	2.19		
	- Total outstanding dues to Micro Enterprises and Small Enterprises		102.61	69.40
	- Total outstanding dues to creditors other than Micro Enterprises and Small Enterprises		4,107.98	4,182.88
	(iii) Other financial liabilities	2.20	747.30	1,101.13
	(b) Other current liabilities	2.21	401.72	478.73
	(c) Provisions	2.22	265.07	208.94
	(d) Current tax liabilities (net)	2.23	2,339.06	918.20
	TOTAL EQUITY AND LIABILITIES		**78,562.17**	**61,745.38**

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

For MSKA Associates
Chartered Accountants
Firm Registration No. 105047W

Sd/-
Geetha Jeyakumar
Partner
Membership No. 029409

Kizhakkambalam, May 20, 2019

For and on behalf of the Board of Directors of
Kitex Garments Limited
CIN: L18101KL1992PLC006258

Sd/-
Sabu M Jacob
Chairman,
Managing Director & CFO
DIN:00046016

Sd/-
CA Benny Joseph
Director
DIN: 01219476

Sd/-
CS Mithun B Shenoy
Company Secretary

STANDALONE STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 2019

(Rupees in Lakhs)

		Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
I	**INCOME:**			
	(a) Revenue from operations	2.24	60,680.46	55,725.42
	(b) Other income	2.25	2,246.01	267.07
	Total Income		**62,926.47**	**55,992.49**
II	**EXPENSES:**			
	(a) Cost of materials consumed	2.26	28,280.74	25,404.54
	(b) Changes in inventories of finished goods, and work-in-progress	2.27	(3,644.54)	(3,735.78)
	(c) Employee benefits expense	2.28	10,508.83	9,851.37
	(d) Finance costs	2.29	388.00	581.18
	(e) Depreciation and amortization expense	2.30	2,726.25	2,340.14
	(f) Other expenses	2.31	11,648.18	10,802.12
	Total Expenses		**49,907.46**	**45,243.57**
III	**Profit before tax (I - II)**		**13,019.01**	**10,748.92**
IV	**Tax expense:**			
	(a) Current tax		5,107.00	4,000.00
	(b) Deferred tax		(233.54)	(232.13)
	(c) Income tax relating to earlier years		-	(21.18)
			4,873.46	**3,746.69**
V	**Profit for the year (III -IV)**		**8,145.55**	**7,002.23**
VI	**Other comprehensive income**			
A	Items that will not be reclassified to profit or loss			
	(i) Remeasurements of post employment benefit obligations		(21.61)	117.40
	(ii) Fair value changes on Equity Instruments carried through other Comprehensive income		-	(3.87)
	(iii) Income tax relating to items that will not be reclassified to profit or loss		-	(40.63)
VII	**Total Comprehensive Income for the year (V+VI) (Comprising Profit and Other Comprehensive Income for the year)**		**8,123.94**	**7,075.13**
VIII	**Earnings per equity share (Fair value of ₹ 1 each)**	2.32		
	Basic & Diluted in ₹		12.22	10.64

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

For MSKA Associates
Chartered Accountants
Firm Registration No. 105047W

Sd/-
Geetha Jeyakumar
Partner
Membership No. 029409

Kizhakkambalam, May 20, 2019

For and on behalf of the Board of Directors of
Kitex Garments Limited
CIN: L18101KL1992PLC006258

Sd/-
Sabu M Jacob
Chairman,
Managing Director & CFO
DIN:00046016

Sd/-
CA Benny Joseph
Director
DIN: 01219476

Sd/-
CS Mithun B Shenoy
Company Secretary

STANDALONE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2019

(Rupees in Lakhs)

		For the year ended March 31, 2019	For the year ended March 31, 2018
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Net Profit before taxation	13,019.01	10,748.92
	Adjustments for:		
	Depreciation/Amortisation	2,726.25	2,340.14
	Unrealised foreign exchange (gain)/loss-net	198.41	(204.24)
	Interest income	(43.50)	(64.01)
	Deferred Grant Income	(154.97)	(154.97)
	Loss/(profit) on sale of assets-net	8.07	23.62
	Sundry balance written back	(0.16)	(5.25)
	Provision / sundry balances written off through profit and loss	-	79.65
	Provision for doubtful debts/advances-net	(347.03)	347.03
	Interest expense	388.00	581.18
	Operating profit before working capital changes	**15,794.08**	**13,692.07**
	Adjustments for:		
	Trade and other receivables	(7,273.38)	(1,534.98)
	Inventories	(4,105.58)	(4,732.73)
	Trade, other payables and provisions	240.25	14.36
	Cash generated from operations	**4,655.37**	**7,438.72**
	Direct taxes paid (net of refunds)	(3,686.14)	(4,576.58)
	Cash from operating activities	**969.23**	**2,862.14**
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of fixed assets	(2,755.14)	(3,944.28)
	Proceeds from sale of property, plant and equipments	50.89	181.60
	Purchase of investments	(269.97)	(1,476.17)
	Interest received	36.28	36.53
	Advances to wholly owned subsidiaries	(4,975.12)	-
	Net cash (used) in investing activities	**(7,913.06)**	**(5,202.32)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Bank borrowings	8,198.92	(27.21)
	Interest paid	(391.78)	(466.91)
	Dividend/dividend distribution tax paid	(599.67)	(1,019.30)
	Net cash generated / (used) in financing activities	**7,207.47**	**(1,513.42)**
	Net Increase /(decrease) in cash and cash equivalents (A+B+C)	**263.64**	**(3,853.60)**
	Effect of unrealised foreign exchange (gain) / loss	(125.40)	73.64
	Cash and cash equivalents at the beginning of the year	9,268.03	13,047.98
	Cash and cash equivalents at the end of the year	9,406.27	9,268.03
	Net Increase /(decrease) in cash and cash equivalents	**263.64**	**(3,853.59)**

Notes:

a) The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Statement of Cash Flows.

b) Cash and cash equivalents at the end of the year includeds ₹ 77.34 lakhs (₹ 75.74 lakhs) deposited in unclaimed dividend account which is earmarked for payment of dividend.

c) 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

For MSKA Associates
Chartered Accountants
Firm Registration No. 105047W

Sd/-
Geetha Jeyakumar
Partner
Membership No. 029409

Kizhakkambalam, May 20, 2019

For and on behalf of the Board of Directors of
Kitex Garments Limited
CIN: L18101KL1992PLC006258

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DIN:00046016

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CA Benny Joseph
Director
DIN: 01219476

Sd/-
CS Mithun B Shenoy
Company Secretary

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2019

A. Equity Share Capital (Rupees Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the reporting year	665.00	475.00
Changes in Equity Share capital during the year *	-	190.00
Balance at the end of the reporting year	665.00	665.00

* Refer Note 2.12.2

B. Other Equity (Rupees Lakhs)

Particulars	Reserves and Surplus			Equity Instrument through Other Comprehensive Income	Total
	Securities Premium Reserve	General Reserve	Retained Earnings		
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	-	7,002.24
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)	-	(1,029.06)
Transfer on Issue of Bonus shares	-	(190.00)	-	-	(190.00)
Transfer to Reserves	-	1,000.00	(1,000.00)	-	-
Balance at March 31, 2018	**22.10**	**21,675.00**	**29,252.65**	**6.25**	**50,956.00**
Balance as at April 01, 2018	**22.10**	**21,675.00**	**29,252.65**	**6.25**	**50,956.00**
Profit for the year	-	-	8,145.55	-	8,145.55
Remeasurement benefit of defined benefit plans in Other Comprehensive Income (net of tax)	-	-	(21.61)	-	(21.61)
Fair value changes on equity instruments carried through other comprehensive income	-	-	-	(0.00)	(0.00)
Dividends (including taxes)	-	-	(601.26)	-	(601.26)
Transfer to Reserves	-	1,000.00	(1,000.00)	-	-
Balance at March 31, 2019	**22.10**	**22,675.00**	**35,775.32**	**6.25**	**58,478.67**

For MSKA Associates
Chartered Accountants
Firm Registration No. 105047W

Sd/-
Geetha Jeyakumar
Partner
Membership No. 029409

Kizhakkambalam, May 20, 2019

For and on behalf of the Board of Directors of Kitex Garments Limited
CIN: L18101KL1992PLC006258

Sd/-
Sabu M Jacob
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DIN:00046016

Sd/-
CA Benny Joseph
Director
DIN: 01219476

Sd/-
CS Mithun B Shenoy
Company Secretary

NOTES TO THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

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 prescribed under Section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

Accounting policies were consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The 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 recognised in the period in which results are ascertained. The estimates and underlying assumptions are reviewed on an ongoing basis.

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

1.4 Property, Plant & Equipment

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

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

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

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

Depreciation methods, estimated useful lives

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

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

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

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'.

1.5 Intangible Assets

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

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

1.6 Inventories

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

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

1.7 Foreign Currency Transactions

(a) Functional and presentation currency

Items included in the 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.

(b) Transactions and balances

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

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

(c) Derivative instruments and hedge accounting

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

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

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

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

1.8 Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as a lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

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.

1.9 Borrowing Costs

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

1.10 Government grants

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

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

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

1.11 Financial Instruments

(a) Financial asset

(i). Initial recognition and measurement

At initial recognition, financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii). Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

a) at amortized cost; or

b) at fair value through other comprehensive income; or at fair value through profit or loss.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

(iii). Derecognition of financial assets

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

(b) Financial liabilities

Financial liabilities are 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 de-recognised 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.

1.12 Revenue Recognition

The Company derives revenues primarily from sale of manufactured fabric and readymade garments.

Effective 01 April 2018, the Company has adopted Indian Accounting Standard 115 (Ind AS 115) 'Revenue from contracts with customers' using the cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. 01 April 2018. Accordingly, the comparative amounts of revenue and the corresponding contract assets / liabilities have not been retrospectively adjusted. The effect on adoption of Ind-AS 115 was insignificant.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

Other operating revenue - Export incentives: Export Incentives under various schemes are accounted in the year of export.

1.13 Taxes

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

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

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

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

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

1.14 Employee Benefits

(a) Short-term obligations

Liabilities for wages and salaries, including nonmonetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(b) Defined Contribution Plans

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

(c) Defined Benefit Plans: Gratuity

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

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

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

(d) Long Term Employee Benefits: Compensated absences

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

1.15 Segment Reporting

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

1.16 Earnings per share

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

1.17 Impairment of Non-financial Assets

The Company assesses at each year end whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. An asset or a cash generating unit is treated as impaired, when the carrying value of assets exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its

fair value less costs of disposal and its value in use. Based on such assessment, impairment loss if any is recognised in the Statement of Profit and Loss for the period in which the asset is identified as impaired.

1.18 Rounding off amounts

All amounts disclosed in financial statements and notes have been rounded off to the nearest thousands as per requirement of Schedule III of the Act, unless otherwise stated.

1.19 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits net of bank overdraft with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

1.20 Provisions and contingent liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) because of a past event, for which it is probable that a cash outflow will be required, and a reliable estimate can be made of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, 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 the provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

1.21 Significant accounting judgments estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

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

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

ii. Actuarial Valuation:

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

iii. Impairment of Assets:

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

iv. Recoverability of advances/receivables:

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

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

1.22 Standards (including amendments) issued but not yet effective

(a) Ind AS 116 – Leases

On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases standard, Ind AS 17, Leases, and related interpretations. The standard sets out the principles for

the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effective date for the adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

The company will adopt Ind AS 116 effective annual reporting period beginning April 1, 2019. The company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the company will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. On that date, the company will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the Standard had been applied since the commencement date but discounted using the lessee's incremental borrowing rate as at April 1, 2019. In accordance with the standard, the company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value. On transition, the company will be using the practical expedient provided by the standard. The company is currently evaluating the effect in the adoption of this standard.

(b) Ind AS 12 - Income taxes (amendments relating to uncertainty over income tax treatments and income tax consequences on dividend distribution)

On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The effective date for adoption of Ind AS 12 amendments are annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. The Company is currently evaluating the effect of this amendment on the financial statements.

(c) Ind AS 19- Plan amendment, curtailment or settlement (Amendment)

On March 30, 2019, the Ministry of Corporate Affairs issued amendments to Ind AS 19, Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements. The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The company does not expect this amendment to have any significant impact on its financial statement.

(d) Ind AS 23 – Borrowing Costs (Amendment)

On March 30, 2019, the Ministry of Corporate Affairs issued amendments to Ind AS 23, Borrowing Costs. The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The company does not have any impact from this amendment.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

2.01 A Property, plant and equipment

(Rupees in Lakhs)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2018	Additions during the year	Disposal / Adjustments	As at March 31, 2019	As at April 1, 2018	Disposal/ Adjustments	During the Year	As at March 31, 2019	As at March 31, 2019	As at April 1, 2018
Freehold Land	492.83	-	-	492.83	-	-	-	-	492.83	492.83
Building	4,735.05	45.44	-	4,780.49	348.59	-	166.33	514.92	4,265.57	4,386.46
Plant & Machinery	14,754.67	1,553.81	112.38	16,196.10	3,391.98	53.70	2,220.98	5,559.26	10,636.84	11,362.69
Furniture & Fixtures	194.23	13.23	-	207.46	69.83	-	26.84	96.67	110.79	124.40
Vehicles	392.97	146.80	3.56	536.21	118.24	3.28	80.01	194.97	341.24	274.73
Office Equipments	181.77	20.29	-	202.06	59.45	-	41.91	101.36	100.70	122.32
Computers	367.34	181.69	-	549.03	150.27	-	102.36	252.63	296.40	217.07
Electrical Equipments	265.45	41.57	-	307.02	116.17	-	47.57	163.74	143.28	149.28
Total	**21,384.31**	**2,002.83**	**115.94**	**23,271.20**	**4,254.53**	**56.98**	**2,686.00**	**6,883.55**	**16,387.65**	**17,129.78**

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2017	Additions during the year	Disposal / Adjustments	As at March 31, 2018	As at April 1, 2017	Disposal/ Adjustments	During the Year	As at March 31, 2018	As at March 31, 2018	As at April 1, 2017
Freehold Land	489.83	3.00	-	492.83	-	-	-	-	492.83	489.83
Building	4,588.17	146.88	-	4,735.05	184.50	-	164.09	348.59	4,386.46	4,403.67
Plant & Machinery	13,049.19	2,107.62	402.14	14,754.67	1,713.88	209.95	1,888.05	3,391.98	11,362.69	11,335.31
Furniture & Fixtures	189.95	4.28	-	194.23	36.67	-	33.16	69.83	124.40	153.28
Vehicles	327.58	85.24	19.85	392.97	61.85	6.82	63.21	118.24	274.73	265.73
Office Equipments	142.05	39.72	-	181.77	25.64	-	33.81	59.45	122.32	116.41
Computers	357.32	10.02	-	367.34	75.51	-	74.76	150.27	217.07	281.81
Electrical Equipments	242.66	22.79	-	265.45	59.01	-	57.16	116.17	149.28	183.65
Total	**19,386.75**	**2,419.55**	**421.99**	**21,384.31**	**2,157.06**	**216.77**	**2,314.24**	**4,254.53**	**17,129.78**	**17,229.69**

2.01 B -Capital work-in-progress

(Rupees in Lakhs)

	GROSS BLOCK (at cost)			
	As at April 1, 2018	Additions / Adjustments	Deductions / Adjustments	As at March 31, 2019
Bulding under Construction	**0.39**	**61.18**	**31.58**	**29.99**
Plant and Equipment under Installation	**3,200.97**	**2,347.90**	**1,815.28**	**3,733.59**
Total	**3,201.36**	**2,409.08**	**1,846.86**	**3,763.58**

	GROSS BLOCK (at cost)			
	As at April 1, 2017	Additions / Adjustments	Deductions / Adjustments	As at March 31, 2018
Bulding under Construction	**130.41**	**16.86**	**146.88**	**0.39**
Plant and Equipment under Installation	**1,237.37**	**4,129.71**	**2,166.11**	**3,200.97**
Total	**1,367.78**	**4,146.57**	**2,312.99**	**3,201.36**

2.01 C - Other Intangible assets

(Rupees in Lakhs)

	GROSS BLOCK				AMORTIZATION				NET BLOCK	
	As at April 1, 2018	Additions during the year	Disposal / Adjustments	As at March 31, 2019	As at April 1, 2018	Disposal / Adjustments	During the Year	As at March 31, 2019	As at March 31, 2019	As at April 1, 2018
Computer software	81.37	55.67	-	137.04	46.86	-	40.25	87.11	49.93	34.51
Total (B)	**81.37**	**55.67**	**-**	**137.04**	**46.86**	**-**	**40.25**	**87.11**	**49.93**	**34.51**

	GROSS BLOCK				AMORTIZATION				NET BLOCK	
	As at April 1, 2017	Additions during the year	Disposal / Adjustments	As at March 31, 2018	As at April 1, 2017	Disposal / Adjustments	During the Year	As at March 31, 2018	As at March 31, 2018	As at April 1, 2017
Computer software	74.92	6.45	-	81.37	20.96	-	25.90	46.86	34.51	53.96
Total (B)	**74.92**	**6.45**	**-**	**81.37**	**20.96**	**-**	**25.90**	**46.86**	**34.51**	**53.96**

2.01 D - Intangible assets under Development

(Rupees in Lakhs)

	Gross block			
	As at April 1, 2018	Additions / Adjustments	Deductions / Adjustments	As at March 31, 2019
Software under development	200.28	72.97	50.00	223.25
Total	**200.28**	**72.97**	**50.00**	**223.25**

	Gross block			
	As at April 1, 2017	Additions / Adjustments	Deductions / Adjustments	As at March 31, 2018
Software under development	197.61	2.67		200.28
Total	**197.61**	**2.67**	**-**	**200.28**

2.02 Investments [Non-current]

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unquoted (Trade):		
Investments carried at cost		
Investments in Equity Instruments of Associate Company		
4,250,210.09 (4,050,210.09) Fully paid-up Membership units of USD 1 each in Kitex USA LLC	2,776.24	2,646.28
Investments in Equity Instruments of Subsidiaries		
10,00,000 Equity Shares of ₹ 10/- each in Kitex Littlewear Limited	100.00	-
1,00,000 Equity Shares of ₹ 10/- each in Kitex Socks Limited	10.00	-
1,00,000 Equity Shares of ₹ 10/- each in Kitex Knits Limited	10.00	-
1,00,000 Equity Shares of ₹ 10/- each in Kitex Babywear Limited	10.00	-
1,00,000 Equity Shares of ₹ 10/- each in Kitex Packs Limited	10.00	-
Quoted (Non Trade):		
Investments carried at fair value through other comprehensive income		
7,000 (7,000) Equity Shares of ₹ 2 each in Punjab National Bank Limited, Fully Paid-up.	6.68	6.68
Total	**2,922.92**	**2,652.96**
Aggregate amount of unquoted investments	**2,916.24**	**2,646.28**
Aggregate amount of quoted investments and market value thereof; (The market value of quoted investments is equal to the carrying value)	6.68	6.68

2.03 Other Financial Assets [Non-current] (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good		
Security Deposit	171.44	166.95
Advance to subsidiaries	4,975.12	-
Total	**5,146.56**	**166.95**

2.03.1 Deposit account represents deposits held as security which are not expected to be refunded within next 12 months.

2.04 Non Current Tax Assets (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Income Tax (net)	275.93	275.93
Total	**275.93**	**275.93**

2.05 Other non-current assets (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good		
Capital Advances	160.49	254.26
Balances with Government Authorities	156.41	148.91
Total	**316.90**	**403.17**

2.06 Inventories (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Raw materials (At Cost)	2,540.83	2,285.13
Raw materials in transit	188.17	20.95
Work-in-progress (At Cost)	8,443.64	5,166.46
Finished goods [See Note 2.06.1]	1,461.06	1,093.70
Stores and spares (At Cost)	248.04	215.17
Stores and spares in transit	6.28	1.03
Total	**12,888.02**	**8,782.44**

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

2.07 Trade Receivables (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured Considered Good	16,531.54	12,300.53
Unsecured Considered Doubtful	-	347.03
Sub Total	16,531.54	12,647.56
Less: Provision of allowance for expected life time credit loss	-	347.03
Total	**16,531.54**	**12,300.53**

2.07A TOYS "R" US, Inc., a customer of the Company had filed a petition in the Bankruptcy Court in The United States of America to wind down its US operation in the previous year. Provision of ₹ 347.03 Lakhs was made for the receivables towards loss, if any on recovery of receivables in the Financial year 2017-18. After the hearings at the US Bankruptcy court on September 6, 2018 and November 13, 2018, Plan submitted under Chapter 11 was confirmed. The Claim allowed to the company aggregates to 9.17 Million US Dollars, of which the company has already received an interim disbursement of 1.60 million dollars (17.50% of the claim allowed) during March 2019. Consequently, the provision carried in the books of ₹ 347.03 Lakhs has been written back during the year. The accounting for the balance claim will be made on the receipt of balance amount.

2.08 Cash and Cash Equivalents (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with banks - In Current Accounts	9,404.91	9,266.51
Cash on hand	1.36	1.52
Total	**9,406.27**	**9,268.03**

2.08.1 Balance with banks in current accounts include ₹ 77.34 lakhs (₹ 75.74 lakhs) which represents earmarked balance of unpaid Dividend.

2.09 Bank balances other than Cash and Cash Equivalents (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Balance with Banks		
In Deposit Accounts [See Note 2.09.1]	457.46	418.69
Total	**457.46**	**418.69**

2.09.1 Balances with banks in deposit accounts include ₹ 457.46 lakhs (Rs 418.69 lakhs) held as security against Letter of Credits/ Guarantee, with a maturity period of less than 12 months.

2.10 Other Financial Assets (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good		
Subsidy Receivable	1,116.51	1,112.64
Duty Drawback Receivable	283.97	934.30
Other Deposits	2.00	2.00
Rent Deposit	43.28	7.42
Interest receivable on margin money deposit	24.60	21.94
Total	**1,470.36**	**2,078.30**

2.11 Other Current Assets (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good		
Advances recoverable in cash or in kind or for value to be received.	826.84	220.91
Balances with Government Authorities	4,473.84	2,715.10
Advances to staff	32.64	28.14
Prepaid Expenses	76.73	75.50
Export Entitlements/Rebate receivable on export	3,311.75	1,792.80
Total	**8,721.80**	**4,832.45**

2.12 Equity Share Capital: (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised:		
2,500 lakhs Equity Shares of ₹ 1/- each	2,500.00	2,500.00
Issued, Subscribed and fully paid-up:		
665 lakhs Equity Shares of ₹ 1/- each	665.00	665.00
Total	**665.00**	**665.00**

2.12.1 Terms/rights attached to Equity Shareholders

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

2.12.2 Reconciliation of shares at the beginning and at the end of the financial year (Rupees in Lakhs)

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Amount	No. of shares	Amount
No. of shares as at the beginning of the financial year	66,500,000	665.00	47,500,000	475.00
Add: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	66,500,000	665.00

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

Name of Shareholders	As at March 31, 2019		As at March 31, 2018	
	No. of shares	%	No. of shares	%
Sabu M Jacob	22,015,606	33.11	21,819,800	32.81
Kitex Childrenswear Limited	10,385,507	15.62	10,290,460	15.47
Renjitha Joseph	4,328,100	6.51	4,328,100	6.51
C K G Super Market Limited	4,125,428	6.20	4,233,434	6.37
Gopinathan C K	4,069,000	6.12	3,853,825	5.80

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

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

Particulars	No. of shares	Rupees in Lakhs
Equity shares allotted as fully paid up bonus shares		
Financial Year 2017-18	19,000,000	190.00

2.13 Other Equity

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Capital Reserve		
- Investment Subsidy	22.10	22.10
General Reserve		
Opening Balance	21,675.00	20,865.00
Add: Transfer from Retained Earnings	1,000.00	1,000.00
Less: Transfer on Issue of Bonus Shares	-	190.00
Closing Balance	**22,675.00**	**21,675.00**
Retained Earnings		
Opening Balance	29,252.65	24,202.70
Add: Profit for the year	8,145.55	7,002.23
Add: Remeasurement benefit of defined benefit plans in Other Comprehensive Income (net of tax)	(21.61)	76.77
	37,376.59	**31,281.70**
Less:		
Transfer to General Reserve	1,000.00	1,000.00
Dividend	498.75	855.00
Tax on Dividend	102.51	174.05
Closing Balance	**35,775.33**	**29,252.65**
Equity Instrument through Other Comprehensive Income		
Opening Balance	6.25	10.12
Add : Fair value changes on equity instruments carried through other comprehensive income	-	(3.87)
Closing Balance	6.25	6.25
Total	**58,478.68**	**50,956.00**

2.13.1 Final Dividend of ₹ 1.50 (₹ 0.75/- interim and ₹ 0.75 final)) per share is proposed by the Board of Directors and is subject to the approval of the members at the Annual General Meeting.

2.13.2 Description of Nature and Purpose of each Reserve

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

d **Exchange differences on translating the share of accumulated reserves of the Associate :** The exchange differences arising on translation of the share of accumulated reserve of the Associate from functional currency to presentation currency in accordance with Ind AS 21, the effects of changes in Foreign Exchange Rates

2.14 Borrowings (Non Current)

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Loans from Banks (Secured)	-	62.58
	-	62.58

2.14.1 Terms of Repayment of Indian Rupee Term Loans

	Name of the Bank	State Bank of India		
	Type of loan	India Rupee Term Loans		
	Amount Sanctioned	1,700	1,735	800
	Amount Availed	756	1,085	577
	Current interest rate as at the year end	9.65%	9.65%	10.35%
	Terms of repayment	First 45 months ₹ 33.00 lakhs Next 11 months ₹ 18.00 lakhs Next 1 month ₹ 17.00 lakhs	First 40 months ₹ 25.00 lakhs Next 15 months ₹ 35.00 lakhs Next 5 months ₹ 42.00 lakhs	First 50 months ₹ 13.00 lakhs Next 10 months ₹ 15.00 lakhs

2.14.2 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.

2.14.3 Current maturities of long term borrowings are stated in Note 2.20

2.15 Provisions

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Gratuity [See Note 2.15.2]	621.07	536.26
Provision for Compensated Absences [See Note 2.15.2]	156.85	140.00
	777.92	**676.26**

2.15.1 Short-term provisions of Employee Benefits is disclosed in Note 2.22

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

2.15.2.a Defined Contribution Plans

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

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Employers contribution to Provident Fund	359.76	404.54
Employers contribution to Employee's State Insurance	194.03	182.91

2.15.2.b Defined Benefit Plans - Gratuity: Unfunded Obligation (Rupees in Lakhs)

i Actuarial Assumptions	As at March 31, 2019	As at March 31, 2018
Discount Rate (per annum)	6.80%	7.80%
Salary escalation rate*	7.00%	7.00%
Mortality rate	Indian Assured Lives Mortality (2012-14) Ult table	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	As at March 31, 2019	As at March 31, 2018
Present value of obligation at the beginning of the year	659.06	604.18
Current Service Cost	124.80	162.59
Past Service Cost	-	10.65
Interest Cost	46.62	43.43
Actuarial (gain)/ loss - financial	42.39	(12.73)
Actuarial (gain)/ loss - demographic	(0.04)	(47.26)
Actuarial (gain)/ loss - experience	(20.74)	(57.41)
Benefits Paid	(67.23)	(44.39)
Present value of obligation at the end of the year	784.86	659.06
Contributions by the Employer	67.23	44.39
Benefits paid	(67.23)	(44.39)
Expected employers' contribution next year	163.78	122.80
iii Expenses recognized in the Statement Profit and Loss		
Current Service Cost	124.80	162.59
Interest Cost	46.62	43.43
Past Service Cost (if applicable)	-	10.65
Expected return on plan assets	-	-
Total expenses recognized in the Statement of Profit and Loss for the year	171.42	216.67
iv Expenses recognized in Other Comprehensive Income		
Opening Amount recognised in OCI outside Profit and Loss account	(106.05)	11.35
Remeasurements during the period due to		
Changes in financial assumptions	42.39	(12.73)
Changes in demographic assumptions	(0.04)	(47.26)
Experience Adjustments	(20.74)	(57.41)
Total remeasurements included in Other Comprehensive Income	21.61	(117.40)
Closing amount recognised in OCI outside Profit and loss account	(84.44)	(106.05)
v Sensitivity Analysis		
Discount rate +50 basis points	-2.78%	-2.63%
Discount rate -50 basis points	2.95%	2.78%
Salary increase rate +50 basis points	2.92%	2.77%
Salary increase rate -50 basis points	-2.77%	-2.64%

(Rupees in Lakhs)

vi Maturity Analysis of the Benefit payments	As at March 31, 2019	As at March 31, 2018
Year 1	163.78	122.80
Year 2	121.21	119.37
Year 3	101.48	100.69
Year 4	94.01	82.11
Year 5	84.93	73.66
Next 5 years and above	716.54	636.80

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

2.15.2.c Long Term Employee Benefits

Compensated absences (Vesting and Non Vesting): Unfunded Obligation (Rupees in Lakhs)

i. Actuarial Assumptions	As at March 31, 2019	As at March 31, 2018
Discount Rate (per annum)	6.80%	7.80%
Salary escalation rate*	7.00%	7.00%
Mortality rate	Indian Assured Lives Mortality (2012-14) 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.

2.16 Deferred Tax Liabilities (Net) (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
A. Deferred Tax Liability		
On excess of net book value over Income tax written down value of Property, Plant and Equipments	1,703.40	1,998.93
B. Deferred Tax Assets		
On Provisions	364.46	426.45
Deferred Tax Liabilities (Net) (A-B)	**1,338.94**	**1,572.48**

Movement in Deferred Tax Liabilities/assets balances during the year ended March 31, 2019 (Rupees in Lakhs)

Particulars	Opening Balance April 1, 2018	Recognised in profit or loss	Recognised in Other Comprehensive Income	Closing Balance March 31, 2019
A. Deferred Tax Liability				
On excess of net book value over Income tax written down value of Property, Plant and Equipments	1,998.93	(295.53)	-	1,703.40
B. Deferred Tax Assets				
On Provisions	426.45	(61.99)	-	364.46
Deferred Tax Liabilities (Net) (A-B)	**1,572.48**	**(233.54)**	**-**	**1,338.94**

Movement in Deferred Tax Liabilities/assets balances during the year ended March 31, 2018 (Rupees in Lakhs)

Particulars	Opening Balance April 1, 2017	Recognised in profit or loss	Recognised in Other Comprehensive Income	Closing Balance March 31, 2018
A. Deferred Tax Liability				
On excess of net book value over Income tax written down value of Property, Plant and Equipments	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**

Reconciliation of effective tax rate

The income tax expense for the year can be reconciled to the accounting profit as follows: (Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax	**13,019.03**	**10,748.92**
Income tax expense calculated at 34.944% (34.608%)	**4,549.37**	**3,720.00**
Tax effect on non deductible expenses	802.76	176.40
Tax effect on eligible deductions	(463.40)	(128.53)
Effect on deffered tax balances due to change in Income Tax rate	(15.27)	-
Total	**4,873.46**	**3,767.87**
Tax expense as per Statement of Profit and Loss	**4,873.46**	**3,767.87**

The tax rate used for reconciliation above is the corporate tax rate of 34.944%(34.608%)payable on taxable profit under the Income Tax Act, 1961.

2.17 Other non-current Liabilities (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred Grant	669.59	824.56
Total	**669.59**	**824.56**

2.18 Borrowings (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Loans repayable on demand from Banks (Secured)	8,668.30	29.22
Total	**8,668.30**	**29.22**

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

2.19 Trade Payables (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Payables		
(i) Total outstanding dues to Micro Enterprises and Small Enterprises	102.61	69.40
(ii) Total outstanding dues to creditors other than Micro Enterprises and Small Enterprises	4,107.98	4,182.88
Total	**4,210.59**	**4,252.28**

2.19.1 The company has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act 2006. Intimations have been received from some of the suppliers regarding their status under the said Act as at March 31, 2019, based on which, principal amount unpaid to such suppliers as at the year end aggregating to ₹ 102.61 lakhs (₹ 69.40 lakhs) has been included under Trade payables. In the opinion of the management, the impact of interest, if any, which may be payable in accordance with the provisions of the Act, is not expected to be material.

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

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
a. Principal Amount remaining unpaid but not due as at the year end.	102.61	69.40
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.	-	
	102.61	**69.40**

2.20 Other financial liabilities

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Creditors for Capital Goods	71.08	240.87
Retention Money	35.67	66.73
Current maturities of long term borrowings (see Note 2.14.1 and 2.14.2)	332.70	710.29
Unpaid Dividend	77.34	75.74
Grants received in advance (see Note 2.20.1 below)	227.52	-
Interest Accrued on Borrowings	2.99	7.50
Total	**747.30**	**1,101.13**

2.20.1 The Company undertakes programmes under Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), the skilling and placement initiative of the Ministry of Rural Development (MoRD), Government of India. The grants received in advance are spent over the life of the project as per the notified Guidelines and Standard Operating Procedures (SOP) to be followed while implementing the programme.

2.21 Other Current Liabilities

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Statutory Dues	166.04	311.81
Deferred Grant	154.97	154.97
Advance from Customers	80.71	11.95
Total	**401.72**	**478.73**

2.22 Short-term provisions (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Gratuity [See Note 2.15.2]	163.79	122.80
Provision for Compensated Absences [See Note 2.15.2]	101.28	86.14
Total	**265.07**	**208.94**

2.23 Current Tax Liabilities (Net) (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Income Tax (Net)	2,339.06	918.20
Total	**2,339.06**	**918.20**

2.24 Revenue from operations (Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of products	56,322.26	51,141.16
	56,322.26	**51,141.16**
Other operating revenues:		
Export entitlements	3,374.48	3,813.09
Job work charges	863.51	689.32
Scrap sales	40.67	15.44
Others	79.54	66.41
	4,358.20	**4,584.26**
Revenue from operations	**60,680.46**	**55,725.42**

2.25 Other Income (Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest income	38.92	45.44
Subsidy Income - TUFS	4.59	18.57
Rent Received	26.03	19.45
Net gain on foreign currency transactions and translations	1,668.59	15.48
Deferred Grant income	154.97	154.97
Provision no longer required written back (See Note 2.08A)	347.03	-
Other Non Operating Incomes	5.88	13.16
Total	**2,246.01**	**267.07**

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

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 ₹ 205.88 Lakhs (₹ 127.88 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.

2.26 Cost of materials consumed

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening inventory	2,306.08	1,382.42
Add: Purchases	28,703.66	26,328.20
Less: Closing inventory	2,729.00	2,306.08
Total	**28,280.74**	**25,404.54**

2.27 Changes in inventories of finished goods and work-in-progress

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening inventory:		
Finished goods:	1,093.70	278.61
Work-in-progress:	5,166.46	2,245.77
	6,260.16	**2,524.38**
Closing inventory:		
Finished goods:	1,461.06	1,093.70
Work-in-progress:	8,443.64	5,166.46
	9,904.70	**6,260.16**
Change in inventories	**(3,644.54)**	**(3,735.78)**

2.28 Employee Benefits Expense

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries & Wages	8,274.64	7,662.38
Contribution to Provident and Other Funds	359.76	398.56
Gratuity Expenses	171.37	216.67
Staff Welfare Expense	1,006.75	983.18
Remuneration to Directors	696.31	590.58
Total	**10,508.83**	**9,851.37**

2.29 Finance Costs

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Expense	321.44	525.58
Other borrowing cost	66.56	55.60
Total	**388.00**	**581.18**

2.30 Depreciation and amortisation expense

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation of Property, Plant and Equipment (See Note 2.01A)	2,686.00	2,314.24
Amortisation of Intangible assets (See Note 2.01C)	40.25	25.90
Total	**2,726.25**	**2,340.14**

2.31 Other Expenses

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Processing charges	3,272.53	3,241.27
Consumption of Stores and Spares	905.31	979.83
Power and Fuel	2,556.97	2,206.78
Repairs		
- Building	27.36	33.07
- Plant & Machinery	316.39	353.84
- Others	270.30	405.95
Other Production Expenses	181.90	96.68
Testing Charges	128.72	180.77
Forwarding and transport on sales	1,799.44	778.20
Insurance	73.39	72.83
Rent	141.51	50.56
Rates & Taxes	85.10	144.73
Travelling & Conveyance	104.41	138.18
Payments to Auditors [See Note 2.31.2]	18.44	17.79
Advertisement & Sales promotion	120.76	91.72
Professional & Consultancy charges	135.18	90.52
Provision for Doubtful Debts [See Note 2.07A]	-	347.03
Loss on Sale of Fixed assets	8.07	23.62
Donation [See Note 2.31.1]	714.16	29.93
Expenses on Corporate Social Responsibility activities [See Note 2.31.3]	557.69	1,275.12
Miscellaneous Expenses	230.55	243.70
Total	**11,648.18**	**10,802.12**

2.31.1 Donations made to political parties during the year amounts to ₹ 13.50 Lakhs (₹ 29.75 Lakhs)

2.31.2 Payments to Auditors

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Statutory Audit Fees	18.00	9.00
(b) Other Services		
- Taxation Matters	-	5.13
- Others	0.10	3.66
- Reimbursement of Expenses	0.34	-
Total	18.44	17.79

2.31.3 Details of expenses on corporate social responsibility activities

(a) Gross amount required to be spent by the company during the year ₹ 280.83 Lakhs (₹ 303.62 Lakhs)

(b) Amount spent during the year on :

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(i) Construction /Acquisition of any Asset	-	-
(ii) On purposes other than (i) above	557.69	1,275.12
Total	**557.69**	**1,275.12**

2.32 Earnings per equity share (Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Total Comprehensive Income for the year	8,123.94	7,075.13
Weighted Average Number of Equity Shares of ₹ 10/- each (fully paid-up)	66,500,000	66,500,000
Earnings per equity share - Basic & Diluted in ₹	**12.22**	**10.64**

2.33 Segment Reporting

In accordance with Ind AS 108 on "Operating Segments", the company operates in one business segment viz. Textiles Business and hence segment information is not required to be furnished.

2.33A Information about products and services: The company earns revenue from only a single group of product and service viz. Textile business comprising of sale of garments and fabrics products/ services.

2.33B Information regarding geographical revenue is as follows: (Rupees in Lakhs)

Revenue from external customers	For the year ended March 31, 2019	For the year ended March 31, 2018
India	13,950.20	13,308.42
Outside India		
-The United States of America	42,966.50	40,224.49
-Others	3,763.76	2,192.51
Sale of products	60,680.46	55,725.42

2.33C All non current assets of the company are located in India.

2.33D The Following table gives details in respect of percentage of revenue generated from the top customer and revenue from transactions with customers amounting to more than 10 percent or more of the company's revenue.

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
No of customers who contribute to more than 10 percent of the company's revenue	3	3
Revenue from top customer	30,417.82	25,139.15
Revenue from customers contributing to more than 10 percent of the company's revenue	56,075.32	51,032.34

2.34 Fair Value Measurement

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of trade receivables, trade payables and other Current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature.

There were no transfers between Level 1 and Level 2 during the year.

Fair value hierarchy of financial instruments measured at fair value on a recurring basis is as follows: (Rupees in Lakhs)

Particulars	Fair value Hierarchy (Level)	As at March 31, 2019	As at March 31, 2018
Financial Assets measured at Fair value through Other Comprehensive Income			
Investments in Equity shares - Quoted	1	6.68	6.68

Category wise classification of financial instruments is as follows: (Rupees in Lakhs)

Particulars	See Note	As at March 31, 2019	As at March 31, 2018
Financial Assets measured at Fair value through Other Comprehensive Income			
Investments in Equity shares - Quoted	2.02	6.68	6.68
Financial Assets measured at amortised cost			
Non current:			
ii. Security deposits	2.03	171.44	166.95
iii. Advances to Subsidiaries	2.03	4,975.12	-
Current:			
i. Trade receivables	2.07	16,531.54	12,300.53
ii. Cash and cash equivalents	2.08	9,406.27	9,268.03
iii. Bank balances other than (ii) above	2.09	457.46	418.69
		31,548.51	22,160.88
Financial Assets measured at cost			
Non current:			
i. Investments in Equity shares - Unquoted (Non current)	2.02	2,776.24	2,646.28
		2,776.24	2,646.28
Financial Liabilities measured at amortised cost			
Non current:			
i. Borrowings	2.14	-	62.58
		-	62.58
Current:			
i. Borrowings	2.18	8,668.30	29.22
ii. Trade payables	2.19	4,210.59	4,252.28
iv. Other financial liabilities	2.20	747.30	1,101.13
		13,626.19	5,382.63

2.35 Financial Risk Management - Objectives and Policies

The Company has a well- managed risk management framework, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as liquidity risk, market risk, credit risk and foreign currency risk) that may arise as a consequence of its business operations as well as its investing and financing activities.

Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable risk parameters in a disciplined and consistent manner and in compliance with applicable regulation.

1) Liquidity Risk

Liquidity risk is the risk that the Company will encounter due to difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The company has sound financial strength represented by its aggregate current assets as against aggregate current liabilities and its strong equity base and low working capital debt. In such circumstances, liquidity risk does not exist.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(Rupees in Lakhs)

Maturities of financial liabilities As at 31 March 2019	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	8,668.30			8,668.30
Trade payable	4,210.59			4,210.59
Other financial liabilities	747.30			747.30
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	4,252.28			4,252.28
Other financial liabilities	1,101.13			1,101.13

2) Market Risk

As the Company is virtually debt-free and its deferred payment liabilities do not carry interest, the exposure to interest rate risk from the perspective of Financial Liabilities is negligible.

a) Foreign Currency Risk

The Company undertakes transactions denominated in foreign currency (mainly US Dollar) which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency, are also subject to reinstatement risks.

The Company 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.2.38

The Company has established risk management policies to hedge the volatility arising from exchange rate fluctuations in respect of firm commitments and highly probable forecast transactions, through foreign exchange forward contracts. The proportion of forecast transactions that are to be hedged is decided based on the size of the forecast transaction and market conditions. As the counterparty for such transactions are highly rated banks, the risk of their non-performance is considered to be insignificant.

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.

(Rupees in Lakhs)

Particulars	Impact in Statement of Profit and loss for 1% change	Impact in Statement of Profit and loss for 1% change
Sensitivity	**March 31, 2019**	**March 31, 2018**
INR/USD (Net Receivable)	182.67	179.89
INR/EUR (Net Payable)	2.33	4.53
INR/CHF (Net Payable)	0.12	1.09

b) Interest Rate Risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of the Loans and Borrowings effected. With all other variables held constant, the companies profit before tax is affected through the impact on floating rate borrowings as follows :

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Variable rate instruments		
Financial Liabilities -Loans repayable on demand from Banks	8,668.30	29.22
Net Financial Assets / (Liability)	8,668.30	29.22

Interest Rate Sensitivity (Rupees in Lakhs)

Particulars	Impact on Profit or (Loss)	
	March 31, 2019	March 31, 2018
Sensitivity		
50 BPS increase in rate	25.91	35.21
50 BPS decrease in rate	(25.91)	(35.21)

3) Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management considers that the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. The Company is not exposed to concentration of credit risk to any one single customer since the products are sold to customers who are spread over a vast spectrum and hence, the concentration of risk with respect to trade receivables is low. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of the customers to which the Company grants credit terms in the normal course of the business.

(Rupees in Lakhs)

Movement in expected credit loss allowance on trade receivables	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	347.03	-
Loss allowance measured at lifetime expected credit losses		347.03
Loss allowance reversed on measurement	(347.03)	
Balance at the end of the year	-	347.03

2.36 Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

The Company's financial strategy aims to support its strategic priorities and provide adequate capital to its businesses for growth and creation of sustainable stakeholder value. The Company funds its operations through internal accruals. The Company aims at maintaining a strong capital base largely towards supporting the future growth of its businesses as a going concern.

As at March 31, 2019, the Company has only one class of equity shares and is virtually debt-free. The company is not subject to any externally imposed capital requirements.

Particulars	As at March 31, 2019	As at March 31, 2018
Equity attributable to shareholders	59,143.68	51,621.00
Borrowings	9,001.00	802.09
Less: Cash and cash equivalents	9,406.27	9,268.03
Net debt	(405.27)	(8,465.94)
Total Capital (Equity + Debt)	58,738.41	43,155.00
Net debt to capital ratio	(0.01)	(0.20)

2.37 Disclosure of transactions with related parties as required by Ind AS-24 for the year ended March 31, 2019.

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

a Key Managerial Personnel:

i Sabu M Jacob, Managing Director
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
vii Twenty 20 Kizhakkambalam Association

c Associate Enterprise

i Kitex USA LLC

d Subsidiary Company

i Kitex Kidswear Limited
ii Kitex Knits Limited
iii Kitex Babywear Limited
iv Kitex Littlewear Limited
v Kitex Packs Limited
vi Kitex Socks Limited

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

(Rupees in Lakhs)

A	Enterprises owned or significantly influenced by key management personal of their relatives	For the year ended March 31, 2019	For the year ended March 31, 2018
i	**Kitex Childrenswear Limited**		
	Revenue from Sale of goods and services (including exp recovered)	10,070.07	7,354.62
	Purchases of goods and services (including reimbursements)	2,156.89	2,913.62
ii	**Kitex Limited**		
	Revenue from Sale of goods and services (including exp recovered)	261.38	1,791.57
	Purchases of goods and services (including reimbursements)	1,169.77	1,123.38
iii	**Anna Aluminum Company (P) Ltd.**		
	Revenue from Sale of goods and services (including exp recovered)	0.54	-
	Purchases of goods and services (including reimbursements)	28.70	29.13
iv	**Twenty 20 Kizhakkambalam Association**		
	Donation	700.00	-
	Corporate Social Responsibility Activities	470.76	-
v	**Kitex Littlewear Limited**		
	Investment made	100.00	
	Advance given	3,298.59	
	Revenue from services	0.87	-
vi	**Kitex Kidswear Limited**		
	Advance given	33.86	
	Revenue from services	0.80	-
vii	**Kitex Knits Limited**		
	Investment made	10.00	
	Advance given	551.39	
	Revenue from services	0.70	-
viii	**Kitex Socks Limited**		
	Investment made	10.00	
	Advance given	551.03	
	Revenue from services	0.70	-

(Rupees in Lakhs)

A	Enterprises owned or significantly influenced by key management personal of their relatives	For the year ended March 31, 2019	For the year ended March 31, 2018
ix	**Kitex Packs Limited**		
	Investment made	10.00	
	Advance given	157.24	
	Revenue from services	0.70	-
x	**Kitex Babywear Limited**		
	Investment made	10.00	
	Advance given	383.01	
	Revenue from services	0.70	-

B	Key Management Personnel	For the year ended March 31, 2019	For the year ended March 31, 2018
a	**Sabu M Jacob**		
	Remuneration	685.01	572.85
b	**Sindhu Chandrasekhar**		
	Remuneration	17.81	17.73

(Rupees in Lakhs)

C	Associate Enterprise	For the year ended March 31, 2019	For the year ended March 31, 2018
	Kitex USA LLC		
	Investment made	129.97	1,476.17
	Sale of Readymade Garments	30,417.82	25,139.15

Outstanding amounts carried in the Balance Sheet

a. Enterprises owned or significantly influenced by key management personnel or their relatives: (Rupees in Lakhs)

Name of Related Party	As at March 31, 2019	As at March 31, 2018
Receivables		
Kitex Childrenswear Limited	1,803.35	1,592.19
Kitex Limited	-	30.83
Payables		
Anna Aluminum Company (P) Ltd.	0.54	0.13
Kitex Limited	68.18	-

b. Key Management Personnel (Rupees in Lakhs)

Name of Related Party	As at March 31, 2019	As at March 31, 2018
Sabu M Jacob	487.98	309.64
Sindhu Chandrashekhar	0.44	0.31

c. Associate Enterprise (Rupees in Lakhs)

Name of Related Party	As at March 31, 2019	As at March 31, 2018
Kitex USA LLC Trade Receivable	13,163.43	8,493.32
Kitex USA LLC -Net Carrying value of Investment	2,776.24	2,646.28

d. Receivables from Subsidiaries (Rupees in Lakhs)

Name of Related Party	As at March 31, 2019	As at March 31, 2018
Kitex Littlewear Limited	3,298.59	-
Kitex Kidswear Limited	33.86	-
Kitex Knits Limited	551.39	-
Kitex Socks Limited	551.03	-
Kitex Packs Limited	157.24	-
Kitex Babywear Limited	383.01	-

2.38 As a part of Company's risk management policy, the exchange risks arising from foreign currency fluctuations are hedged by forward contracts.

2.38.1 The particulars of forward contracts entered into by the Company and outstanding as at Balance Sheet date is as under:

Currency	As at March 31, 2019		As at March 31, 2018	
	Foreign Currency in Lakhs	Rupees in Lakhs	Foreign Currency in Lakhs	Rupees in Lakhs
Export receivables:				
USD	65.00	4,496.82	24.00	1,566.18

2.38.2 The particulars of hedged export receivables/payables as at Balance Sheet date is as under:

Currency	As at March 31, 2019		As at March 31, 2018	
	Foreign Currency in Lakhs	Rupees in Lakhs	Foreign Currency in Lakhs	Rupees in Lakhs
Receivables				
USD	65.00	4,496.82	24.00	1,566.18

2.38.3 The particulars of un hedged items as at Balance Sheet date is as under:

Currency	As at March 31, 2019		As at March 31, 2018	
	Foreign Currency in Lakhs	Rupees in Lakhs	Foreign Currency in Lakhs	Rupees in Lakhs
Assets:				
EUR	0.95	74.04	0.47	37.97
USD	271.00	17,636.18	266.34	17,358.37
GBP	0.17	15.02	0.17	15.33
HKD	-	0.01	-	-
Liabilities:				
EUR	3.95	306.87	6.08	491.34
USD	6.90	477.38	14.36	935.94
CHF	0.17	11.65	1.59	108.74

2.39 Lease Accounting

Operating Lease:

Office premises, Godown & Equipment are hired on operating lease. The lease term is renewable every year at the option of the Company. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

(Rupees in Lakhs)

Particulars	For the year ende March 31, 2019	For the year ended March 31, 2018
Amount charged to Statement of Profit and Loss account during the year:		
Rent for premises	125.36	47.71
Rent for Equipment	16.15	2.86
Total	**141.51**	**50.57**

2.40 The details of Provisions, Contingent Liabilities and Contingent Assets are as required under Ind AS-37 Provisions, Contingent Liabilities and Contingent Assets for the year ended March 31, 2019.

2.40.1 Contingent Liabilities not provided for:

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
1. Claims against the Company not acknowledged as debts being demand raised against the Company, disputed on Appeal before various Appellate authorities.		
i) PF and ESI	660.92	428.94
ii) Income tax dues	257.88	82.65
iii) Customs Department	3,256.62	2,877.77
2.Other Counter Guarantees in favour of Banks for guarantees issued by Banks	128.21	88.81
3. Letters of Credit	-	602.85
Total	**4,303.63**	**4,081.02**

The above demands are disputed by the company and matters pending in appeal before appellate authorities in various stages.In the opinion of the management and based on legal advice received the company is hopeful of getting full relief and hence no provision has been made thereof.

2.41 Capital & other Commitments:

Estimated amount of contract remaining to be executed on capital account (net of advances): ₹ 580.04 Lakhs (562.84 Lakhs)

2.42 Implementation of an integrated ERP System covering all functional areas/transactions including inventories, is in progress.

2.43 In the opinion of the Directors, Short term loans and advances and other Current Assets, have the value at which they are stated in the Balance Sheet, if realised in the ordinary course of business.

2.44 Previous year figures, unless otherwise stated are given within brackets and have been re-grouped and recast wherever necessary to be in conformity with current year's disclosure.

2.44 Subsequent event

Dividends declared by the Company are based on the profit available for distribution. Distribution of dividends out of general reserve and retained earnings is subject to applicable dividend distribution tax. On May 20, 2019 Board of Directors of the Company have proposed a final dividend of ₹ 1.50 per share in respect of the year ended March 31, 2019 subject to the approval of shareholders at the Annual General Meeting. The proposal would result in a cash outflow of approximately ₹1,202.94 Lakhs inclusive of corporate dividend tax of ₹ 205.04 Lakhs

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KITEX GARMENTS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Kitex Garments Limited** (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which includes Company's share of loss in its associate which comprise the consolidated Balance Sheet as at March 31, 2019, and the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditors on separate financial statements of the associate, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Group, and its associate as at March 31, 2019, of consolidated profit, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associate in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Revenue:	
Key Audit Matter	**How the Key Audit Matter was addressed in our audit**
Refer to note 1.12 'Revenue recognition' to the consolidated financial statements. Revenue is recognised on satisfaction of performance obligation upon transfer of control of promised products to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products. In terms of the application of the new revenue accounting standard Ind AS 115 (Revenue from Contracts with Customers), control is transferred either when the product is delivered to the customer's site or when the product is shipped, depending on the applicable terms. The Management has exercised judgement in applying the revenue accounting policy while recognising revenue.	We have performed the following principal audit procedures in relation to revenue recognized: • Understood the revenue recognition process, evaluated the design and implementation, and operating effectiveness of internal controls including relevant information technology controls relating to revenue recognised; • identifying the nature of the revenues and identification of any unusual contract terms; • We performed substantive procedures on a sample of transactions for revenue stream from source data through to general ledger to test that appropriate revenue recognition had been applied. • We have evaluated the delivery and shipping terms of the contracts for revenue recognised during the period. Our testing included tracing the information to agreements and payments; • We performed other substantive, transactional testing and analytical procedures to validate the recognition of revenue throughout the year. • Tested sample transactions around the period end to ensure they were recorded in the correct period; and • Tested journal entries posted to revenue accounts focusing on unusual or irregular items, if any

Inventory:	
Key Audit Matter	**How the Key Audit Matter was addressed in our audit**
Refer to note **1.6** 'Inventories' to the consolidated financial statements. The total value of inventory as of March 31, 2019 amounted to ₹ 12,888 lakhs representing 16.40% of the total assets (2018: 8,782 Lakhs, 14.22% of the total assets). Inventories are measured the lower of cost and net realisable value. The valuation of inventory is dependent on establishing appropriate valuation controls. We focused on this area as Management judgement is applied to estimate the appropriate write-down for obsolete inventories and the indirect production costs manually capitalised as inventory. These judgements are key elements in the valuation of inventories.	We have performed the following principal audit procedures in relation to Inventory valuation: • We tested relevant internal controls that the Group uses to ensure proper valuation of inventory, including the procedures for write-down of obsolete inventory and the indirect production costs manually capitalised as inventory. • We tested the adequacy of write-downs for excess and/or obsolete inventory by verifying future demand data, historical usage, historical accuracy of write-downs and management's plans to utilise the inventory. • We evaluated the significant judgements and estimates made by Management in applying Group's accounting policy in relation to indirect production costs. • We assessed the Group's disclosures in the financial statements in respect of inventory.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

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

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

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

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of the Group and of its associate.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

Other Matters

a. The consolidated financial statements also include the Group's share of net loss of ₹ 982.34 Lakhs and total other comprehensive loss of ₹ 42.70 lakhs for the year ended March 31, 2019, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate, is based solely on the report of the other auditors.

b. The consolidated Indian Ind AS financial statements of the Group for the year ended March 31, 2018, were audited by the predecessor statutory auditors whose report dated May 18, 2018 expressed an unmodified opinion on those financial statements.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e. On the basis of the written representations received from the directors of the Holding Company and its subsidiary companies incorporated in India as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and subsidiary companies incorporated in India respectively, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

   f. With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

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

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, and its associate – Refer Note XX to the consolidated financial statements.

      ii. The Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

2. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Group to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

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

Geetha Jeyakumar
Partner
Membership No.: 29409

Place: Kochi
Date: May 20, 2019

ANNEXURE A

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Geetha Jeyakumar
Partner
Membership No.: 29409

Place: Kochi
Date: May 20, 2019

ANNEXURE B

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

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Kitex Garments Limited on the consolidated Financial Statements for the year ended March 31, 2019]

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls with reference to consolidated financial statements of Kitex Garments Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding company and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

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

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Geetha Jeyakumar
Partner
Membership No.: 29409

Place: Kochi
Date: May 20, 2019

CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2019

(Rupees in Lakhs)

Sl No.	Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
I	**ASSETS**			
1	**Non-current assets**			
	(a) Property, Plant and Equipment	2.01A	21,389.13	17,129.78
	(b) Capital work-in-progress	2.01B	3,763.58	3,201.36
	(c) Other Intangible assets	2.01C	49.93	34.51
	(d) Intangible assets under development	2.01D	223.25	200.28
	(e) Financial Assets			
	(i) Investments	2.02	6.68	902.01
	(ii) Other financial assets	2.03	225.13	166.95
	(f) Non-Current Tax Assets	2.04	275.93	275.93
	(g) Other non-current assets	2.05	316.90	403.17
2	**Current assets**			
	(a) Inventories	2.06	12,888.02	8,782.44
	(b) Financial Assets			
	(i) Trade receivables	2.07	16,531.54	12,300.53
	(ii) Cash and cash equivalents	2.08	9,406.27	9,268.03
	(iii) Bank balances other than (ii) above	2.09	489.00	418.69
	(iv) Other financial assets	2.10	1,470.36	2,078.30
	(c) Other current assets	2.11	8,731.80	4,832.45
	TOTAL ASSETS		**75,767.52**	**59,994.43**
II	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity Share Capital	2.12	665.00	665.00
	(b) Other Equity	2.13	55,684.02	49,205.05
	Liabilities			
2	**Non-current liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	2.14	-	62.58
	(b) Provisions	2.15	777.92	676.26
	(c) Deferred tax liabilities (Net)	2.16	1,338.94	1,572.48
	(d) Other Non Current Liabilities	2.17	669.59	824.56
3	**Current liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	2.18	8,668.30	29.22
	(ii) Trade payables	2.19		
	- Total outstanding dues to Micro Enterprises and Small Enterprises		102.61	69.40
	- Total outstanding dues to creditors other than Micro Enterprises and Small Enterprises		4,107.98	4,182.88
	(iii) Other financial liabilities	2.20	747.30	1,101.13
	(b) Other Current Liabilities	2.21	401.73	478.73
	(c) Provisions	2.22	265.07	208.94
	(d) Current Tax Liabilities (Net)	2.23	2,339.06	918.20
	TOTAL EQUITY AND LIABILITIES		**75,67.52**	**59,994.43**

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

For MSKA Associates
Chartered Accountants
Firm Registration No. 105047W

Sd/-
Geetha Jeyakumar
Partner
Membership No. 029409

Kizhakkambalam, May 20, 2019

For and on behalf of the Board of Directors of
Kitex Garments Limited
CIN: L18101KL1992PLC006258

Sd/-
Sabu M Jacob
Chairman,
Managing Director & CFO
DIN:00046016

Sd/-
CA Benny Joseph
Director
DIN: 01219476

Sd/-
CS Mithun B Shenoy
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2019

(Rupees in Lakhs)

		Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
I	**INCOME:**			
	(a) Revenue from operations	2.24	60,680.46	55,725.42
	(b) Other income	2.25	2,247.12	267.07
	Total Income		**62,927.58**	**55,992.49**
II	**EXPENSES:**			
	(a) Cost of materials consumed	2.26	28,280.74	25,404.54
	(b) Changes in inventories of finished goods, and work-in-progress	2.27	(3,644.54)	(3,735.78)
	(c) Employee benefits expense	2.28	10,508.83	9,851.37
	(d) Finance costs	2.29	388.00	581.18
	(e) Depreciation and amortization expense	2.30	2,726.25	2,340.14
	(f) Other expenses	2.31	11,667.95	10,802.12
	Total Expenses		**49,927.23**	**45,243.57**
III	**Profit before tax (I - II)**		**13,000.35**	**10,748.92**
IV	**Tax expense:**			
	(a) Current tax		5,107.00	4,000.00
	(b) Deferred tax		(233.54)	(232.13)
	(c) Income tax relating to earlier years		-	(21.18)
			4,873.46	**3,746.69**
V	**Profit for the year (III -IV)**		**8,126.89**	**7,002.23**
	(i) Share of loss in Associate		814.97	749.61
	(ii) share of unrealised profit on transaction with Associate (Net of reversal)		167.63	(102.32)
	(iii) Share of Loss in Subsidiaries			
	Net Profit fot the year after share of loss of Associate and Subsidiaries		**7,144.53**	**6,354.94**
VI	**Other comprehensive income**			
A	Items that will not be reclassified to profit or loss			
	(i) Remeasurements of post employment benefit obligations		(21.61)	117.40
	(ii) Fair value changes on Equity Instruments carried through other Comprehensive income		(0.00)	(3.87)
	(iii) Income tax relating to items that will not be reclassified to profit or loss		-	(40.63)
B	Items that will not be reclassified to profit or loss			
	(i) Exchange difference on translating the share of accumulated reserve of the Associates		(42.70)	12.33
VII	**Total Comprehensive Income for the year (V+VI) (Comprising Profit and Other Comprehensive Income for the year)**		**7,080.24**	**6,440.17**
VIII	**Earnings per equity share (Fair value of ₹1 each)**	2.32		
	Basic & Diluted in ₹		10.65	9.68

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

For MSKA Associates
Chartered Accountants
Firm Registration No. 105047W

Sd/-
Geetha Jeyakumar
Partner
Membership No. 029409

Kizhakkambalam, May 20, 2019

For and on behalf of the Board of Directors of
Kitex Garments Limited
CIN: L18101KL1992PLC006258

Sd/-
Sabu M Jacob
Chairman,
Managing Director & CFO
DIN:00046016

Sd/-
CA Benny Joseph
Director
DIN: 01219476

Sd/-
CS Mithun B Shenoy
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31,2019

(Rupees in Lakhs)

		For the year ended March 31, 2019	For the year ended March 31, 2018
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Net Profit before taxation	13,000.35	10,748.92
	Adjustments for:		
	Depreciation/Amortisation	2,726.25	2,340.14
	Unrealised foreign exchange (gain)/loss-net	198.41	(204.24)
	Interest income	(43.50)	(64.01)
	Deferred Grant Income	(154.97)	(154.97)
	Loss/(profit) on sale of assets-net	8.07	23.62
	Sundry Balance written back	(0.16)	(5.25)
	Provision / sundry balances written off through profit and loss	0.00	79.65
	Provision for doubtful debts/advances-net	(347.03)	347.03
	Interest expense	388.00	581.18
	Operating profit before working capital changes	**15,775.42**	**13,692.07**
	Adjustments for:		
	Trade and other receivables	(7,368.34)	(1,534.98)
	Inventories	(4,105.58)	(4,732.73)
	Trade, other payables and provisions	240.26	14.36
	Cash generated from operations	**4,541.76**	**7,438.72**
	Direct taxes paid (net of refunds)	(3,686.14)	(4,576.58)
	Cash from operating activities	**855.62**	**2,862.14**
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of fixed assets	(7,756.62)	(3,944.28)
	Sale of fixed assets	50.89	181.60
	Purchase of investments	(129.97)	(1,476.17)
	Interest received	36.25	36.53
	Net cash generated from / (used) in investing activities	**(7,799.45)**	**(5,202.32)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Bank Borrowings	8,198.92	(27.21)
	Interest paid	(391.78)	(466.91)
	Dividend/dividend distribution tax paid	(599.67)	(1,019.30)
	Net cash generated from / (used) in financing activities	**7,207.47**	**(1,513.42)**
	Net Increase /(decrease) in cash and cash equivalents (A+B+C)	**263.64**	**(3,853.60)**
	Effect of unrealised foreign exchange (gain) / loss	(125.40)	73.64
	Cash and cash equivalents at the beginning of the year	9,268.03	13,047.98
	Cash and cash equivalents at the end of the year (See Note b below)	9,406.27	9,268.03
	Net Increase /(decrease) in cash and cash equivalents	**263.64**	**(3,853.59)**

Notes:

a) The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Statement of Cash Flows.

b) Cash and cash equivalents at the end of the year includes ₹ 77.34 (Rs. 75.74) lakhs deposited in unclaimed dividend account which is earmarked for payment of dividend.

c) 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

For MSKA Associates
Chartered Accountants
Firm Registration No. 105047W

Sd/-
Geetha Jeyakumar
Partner
Membership No. 029409

Kizhakkambalam, May 20, 2019

For and on behalf of the Board of Directors of
Kitex Garments Limited
CIN: L18101KL1992PLC006258

Sd/-
Sabu M Jacob
Chairman,
Managing Director & CFO
DIN:00046016

Sd/-
CA Benny Joseph
Director
DIN: 01219476

Sd/-
CS Mithun B Shenoy
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2019

A. Equity Share Capital (Rupees Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the reporting year	665.00	475.00
Changes in Equity Share capital during the year *	-	190.00
Balance at the end of the reporting year	665.00	665.00

* Refer Note 2.12.2

B. Other Equity (Rupees Lakhs)

Particulars	Reserves and Surplus			Echange difference on traslating the share of accumulated reserves of the Associate	Equity Instrument through Other Comprehensive Income	Total
	Securities Premium Reserve	General Reserve	Retained Earnings			
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
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 on Issue of Bonus shares	-	(190.00)	-		-	(190.00)
Transfer to Reserves	-	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**
Balance as at April 01, 2018	**22.10**	**21,675.00**	**27,489.37**	**12.33**	**6.25**	**49,205.05**
Profit for the year	-	-	7,144.30		-	7,144.30
"Remeasurement benefit of defined benefit plans in Other Comprehensive Income (net of tax)"	-	-	(21.61)		-	(21.61)
"Fair value changes on equity instruments carried through other comprehensive income"	-	-			(0.00)	(0.00)
Exchange differences on translating for the year				(42.70)		(42.70)
Dividends (including taxes)	-	-	(601.26)		-	(601.26)
Transfer to Reserves	-	1,000.00	(1,000.00)		-	-
Balance at March 31, 2019	**22.10**	**22,675.00**	**33,010.80**	**(30.37)**	**6.24**	**55,683.77**

For MSKA Associates
Chartered Accountants
Firm Registration No. 105047W

Geetha Jeyakumar
Partner
Membership No. 029409

Kizhakkambalam, May 20, 2019

For and on behalf of the Board of Directors of
Kitex Garments Limited
CIN: L18101KL1992PLC006258

Sabu M Jacob
Chairman,
Managing Director & CFO
DIN:00046016

CA Benny Joseph
Director
DIN: 01219476

CS Mithun B Shenoy
Company Secretary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

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. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the company's accounting policies.

Investments in Associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Company's investments in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date.

The statement of profit and loss reflects the Company's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity.

The aggregate of the Company's share of profit or loss of an associate is shown on the face of the statement of profit and loss.

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 2018-19 and 2017-18.

Following wholly owned subsidiaries incorporated during 2018-19 have been considered in the preparation of the consolidated financial statements:

Name of the entity	Relationship	% of Holding and voting power
Kitex Babywear Limited	Subsidiary	100%
Kitex Kidswear Limited	Subsidiary	100%
Kitex Knits Limited	Subsidiary	100%
Kitex Littlewear Limited	Subsidiary	100%
Kitex Packs Limited	Subsidiary	100%
Kitex Socks Limited	Subsidiary	100%

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

The Consolidated Financial Statements of Kitex Garments Limited (the Company) its subsidiaries 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).

Accounting policies were consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

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

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.

1.3. Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is classified as current when:

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

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

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

1.4. Use of Estimates

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

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

1.5. Property, Plant & Equipment

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

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

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

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

Depreciation methods, estimated useful lives

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

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

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

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'.

1.6. 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.

1.7. Inventories

Inventories are valued at lower of cost or net realisable value. For this purpose, the cost of bought-out inventories comprises of the purchase cost of the items, net of applicable tax/duty credits and cost of bringing such items into the factory on First-In, First-Out (FIFO) basis. Cost of Inventory comprises Cost of Purchase, Cost of Conversion and other

Costs incurred to bring them to their respective present location and condition. The net realisable value of bought out inventories is taken at their current replacement value. The cost of manufactured inventories comprises of the direct cost of production plus appropriate fixed and variable production overheads.

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

1.8. Foreign Currency Transactions

(a) Functional and presentation currency

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.

(b) Transactions and balances

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

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

(c) Derivative instruments and hedge accounting

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

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

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

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

1.9. Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as a lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

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.

1.10. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are added to the cost of those assets, until such time as the

assets are substantially ready for their intended use or sale. Other borrowing costs are recognised as expenditure in the period in which they are incurred.

1.11. 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.

1.12. Financial Instruments

(a) Financial asset

(i). Initial recognition and measurement

At initial recognition, financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii). Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

a) at amortized cost; or

b) at fair value through other comprehensive income; or at fair value through profit or loss.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

(iii). Derecognition of financial assets

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

(b) Financial liabilities

Financial liabilities are 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 de-recognised 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.

1.13. Revenue Recognition

The Company derives revenues primarily from sale of manufactured fabric and readymade garments.

Effective 01 April 2018, the Company has adopted Indian Accounting Standard 115 (Ind AS 115) 'Revenue from contracts with customers' using the cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. 01 April 2018. Accordingly, the comparative amounts of revenue and the corresponding contract assets / liabilities have not been retrospectively adjusted. The effect on adoption of Ind-AS 115 was insignificant.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

Other operating revenue - Export incentives: Export Incentives under various schemes are accounted in the year of export.

1.14. Taxes

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the 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.

1.15. Employee Benefits

(a) Short-term obligations

Liabilities for wages and salaries, including nonmonetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(b) Defined Contribution Plans

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

(c) Defined Benefit Plans: Gratuity

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

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

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

(d) Long Term Employee Benefits: Compensated absences

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

1.16. 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 year end whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. An asset or a cash generating unit is treated as impaired, when the carrying value of assets exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. Based on such assessment, impairment loss if any is recognised in the Statement of Profit and Loss for the period in which the asset is identified as impaired.

1.19. Rounding off amounts

All amounts disclosed in financial statements and notes have been rounded off to the nearest thousands as per requirement of Schedule III of the Act, unless otherwise stated.

1.20. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits net of bank overdraft with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

1.21. Provisions and contingent liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) because of a past event, for which it is probable that a cash outflow will be required, and a reliable estimate can be made of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, 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 the provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

1.22. Significant accounting judgments estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

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

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

ii. Actuarial Valuation:

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after considering inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the 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. Standards (including amendments) issued but not yet effective

(a) Ind AS 116 – Leases

On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases standard, Ind AS 17, Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effective date for the adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

The company will adopt Ind AS 116 effective annual reporting period beginning April 1, 2019. The company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the company will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. On that date, the company will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the Standard had been applied since the commencement date but discounted using the lessee's incremental borrowing rate as at April 1, 2019. In accordance with the standard, the company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value. On transition, the company will be using the practical expedient provided by the standard. The company is currently evaluating the effect in the adoption of this standard.

(b) Ind AS 12 - Income taxes (amendments relating to uncertainty over income tax treatments and income tax consequences on dividend distribution)

On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The effective date for adoption of Ind AS 12 amendments are annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. The Company is currently evaluating the effect of this amendment on the financial statements.

(c) Ind AS 19- Plan amendment, curtailment or settlement (Amendment)

On March 30, 2019, the Ministry of Corporate Affairs issued amendments to Ind AS 19, Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements. The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The company does not expect this amendment to have any significant impact on its financial statement.

(d) Ind AS 23 – Borrowing Costs (Amendment)

On March 30, 2019, the Ministry of Corporate Affairs issued amendments to Ind AS 23, Borrowing Costs. The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The company does not have any impact from this amendment.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

2.01 A Property, plant and equipment

(Rupees in Lakhs)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2018	Additions during the year	Disposal / Adjustments	As at March 31, 2019	As at April 1, 2018	Disposal/ Adjustments	During the Year	As at March 31, 2019	As at March 31, 2019	As at April 1, 2018
Freehold Land	492.83	5,001.48	-	5,494.31	-	-	-	-	5,494.31	492.83
Building	4,735.05	45.44	-	4,780.49	348.59	-	166.33	514.92	4,265.57	4,386.46
Plant & Machinery	14,754.67	1,553.81	112.38	16,196.10	3,391.98	53.70	2,220.98	5,559.26	10,636.84	11,362.69
Furniture & Fixtures	194.23	13.23	-	207.46	69.83	-	26.84	96.67	110.79	124.40
Vehicles	392.97	146.80	3.56	536.21	118.24	3.28	80.01	194.97	341.24	274.73
Office Equipments	181.77	20.29	-	202.06	59.45	-	41.91	101.36	100.70	122.32
Computers	367.34	181.69	-	549.03	150.27	-	102.36	252.63	296.40	217.07
Electrical Equipments	265.45	41.57	-	307.02	116.17	-	47.57	163.74	143.28	149.28
Total	**21,384.31**	**7,004.31**	**115.94**	**28,272.68**	**4,254.53**	**56.98**	**2,686.00**	**6,883.55**	**21,389.13**	**17,129.78**

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2017	Additions during the year	Disposal / Adjustments	As at March 31, 2018	As at April 1, 2017	Disposal/ Adjustments	During the Year	As at March 31, 2018	As at March 31, 2018	As at April 1, 2017
Freehold Land	489.83	3.00	-	492.83	-	-	-	-	492.83	489.83
Building	4,588.17	146.88	-	4,735.05	184.50	-	164.09	348.59	4,386.46	4,403.67
Plant & Machinery	13,049.19	2,107.62	402.14	14,754.67	1,713.88	209.95	1,888.05	3,391.98	11,362.69	11,335.31
Furniture & Fixtures	189.95	4.28	-	194.23	36.67	-	33.16	69.83	124.40	153.28
Vehicles	327.58	85.24	19.85	392.97	61.85	6.82	63.21	118.24	274.73	265.73
Office Equipments	142.05	39.72	-	181.77	25.64	-	33.81	59.45	122.32	116.41
Computers	357.32	10.02	-	367.34	75.51	-	74.76	150.27	217.07	281.81
Electrical Equipments	242.66	22.79	-	265.45	59.01	-	57.16	116.17	149.28	183.65
Total	**19,386.75**	**2,419.55**	**421.99**	**21,384.31**	**2,157.06**	**216.77**	**2,314.24**	**4,254.53**	**17,129.78**	**17,229.69**

2.01 B -Capital work-in-progress

(Rupees in Lakhs)

	GROSS BLOCK (at cost)			
	As at April 1, 2018	Additions / Adjustments	Deductions / Adjustments	As at March 31, 2019
Bulding under Construction	**0.39**	**61.18**	**31.58**	**29.99**
Plant and Equipment under Installation	**3,200.97**	**2,347.90**	**1,815.28**	**3,733.59**
	3,201.36	**2,409.08**	**1,846.86**	**3,763.58**

	GROSS BLOCK (at cost)			
	As at April 1, 2017	Additions / Adjustments	Deductions / Adjustments	As at March 31, 2018
Bulding under Construction	**130.41**	**16.86**	**146.88**	**0.39**
Plant and Equipment under Installation	**1,237.37**	**4,129.71**	**2,166.11**	**3,200.97**
	1,367.78	**4,146.57**	**2,312.99**	**3,201.36**

2.01 C -Other Intangible assets

(Rupees in Lakhs)

	GROSS BLOCK				AMORTIZATION				NET BLOCK	
	As at April 1, 2018	Additions during the year	Disposal / Adjustments	As at March 31, 2019	As at April 1, 2018	Disposal / Adjustments	During the Year	As at March 31, 2019	As at March 31, 2019	As at April 1, 2018
Computer software	81.37	55.67	-	137.04	46.86	-	40.25	87.11	49.93	34.51
Total (B)	**81.37**	**55.67**	**-**	**137.04**	**46.86**	**-**	**40.25**	**87.11**	**49.93**	**34.51**

	GROSS BLOCK				AMORTIZATION				NET BLOCK	
	As at April 1, 2017	Additions during the year	Disposal / Adjustments	As at March 31, 2018	As at April 1, 2017	Disposal / Adjustments	During the Year	As at March 31, 2018	As at March 31, 2018	As at April 1, 2017
Computer software	74.92	6.45	-	81.37	20.96	-	25.90	46.86	34.51	53.96
Total (B)	**74.92**	**6.45**	**-**	**81.37**	**20.96**	**-**	**25.90**	**46.86**	**34.51**	**53.96**

2.01 D -Intangible assets under Development

(Rupees in Lakhs)

	Gross block			
	As at April 1, 2018	Additions / Adjustments	Deductions / Adjustments	As at March 31, 2019
Software under development	200.28	72.97	50.00	223.25
Total	**200.28**	**72.97**	**50.00**	**223.25**

	Gross block			
	As at April 1, 2017	Additions / Adjustments	Deductions / Adjustments	As at March 31, 2018
Software under development	197.61	2.67		200.28
Total	**197.61**	**2.67**	**-**	**200.28**

2.02 Investments [Non-current]

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unquoted (Trade):		
Investments carried at cost		
Investments in Equity Instruments of Associate Company		
4,250,210.09 (4,050,210.09) Fully paid-up Membership units of USD 1 each in Kitex USA LLC	2,776.24	2,646.28
Less:-		
Share of Accumulated Reserve	1,751.20	1,115.99
Share of Loss in Associate [See Note 2.02.1]	814.71	749.61
Share of unrealised profit on transaction with associate (Net of reversal)	167.63	(102.32)
Add: Fair Value change in Equity Instruments carried through OCI	(42.70)	12.33
Quoted (Non Trade):		
Investments carried at fair value through other comprehensive income	-	-
7,000 (7,000) Equity Shares of ₹ 2 each in Punjab National Bank Limited, Fully Paid-up.	6.68	6.68
Total	**6.68**	**902.01**
Aggregate amount of unquoted investments	**-**	**895.33**
Aggregate amount of quoted investments and market value thereof; (The market value of quoted investments is equal to the carrying value)	6.68	6.68

2.02.1 Loss of Associate restricted to the investment avilable.

2.03 Other Financial Assets [Non-current]

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good		
Security Deposit	171.44	166.95
Other Financial Assets	53.69	-
Total	**225.13**	**166.95**

2.03.1 Deposit account represents deposits held as security which are not expected to be refunded within next 12 months.

2.04 Non Current Tax Assets

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Income Tax (net)	275.93	275.93
Total	**275.93**	**275.93**

2.05 Other non-current assets

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good		
Capital Advances	160.49	254.26
Balances with Government Authorities	156.41	148.91
Total	**316.90**	**403.17**

2.06 Inventories

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Raw materials (At Cost)	2,540.83	2,285.13
Raw materials in transit	188.17	20.95
Work-in-progress (At Cost)	8,443.64	5,166.46
Finished goods [See Note 2.06.1]	1,461.06	1,093.70
Stores and spares (At Cost)	248.04	215.17
Stores and spares in transit	6.28	1.03
Total	**12,888.02**	**8,782.44**

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

2.07 Trade Receivables

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured Considered Good	16,531.54	12,300.53
Unsecured Considered Doubtful	-	347.03
Sub Total	16,531.54	12,647.56
Less: Provision of allowance for expected life time credit loss	-	347.03
Total	**16,531.54**	**12,300.53**

2.07A TOYS "R" US, Inc., a customer of the Company had filed a petition in the Bankruptcy Court in The United States of America to wind down its US operation in the previous year. Provision of ₹ 347.03 Lakhs was made for the receivables towards loss, if any on recovery of receivables in the Financial year 2017-18. After the hearings at the US Bankruptcy court on September 6, 2018 and November 13, 2018, Plan submitted under Chapter 11 was confirmed. The Claim allowed to the company aggregates to 9.17 Million US Dollars, of which the company has already received an interim disbursement of 1.60 million dollars (17.50% of the claim allowed) during March 2019. Consequently, the provision carried in the books of ₹347.03 Lakhs has been written back during the year. The accounting for the balance claim will be made on the receipt of balance amount.

2.08 Cash and Cash Equivalents (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with Banks - In Current Accounts	9,404.91	9,266.51
Cash on hand	1.36	1.52
Total	**9,406.27**	**9,268.03**

2.08.1 Balance with banks in current accounts include ₹ 77.34 lakhs(Rs. 75.74 lakhs) which represent earmarked balance of unpaid Dividend.

2.09 Bank balances other than Cash and Cash Equivalents (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Balance with Banks In Deposit Accounts [See Note 2.09.1]	489.00	418.69
Total	**489.00**	**418.69**

2.09.1 Balances with banks in deposit accounts include ₹457.46 lakhs (Rs 418.69 lakhs) held as security against Letter of Credits/ Guarantee, with a maturity period of less than 12 months.

2.10 Other Financial Assets (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good		
Subsidy Receivable	1,116.51	1,112.64
Duty Drawback Receivable	283.97	934.30
Other Deposits	2.00	2.00
Rent Deposit	43.28	7.42
Interest receivable on margin money deposit	24.60	21.94
Total	**1,470.36**	**2,078.30**

2.11 Other Current Assets (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good		
Advances recoverable in cash or in kind or for value to be received.	836.84	220.91
Balances with Government Authorities	4,473.84	2,715.10
Advances to staff	32.64	28.14
Prepaid Expenses	76.73	75.50
Export Entitlements/Rebate receivable on export	3,311.75	1,792.80
Total	**8,731.80**	**4,832.45**

2.12 Equity Share Capital: (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised:		
2,500 lakhs Equity Shares of ₹ 1/- each	2,500.00	2,500.00
Issued, Subscribed and fully paid-up:		
665 lakhs Equity Shares of ₹ 1/- each	665.00	665.00
Total	**665.00**	**665.00**

2.12.1 Terms/rights attached to Equity Shareholders

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

2.12.2 Reconciliation of shares at the beginning and at the end of the financial year (Rupees in Lakhs)

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Amount	No. of shares	Amount
No. of shares as at the beginning of the financial year	66,500,000	665.00	47,500,000	475.00
Add: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	66,500,000	665.00

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

Name of Shareholders	As at March 31, 2019		As at March 31, 2018	
	No. of shares	%	No. of shares	%
Sabu M Jacob	22,015,606	33.11	21,819,800	32.81
Kitex Childrenswear Limited	10,385,507	15.62	10,290,460	15.47
Renjitha Joseph	4,328,100	6.51	4,328,100	6.51
C K G Super Market Limited	4,125,428	6.20	4,233,434	6.37
Gopinathan C K	4,069,000	6.12	3,853,825	5.80

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

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

Particulars	No. of shares	Rupees in Lakhs
Equity shares allotted as fully paid up bonus shares		
Financial Year 2017-18	19,000,000	190.00

2.13 Other Equity (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Capital Reserve		
- Investment Subsidy	22.10	22.10
General Reserve		
Opening Balance	21,675.00	20,865.00
Add: Transfer from Retained Earnings	1,000.00	1,000.00
Less: Transfer on Issue of Bonus Shares	-	190.00
Closing Balance	**22,675.00**	**21,675.00**
Retained Earnings		
Opening Balance	27,489.37	23,086.71
Add: Profit for the year	7,144.55	6,354.94
Add: Remeasurement benefit of defined benefit plans in Other Comprehensive Income (net of tax)	(21.61)	76.77
	34,612.31	**29,518.42**
Less:		
Transfer to General Reserve	1,000.00	1,000.00
Dividend	498.75	855.00
Tax on Dividend	102.52	174.05
Closing Balance	**33,011.04**	**27,489.37**
Equity Instrument through Other Comprehensive Income		
Opening Balance	6.25	10.12
Add : Fair value changes on equity instruments carried through other comprehensive income	-	(3.87)
Closing Balance	**6.25**	**6.25**
Exchange difference on translating the share of accumulated reserve of the Associate		
Opening Balance	12.33	
Add:Exchange differences on translating for the year	(42.70)	12.33
Total	**55,684.02**	**49,205.05**

2.13.1 Final Dividend of ₹1.50 (Rs.0.75/- interim and ₹0.75 final)) per share is proposed by the Board of Directors and is subject to the approval of the members at the Annual General Meeting.

2.13.2 Description of Nature and Purpose of each Reserve

a **Capital Reserve :** Capital reserve denotes investment subsidy received by the company amounting to ₹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 **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.

d **Exchange differences on translating the share of accumulated reserves of the Associate :** The exchange differences arising on translation of the share of accumulated reserve of the Associate from functional currency to presentation currency in accordance with Ind AS 21, the effects of changes in Foreign Exchange Rates.

2.14 Borrowings (Non Current)

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Loans from Banks (Secured)	-	62.58
Total	-	62.58

2.14.1 Terms of Repayment of Indian Rupee Term Loans

	Name of the Bank	State Bank of India		
	Type of loan	India Rupee Term Loans		
	Amount Sanctioned	1,700	1,735	800
	Amount Availed	756	1,085	577
	Current interest rate as at the year end	9.65%	9.65%	10.35%
	Terms of repayment	First 45 months ₹ 33.00 lakhs Next 11 months ₹ 18.00 lakhs Next 1 month ₹ 17.00 lakhs	First 40 months ₹ 25.00 lakhs Next 15 months ₹ 35.00 lakhs Next 5 months ₹ 42.00 lakhs	First 50 months ₹ 13.00 lakhs Next 10 months ₹ 15.00 lakhs

2.14.2 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.

2.14.3 Current maturities of long term borrowings are stated in Note 2.20

2.15 Provisions

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Gratuity [See Note 2.15.2]	621.07	536.26
Provision for Compensated Absences [See Note 2.15.2]	156.85	140.00
Total	**777.92**	**676.26**

2.15.1 Short-term provisions of Employee Benefits is disclosed in Note 2.22

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

2.15.2.a Defined Contribution Plans

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

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Employers contribution to Provident Fund	359.76	404.54
Employers contribution to Employee's State Insurance	194.03	182.91

2.15.2.b Defined Benefit Plans - Gratuity: Unfunded Obligation

(Rupees in Lakhs)

i Actuarial Assumptions	As at March 31, 2019	As at March 31, 2018
Discount Rate (per annum)	6.80%	7.80%
Salary escalation rate*	7.00%	7.00%
Mortality rate	Indian Assured Lives Mortality (2012-14) Ult table	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	As at March 31, 2019	As at March 31, 2018
Present value of obligation at the beginning of the year	659.06	604.18
Current Service Cost	124.80	162.59
Past Service Cost	-	10.65
Interest Cost	46.62	43.43
Actuarial (gain)/ loss - financial	42.39	(12.73)
Actuarial (gain)/ loss - demographic	(0.04)	(47.26)
Actuarial (gain)/ loss - experience	(20.74)	(57.41)
Benefits Paid	(67.23)	(44.39)
Present value of obligation at the end of the year	784.86	659.06
Contributions by the Employer	67.23	44.39
Benefits paid	(67.23)	(44.39)
Expected employers' contribution next year	163.78	122.80
iii Expenses recognized in the Statement Profit and Loss		
Current Service Cost	124.80	162.59
Interest Cost	46.62	43.43
Past Service Cost (if applicable)	-	10.65
Expected return on plan assets	-	-
Total expenses recognized in the Statement of Profit and Loss for the year	171.42	216.67
iv Expenses recognized in Other Comprehensive Income		
Opening Amount recognised in OCI outside Profit and Loss account	(106.05)	11.35
Remeasurements during the period due to		
Changes in financial assumptions	42.39	(12.73)
Changes in demographic assumptions	(0.04)	(47.26)
Experience Adjustments	(20.74)	(57.41)
Total remeasurements included in Other Comprehensive Income	21.61	(117.40)
Closing amount recognised in OCI outside Profit and loss account	(84.44)	(106.05)
v Sensitivity Analysis		
Discount rate +50 basis points	(2.78%)	(2.63%)
Discount rate -50 basis points	2.95%	2.78%
Salary increase rate +50 basis points	2.92%	2.77%
Salary increase rate -50 basis points	(2.77%)	(2.64%)
vi Maturity Analysis of the Benefit payments		
Year 1	163.78	122.80
Year 2	121.21	119.37
Year 3	101.48	100.69
Year 4	94.01	82.11
Year 5	84.93	73.66
Next 5 years and above	716.54	636.80

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

2.15.2.c Long Term Employee Benefits

Compensated absences (Vesting and Non Vesting): Unfunded Obligation (Rupees in Lakhs)

i. Actuarial Assumptions	As at March 31, 2019	As at March 31, 2018
Discount Rate (per annum)	6.80%	7.80%
Salary escalation rate*	7.00%	7.00%
Mortality rate	Indian Assured Lives Mortality (2012-14) 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.

2.16 Deferred Tax Liabilities (Net) (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
A. Deferred Tax Liability		
On excess of net book value over Income tax written down value of Property, Plant and Equipments	1,703.40	1,998.93
B. Deferred Tax Assets		
On Provisions	364.46	426.45
Deferred Tax Liabilities (Net) (A-B)	**1,338.94**	**1,572.48**

Movement in Deferred Tax Liabilities/assets balances during the year ended March 31, 2019 (Rupees in Lakhs)

Particulars	Opening Balance April 1, 2018	Recognised in profit or loss	Recognised in Other Comprehensive Income	Closing Balance March 31, 2019
A. Deferred Tax Liability				
On excess of net book value over Income tax written down value of Property, Plant and Equipments	1,998.93	(295.53)	-	1,703.40
B. Deferred Tax Assets				
On Provisions	426.45	(61.99)	-	364.46
Deferred Tax Liabilities (Net) (A-B)	**1,572.48**	**(233.54)**	**-**	**1,338.94**

Movement in Deferred Tax Liabilities/assets balances during the year ended March 31, 2018 (Rupees in Lakhs)

Particulars	Opening Balance April 1, 2017	Recognised in profit or loss	Recognised in Other Comprehensive Income	Closing Balance March 31, 2018
A. Deferred Tax Liability				
On excess of net book value over Income tax written down value of Property, Plant and Equipments	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**

Reconciliation of effective tax rate

The income tax expense for the year can be reconciled to the accounting profit as follows: (Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax	**13,019.03**	**10,748.92**
Income tax expense calculated at 34.944% (34.608%)	**4,549.37**	**3,720.00**
Effect of income which is taxed at special rate	-	-
Tax effect on non deductible expenses	802.76	176.40
Tax effect on eligible deductions	(463.40)	(128.53)
Effect on deffered tax balances due to change in Income Tax rate	(15.27)	-
Total	**4,873.46**	**3,767.87**
Tax expense as per Statement of Profit and Loss	**4,873.46**	**3,767.87**

The tax rate used for reconciliation above is the corporate tax rate of 34.944%(34.608%)payable on taxable profit under the Income Tax Act, 1961.

2.17 Other non-current Liabilities (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred Grant	669.59	824.56
Total	**669.59**	**824.56**

2.18 Borrowings (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Loans repayable on demand from Banks (Secured)	8,668.30	29.22
Total	**8,668.30**	**29.22**

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

2.19 Trade Payables (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Payables		
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	102.61	69.40
(ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	4,107.98	4,182.88
Total	**4,210.59**	**4,252.28**

2.19.1 The company has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act 2006. Intimations have been received from some of the suppliers regarding their status under the said Act as at March 31,2019, based on which, principal amount unpaid to such suppliers as at the year end aggregating to ₹102.61 lakhs (Rs.69.40 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.

Disclosers required under Micro, Small and Medium Enterprises Development Act 2006 are as follows

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
a. Principal Amount remaining unpaid but not due as at the year end.	102.61	69.40
b. Interest due thereon and remaining unpaid as at the year end.	-	

c. Interest paid by the Company in terms of Section 16 of Micro, Small & Medium Enterprises Development Act 2006 along with the amount of payment made to the supplier beyond the appointed day during the year.	-	
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	
e. Interest accrued and remaining unpaid as at the year end	-	
f. Further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	
Total	**102.61**	**69.40**

2.20 Other financial liabilities

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Creditors for Capital Goods	71.08	240.87
Retention Money	35.67	66.73
Current maturities of long term borrowings (see Note 2.14.1 and 2.14.2)	332.70	710.29
Unpaid Dividend	77.34	75.74
Grants received in advance (see Note 2.20.1 below)	227.52	-
Interest Accrued on Borrowings	2.99	7.50
Total	**747.30**	**1,101.13**

2.20.1 The Company undertakes programmes under Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), the skilling and placement initiative of the Ministry of Rural Development (MoRD), Government of India. The grants received in advance are spent over the life of the project as per the notified Guidelines and Standard Operating Procedures (SOP) to be followed while implementing the programme.

2.21 Other Current Liabilities

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Statutory Dues	166.05	311.81
Deferred Grant	154.97	154.97
Advance from Customers	80.71	11.95
Total	**401.73**	**478.73**

2.22 Short-term provisions

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Gratuity [See Note 2.15.2]	163.79	122.80
Provision for Compensated Absences [See Note 2.15.2]	101.28	86.14
Total	**265.07**	**208.94**

2.23 Current Tax Liabilities (Net)

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Income Tax (Net)	2,339.06	918.20
Total	**2,339.06**	**918.20**

2.24 Revenue from operations

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of products	56,322.26	51,141.16
	56,322.26	**51,141.16**
Other operating revenues:		
Export entitlements	3,374.48	3,813.09
Job work charges	863.51	689.32
Scrap sales	40.67	15.44
Others	79.54	66.41
	4,358.20	**4,584.26**
Revenue from operations	**60,680.46**	**55,725.42**

2.25 Other Income

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest income	38.92	45.44
Subsidy Income - TUFS	4.59	18.57
Rent Received	26.03	19.45
Foreign Exchange rate variation (Net)	1,668.59	15.48
Deferred Grant income	154.97	154.97
Provision no longer required written back (See Note 2.08A)	347.03	-
Other Non Operating Incomes	6.99	13.16
Total	**2,247.12**	**267.07**

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

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 ₹205.88 Lakhs (₹127.88 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.

2.26 Cost of materials consumed

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening inventory	2,306.08	1,382.42
Add: Purchases	28,703.66	26,328.20
Less: Closing inventory	2,729.00	2,306.08
Total	**28,280.74**	**25,404.54**

2.27 Changes in inventories of finished goods and work-in-progress

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening inventory:		
Finished goods:	1,093.70	278.61
Work-in-progress:	5,166.46	2,245.77
	6,260.16	**2,524.38**
Closing inventory:		
Finished goods:	1,461.06	1,093.70
Work-in-progress:	8,443.64	5,166.46
	9,904.70	**6,260.16**
Change in inventories	**(3,644.54)**	**(3,735.78)**

2.28 Employee Benefits Expense

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries & Wages	8,274.64	7,662.38
Contribution to Provident and Other Funds	359.76	398.56
Gratuity Expenses	171.37	216.67
Staff Welfare Expense	1,006.75	983.18
Remuneration to Directors	696.31	590.58
Total	**10,508.83**	**9,851.37**

2.29 Finance Costs

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Expense	321.44	525.58
Other borrowing cost	66.56	55.60
Total	**388.00**	**581.18**

2.30 Depreciation and amortisation expense

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation of Property, Plant and Equipment (See Note 2.01A)	2,686.00	2,314.24
Amortisation of Intangible assets (See Note 2.01C)	40.25	25.90
Total	**2,726.25**	**2,340.14**

2.31 Other Expenses (Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Processing charges	3,272.53	3,241.27
Consumption of Stores and Spares	905.31	979.83
Power and Fuel	2,556.97	2,206.78
Repairs		
- Building	27.36	33.07
- Plant & Machinery	316.39	353.84
- Others	270.30	405.95
Other Production Expenses	181.90	96.68
Testing Charges	128.72	180.77
Forwarding and transport on sales	1,799.44	778.20
Insurance	73.39	72.83
Rent	145.98	50.56
Rates & Taxes	85.10	144.73
Travelling & Conveyance	104.41	138.18
Payments to Auditors [See Note 2.31.2]	18.44	17.79
Advertisement & Sales promotion	120.76	91.72
Professional & Consultancy charges	135.18	90.52
Provision for Doubtful Debts [See Note 2.07A]	-	347.03
Loss on Sale of Fixed assets	8.07	23.62
Donation [See Note 2.31.1]	714.16	29.93
Expenses on Corporate Social Responsibility activities [See Note 2.31.3]	557.69	1,275.12
Miscellaneous Expenses	245.85	243.70
Total	**11,667.95**	**10,802.12**

2.31.1 Donations made to political parties during the year amounts to ₹13.50 Lakhs (Rs.29.75 Lakhs)

2.31.2 Payments to Auditors (Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Statutory Audit Fees	18.00	9.00
(b) Other Services		
- Taxation Matters	-	5.13
- Others	0.10	3.66
- Reimbursement of Expenses	0.34	-
Total	**18.44**	**17.79**

2.31.3 Details of expenses on corporate social responsibility activities

(a) Gross amount required to be spent by the company during the year ₹ 280.83 Lakhs (Rs.303.62 Lakhs)

(b) Amount spent during the year on : (Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(i) Construction /Acquisition of any Asset	-	-
(ii)On purposes other than (i) above	557.69	1,275.12
Total	**557.69**	**1,275.12**

2.32 Earnings per equity share

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Total Comprehensive Income for the year	7,080.24	6,440.17
Weighted Average Number of Equity Shares of ₹ 1/- each (fully paid-up)	66,500,000	66,500,000
Earnings per equity share - Basic & Diluted in ₹	**10.65**	**9.68**

Segment Reporting

2.33 In accordance with Ind AS 108 on "Operating Segments", the company operates in one business segment viz. Textiles Business and hence segment information is not required to be furnished.

2.33A Information about products and services: The company earns revenue from only a single group of product and service viz. Textile business comprising of sale of garments and fabrics products/ services.

2.33B Information Regarding Geographical Revenue is as follows:

(Rupees in Lakhs)

Revenue from external customers	For the year ended March 31, 2019	For the year ended March 31, 2018
India	13,950.20	13,308.42
Outside India		
-The United States of America	42,966.50	40,224.49
-Others	3,763.76	2,192.51
Sale of products	60,680.46	55,725.42

2.33C All non current assets of the company are located in India.

2.33D The Following table gives details in resepect of percentage of revenue generated from the top customer and revenues from transactions with customers amounting to more than 10 percent or more of the company's revenues.

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
No of customers who contribute to more than 10 percent of the company's revenue	3	3
Revenue from Top Customer	30,417.82	25,139.15
Revnue from customers contributing to more than 10 percent of the company's revenue	56,075.32	51,032.34

2.34 Fair Value Measurement

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of trade receivables, trade payables and other Current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature.

There were no transfers between Level 1 and Level 2 during the year.

Fair value hierarchy of financial instruments measured at fair value on a recurring basis is as follows: (Rupees in Lakhs)

Particulars	Fair value Hierarchy (Level)	As at March 31, 2019	As at March 31, 2018
Financial Assets measured at Fair value through Other Comprehensive Income			
Investments in Equity shares - Quoted	1	6.68	6.68

Category wise classification of financial instruments is as follows: (Rupees in Lakhs)

Particulars	See Note	As at March 31, 2019	As at March 31, 2018
Financial Assets measured at Fair value through Other Comprehensive Income			
Investments in Equity shares - Quoted	2.02	6.68	6.68
Financial Assets measured at amortised cost			
Non current:			
ii. Security deposits	2.03	171.44	166.95
iii. Advances to Subsidiaries	2.03	53.69	-
Current:			
i. Trade receivables	2.07	16,531.54	12,300.53
ii. Cash and cash equivalents	2.08	9,406.27	9,268.03
iii. Bank balances other than (ii) above	2.09	489.00	418.69
Total		26,658.62	22,160.88
Financial Assets measured at cost			
Non current:			
i. Investments in Equity shares - Unquoted (Non current)	2.02	2,776.24	2,646.28
Total		2,776.24	2,646.28
Financial Liabilities measured at amortised cost			
Non current:			
i. Borrowings	2.14	-	62.58
Total		-	62.58
Current:			
i. Borrowings	2.18	8,668.30	29.22
ii. Trade payables	2.19	4,210.59	4,252.28
iv. Other financial liabilities	2.20	747.30	1,101.13
Total		13,626.19	5,382.63

2.35 Financial Risk Management - Objectives and Policies

The Company has a well- managed risk management framework, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as liquidity risk, market risk, credit risk and foreign currency risk) that may arise as a consequence of its business operations as well as its investing and financing activities.

Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable risk parameters in a disciplined and consistent manner and in compliance with applicable regulation.

1) Liquidity Risk

Liquidity risk is the risk that the Company will encounter due to difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The company has sound financial strength represented by its aggregate current assets as against aggregate current liabilities and its strong equity base and low working capital debt. In such circumstances, liquidity risk does not exist.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(Rupees in Lakhs)

Maturities of financial liabilities As at 31 March 2019	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	8,668.30			8,668.30
Trade payable	4,210.59			4,210.59
Other financial liabilities	747.30			747.30
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	4,252.28			4,252.28
Other financial liabilities	1,101.13			1,101.13

2) Market Risk

As the Company is virtually debt-free and its deferred payment liabilities do not carry interest, the exposure to interest rate risk from the perspective of Financial Liabilities is negligible.

a) Foreign Currency Risk

The Company undertakes transactions denominated in foreign currency (mainly US Dollar) which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency, are also subject to reinstatement risks.

The Company 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.2.37

The Company has established risk management policies to hedge the volatility arising from exchange rate fluctuations in respect of firm commitments and highly probable forecast transactions, through foreign exchange forward contracts. The proportion of forecast transactions that are to be hedged is decided based on the size of the forecast transaction and market conditions. As the counterparty for such transactions are highly rated banks, the risk of their non-performance is considered to be insignificant.

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.

(Rupees in Lakhs)

Particulars	Impact in Statement of Profit and loss for 1% change	Impact in Statement of Profit and loss for 1% change
Sensitivity	**March 31, 2019**	**March 31, 2018**
INR/USD (Net Receivable)	182.67	179.89
INR/EUR (Net Payable)	2.33	4.53
INR/CHF (Net Payable)	0.12	1.09

b) Interest Rate Risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of the Loans and Borrowings effected. With all other variables held constant, the companys profit before tax is affected through the impact on floating rate borrowings as follows :

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Variable rate instruments		
Financial Liabilities -Loans repayable on demand from Banks	8,668.30	29.22
Net Financial Assets / (Liability)	8,668.30	29.22

Interest Rate Sensitivity (Rupees in Lakhs)

Particulars	Impact on Profit or (Loss)	
	March 31, 2019	March 31, 2018
Sensitivity		
50 BPS increase in rate	25.91	35.21
50 BPS decrease in rate	(25.91)	(35.21)

3) Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management considers that the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. The Company is not exposed to concentration of credit risk to any one single customer since the products are sold to customers who are spread over a vast spectrum and hence, the concentration of risk with respect to trade receivables is low. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of the customers to which the Company grants credit terms in the normal course of the business.

(Rupees in Lakhs)

Movement in expected credit loss allowance on trade receivables	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	347.03	-
Loss allowance measured at lifetime expected credit losses		347.03
Loss allowance reversed on measurement	(347.03)	
Balance at the end of the year	-	347.03

2.36 Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

The Company's financial strategy aims to support its strategic priorities and provide adequate capital to its businesses for growth and creation of sustainable stakeholder value. The Company funds its operations through internal accruals. The Company aims at maintaining a strong capital base largely towards supporting the future growth of its businesses as a going concern.

As at 31st March, 2019, the Company has only one class of equity shares and is virtually debt-free. The company is not subject to any externally imposed capital requirements.

Particulars	As at March 31, 2019	As at March 31, 2018
Equity attribuatble to shareholders	56,349.02	49,870.05
Borrowings	9,001.00	802.09
Less: Cash and cash equivalents	9,406.27	9,268.03
Net debt	(405.27)	(8,465.94)
Total Capital (Equity + Debt)	55,943.75	41,404.11
Net debt to capital ratio	(0.01)	(0.20)

2.37 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 31st March, 2019 Net Assets, i.e., total assets - total liabilities		As at 31st March, 2018 Net Assets, i.e., total assets - total liabilities	
	As a % of consolidated net assets	Amount in Lakhs	As a % of consolidated net assets	Amount in Lakhs
Company	100.00%	56,349.02	98.20%	48,974.73
Associate (Investment as per Equity Method):				
- Kitex USA LLC		2,776.24		2,646.28
Less: Share of Loss and Unrealised Profit		2,776.24		1,750.28
	-	-	1.80%	895.33
Total	**100.00%**	**56,349.02**	**100.00%**	**49,870.06**

Name of the entity	For the year ended 31st March, 2019 Share in Profit or Loss		For the year ended 31st March, 2018 Share in Profit or Loss	
	As a % of consolidated net assets	Amount in Lakhs	As a % of consolidated net assets	Amount in Lakhs
Company	113.75%	8126.89	110.19%	7,002.23
Associate (Investment as per Equity Method):				
- Kitex USA LLC				
Less: Share of Loss and Unrealised Profit	(13.75%)	982.34	(10.19%)	(647.29)
Total	**100.00%**	**7,144.30**	**100.00%**	**6,354.94**

Name of the entity	For the year ended 31st March, 2019 Share in other comprehensive income		For the year ended 31st March, 2018 Share in other comprehensive income	
	As a % of consolidated net assets	Amount in Lakhs	As a % of consolidated net assets	Amount in Lakhs
Company	33.66%	(21.61)	85.53%	72.90
Associate (Investment as per Equity Method):				
- Kitex USA LLC				
Less: Share of Loss and Unrealised Profit	66.39%	(42.70)	14.47%	12.33
Total	**(100.00%)**	**(64.31)**	**100.00%**	**85.23**

Summarised Financial Information in respect of Kitex USA LLC (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Current Asset	12,732.52	11,143.11
Non Current asset	641.09	617.95
Current liability	13,420.43	10,134.51
Revenue	32,258.68	27,567.40
Loss	(2,071.36)	(1,294.58)
Other comprehensive income	(85.40)	24.66
Total comprehensive income	(2,156.76)	(1,269.92)

2.38 Disclosure of transactions with related parties as required by Ind AS-24 for the year ended March 31, 2019.

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

a Key Managerial Personnel:

i Sabu M Jacob, Managing Director
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
vii Twenty 20 Kizhakkambalam Association

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

(Rupees in Lakhs)

A	Enterprises owned or significantly influenced by key management personal of their relatives	For the year ended March 31, 2019	For the year ended March 31, 2018
i	**Kitex Childrenswear Limited**		
	Revenue from Sale of goods and services (including exp recovered)	10,070.07	7,354.62
	Purchases of goods and services (including reimbursements)	2,156.89	2,913.62
ii	**Kitex Limited**		
	Revenue from Sale of goods and services (including exp recovered)	261.38	1,791.57
	Purchases of goods and services (including reimbursements)	1,169.77	1,123.38
iii	**Anna Aluminum Company (P) Ltd.**		
	Revenue from Sale of goods and services (including exp recovered)	0.54	-
	Purchases of goods and services (including reimbursements)	28.70	29.13
iv	**Twenty 20 Kizhakkambalam Association**		
	Donation	700.00	-
	Corporate Social Responsibility Activities	470.76	-

(Rupees in Lakhs)

B	Key Management Personnel	For the year ended March 31, 2019	For the year ended March 31, 2018
a	**Sabu M Jacob**		
	Remuneration	685.01	572.85
b	**Sindhu Chandrasekhar**		
	Remuneration	17.81	17.73

(Rupees in Lakhs)

C	Associate Enterprise	For the year ended March 31, 2019	For the year ended March 31, 2018
	Kitex USA LLC		
	Investment made	129.97	1,476.17
	Sale of Readymade Garments	30,417.82	25,139.15

Outstanding amounts carried in the Balance Sheet

a. Enterprises owned or significantly influenced by key management personnel or their relatives: (Rupees in Lakhs)

Name of Related Party	As at March 31, 2019	As at March 31, 2018
Receivables		
Kitex Childrenswear Limited	1,803.35	1,592.19
Kitex Limited	-	30.83
Payables		
Anna Aluminum Company (P) Ltd.	0.54	0.13
Kitex Limited	68.18	-

b. Key Management Personnel (Rupees in Lakhs)

Name of Related Party	As at March 31, 2019	As at March 31, 2018
Sabu M Jacob	487.98	309.64
Sindhu Chandrashekhar	0.44	0.31

c. Associate Enterprise (Rupees in Lakhs)

Name of Related Party	As at March 31, 2019	As at March 31, 2018
Kitex USA LLC Trade Receivable	13,163.43	8,493.32
Kitex USA LLC -Net Carrying value of Investment	2,776.24	2,646.28

2.39 As a part of Company's risk management policy, the exchange risks arising from foreign currency fluctuations are hedged by forward contracts.

2.39.1 The particulars of forward contracts entered into by the Company and outstanding as at Balance Sheet date is as under:

Currency	As at March 31, 2019		As at March 31, 2018	
	Foreign Currency in Lakhs	Rupees in Lakhs	Foreign Currency in Lakhs	Rupees in Lakhs
Export receivables:				
USD	65.00	4,496.82	24.00	1,566.18

2.39.2 The particulars of hedged export receivables/payables as at Balance Sheet date is as under:

Currency	As at March 31, 2019		As at March 31, 2018	
	Foreign Currency in Lakhs	Rupees in Lakhs	Foreign Currency in Lakhs	Rupees in Lakhs
Receivables				
USD	65.00	4,496.82	24.00	1,566.18

2.39.3 The particulars of un hedged items as at Balance Sheet date is as under:

Currency	As at March 31, 2019		As at March 31, 2018	
	Foreign Currency in Lakhs	Rupees in Lakhs	Foreign Currency in Lakhs	Rupees in Lakhs
Assets:				
EUR	0.95	74.04	0.47	37.97
USD	271.00	17,636.18	266.34	17,358.37
GBP	0.17	15.02	0.17	15.33
HKD	-	0.01	-	-
Liabilities:				
EUR	3.95	306.87	6.08	491.34
USD	6.90	477.38	14.36	935.94
CHF	0.17	11.65	1.59	108.74

2.40 Lease Accounting

Operating Lease:

Office premises, Godown & Equipment are hired on operating lease. The lease term is renewable every year at the option of the Company. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

(Rupees in Lakhs)

Particulars	For the year ende March 31, 2019	For the year ended March 31, 2018
Amount charged to Statement of Profit and Loss account during the year:		
Rent for premises	125.36	47.71
Rent for Equipment	16.15	2.86
Total	**141.51**	**50.57**

2.41 The details of Provisions, Contingent Liabilities and Contingent Assets are as required under Ind AS-37 Provisions, Contingent Liabilities and Contingent Assets for the year ended March 31, 2019.

2.41.1 Contingent Liabilities not provided for:

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
1.Claims against the Company not acknowledged as debts being demand raised against the Company, disputed on Appeal before various Appellate authorities.		
i) PF and ESI	660.92	428.94
ii) Income tax dues	257.88	82.65
iii) Customs Department	3,256.62	2,877.77
2.Other Counter Guarantees in favour of Banks for guarantees issued by Banks	128.21	88.81
3. Letters of Credit	-	602.85
Total	**4,303.63**	**4,081.02**

The above demands are disputed by the company and matters pending in appeal before appellate authorities in various stages.In the opinion of the management and based on legal advice received the company is hopeful of getting full relief and hence no provision has been made thereof.

2.42 Capital & other Commitments:

Estimated amount of contract remaining to be executed on capital account (net of advances):Rs. 580.04 Lakhs (562.84 Lakhs)

2.43 Implementation of an integrated ERP System covering all functional areas/transactions including inventories, is in progress.

2.44 In the opinion of the Directors, Short term loans and advances and other Current Assets, have the value at which they are stated in the Balance Sheet, if realised in the ordinary course of business.

2.45 Previous year figures, unless otherwise stated are given within brackets and have been re-grouped and recast wherever necessary to be in conformity with current year's disclosure.

2.46 Subsequent event

Dividends declared by the Company are based on the profit available for distribution. Distribution of dividends out of general reserve and retained earnings is subject to applicable dividend distribution tax. On May 20, 2019 Board of Directors of the Company have proposed a final dividend of ₹ 1.50 per share in respect of the year ended March 31, 2019 subject to the approval of shareholders at the Annual General Meeting. The proposal if approved, would result in a cash outflow of approximately ₹ 1202.94 Lakhs inclusive of corporate dividend tax of ₹ 205.04 Lakhs

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 27th Annual General Meeting of the Company on Wednesday, August 28, 2019 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, 2019 together with the Report of the Board of Directors and Independent Auditors report thereon.
2	To declare a final Dividend of ₹ 1.50 per equity share for the financial year ended March 31, 2019.
3	To appoint a Director in place of Mr. Sabu M. Jacob (DIN 00046016), 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 himself for re-appointment.
SPECIAL BUSINESS	
4	Approval for Material Related Party Transactions with Kitex Childrenswear Limited
5	Revision in approval for Material Related Party Transactions with Kitex USA LLC
6	Re-appointment of Mr. Benni Joseph (DIN: 01219476) as an Independent Director
7	Re-appointment of Mr. E. M. Paulose (DIN: 03563106) as an Independent Director
8	Re-appointment of Mr. E. M. Paulose, Non-executive Independent Director who has attained the age of above 75 years

Signed this _____ day of August 2019

Signature of shareholder(s).....

Signature of Proxy holder(s).....

Affix Revenue Stamp

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 seventh Annual General Meeting.
3. A holder may vote either for or against each resolution.

KITEX GARMENTS LIMITED

(CIN: L18101KL1992PLC006528)
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Website: www.kitexgarments.com, E-mail: sect@kitexgarments.com

ATTENDANCE SLIP

27TH 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 shareholders of the Company. I hereby record my presence at the 27th Annual General Meeting of the Company on Wednesday, August 28, 2019 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

NOTES

NOTES

Advisory, Content & Design: www.corpcommstudio.in

Registered Office
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