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KITEX
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Ref: Ref.: KGL/SE/17-18/AR2017

Date: June 27, 2017

To,

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

Dear Sir/ Ma'am,

Sub: - **SUBMISSION OF ANNUAL REPORT FOR THE YEAR 2016-17**

As per Regulation 34 read with Regulation 10 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, we are forwarding herewith the Annual report of the company for the year 2016-17 as approved by the shareholders at their meeting held on June 19, 2017.

This is for your information and doing the needful.

Thanking you,

For **Kitex Garments Limited**

A Babu
Company Secretary &
Compliance Officer

Enclosure: as above

Committed to the future



Kitex Garments Limited

Annual Report 2016-17



Mr. M.C.Jacob
(22.4.1933 - 5.6.2011)
Illustrious Founder - Chairman
of Kitex Group of Companies

"Our businesses are deeply aligned with our corporate ethos and innovation. We constantly endeavour to operate at the forefront of new technologies. We at Kitex have been unceasingly investing in developing new products, technology and modernisation."

A caring legacy

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

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

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Key Highlights

Opened Design Studio in New Jersey





Award 2017



Financial Express - Corporate Financial Operation (FE-CFO) of the Year Award 2017

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.

About **Kitex**

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

Products

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





Number of employees	Per day Capacity (Infant wear) units	Built up area sq.ft.	Textile capacity per day
4,402	**3.3 lakhs**	**6 lakhs**	**50 Tons**

Chairman's Statement

Dear Shareholders

Our performance in FY16-17 has not been encouraging as we had a subdued topline due to delayed dispatches, foreign exchange fluctuations and delay in implementing our manufacturing automation. Our margins were impacted primarily due to increase in employee costs.



Despite these unanticipated events impacting our performance, our initiatives to move to the next level is intact as most of our operational initiatives to enhance our process competence and efforts to expand our markets are progressing in line with our strategic goals.

Our Performance

During the year under review, your Company has recorded its revenue from operations as Rs. 54,590.13 lakhs which is at par with Rs. 54,581.67 in the previous year. Profit before taxation is Rs. 14,270.11 lakhs. against last year's figure of Rs. 17,105.50. Net profit after tax is Rs. 9254.08 lakhs. The Basic Earnings per Equity Share (of face value of Re.1/-) is Rs. 19.48 compared to Rs. 23.60 in the previous year.

Review of operations

Our associate firm Kitex USA LLC has posted a initial turnover of around Rs. 80 lakhs ($ 1,28,818.41) and gross profit of around Rs. 5.5 Lakhs ($ 8,815.41) for the year ended March 31, 2017. Your Company has consigned its product worth Rs. 20.01 Crores to its associate during the year. Going forward to increase our brand equity in US markets, we opened a world class design studio in New Jersey in the month of April 2017. Major US Clients are investing considerable amounts on designing. The newly inaugurated Studio gives designing services based on their unique requirements purely as a value addition. This value addition enables your company's clients in cost saving and thereby better our business relations with them. Further we have started direct business with WALMART & TARGET.

In the previous annual report I had mentioned about our initiatives to upgrade and increase our manufacturing capacity. While our goal was to commission this upgraded facility in FY16-17, we were not able to achieve this milestone due to more time required for customization of the automation process. This was unforeseen however our automation partner along with our technical team has successfully completed major part of the trials and its almost ready for commissioning. We have increased our skilled work force during the year under review and the new financial year also comes with this people advantage.

Sustainability

During the year we carried out our sustainability initiatives related to energy and environment with more vigour. We continue with our corporate social responsibility initiatives and during the year have taken up many new initiatives touching upon food security, education, health, drinking water and livelihood.

I take this opportunity to thank our employees, customers, bankers, investors suppliers and Government for reposing their trust in the management. We assure you our commitment for continued growth.

Regards

Sabu M. Jacob

Chairman & Managing Director

Economic **Value Added**

Revenue **54,590** lakhs	PBT **14,270** lakhs	PAT **9,254** lakhs	Taxes **5,016** lakhs	Salaries Paid **9183** lakhs
CSR Spend **609** lakhs	Dividend per share **1.50** Rupees	Total Dividend **712** lakhs	Market Capitalisation **203,561** lakhs	EPS **19.48** Rupees

Financial Highlights

(Rupees in Lakhs)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Income						
Sales	31,199.88	31,698.33	44,221.00	51,109.59	54,581.67	54,590.13
Other Income	634.82	402.51	1,334.36	1,342.34	1,981.66	199.77
Total	**31,834.69**	**32,100.85**	**45,555.36**	**52,451.94**	**56,563.33**	**54,789.90**
Expenditure						
Cost of Raw Materials Consumed	17,491.24	16,126.71	23,477.44	20,978.53	20,976.48	21,096.16
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)
Employees Benefits Expense	3,780.74	4,376.44	5,697.16	7,450.07	8,361.72	9,182.86
Finance Costs	1,760.69	1,147.20	1,061.59	1,916.41	1,375.67	926.68
Depreciation and amortization expense	686.64	862.13	968.00	2,132.94	2,127.31	2,036.28
Other Expenses	4,370.40	4,795.17	5,414.40	5,828.78	6,586.93	8,853.55
Total	**27,823.88**	**27,696.76**	**36,736.83**	**38,285.19**	**39,457.83**	**40,519.79**
PBT	4,010.82	4,404.08	8,818.53	14,166.75	17,105.50	14,270.11
Current Tax	1,235.00	1,485.00	2,536.00	4,217.00	6,094.00	5,312.70
Deferred Tax	64.26	(18.60)	545.65	98.00	(198.00)	(296.67)
PAT	2,711.56	2,937.68	5,736.88	9,851.75	11,209.50	9,254.08
Capital	475.00	475.00	475.00	475.00	475.00	475.00
Earnings per equity share	5.71	6.18	12.08	20.74	23.60	19.48

Kitex Value Chain



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

External

Internal

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

The plant produces knitted fabrics that are of exceptional quality, and is well appreciated and recognized by reputed childrenwear apparel brands in the United States and Europe.



Product **Safety Certifications**

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.

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

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

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

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

The Customs-Trade Partnership Against Terrorism (C-TPAT) is a voluntary supply chain security program led by U.S. Customs and Border Protection (CBP) and focused on improving the security of private companies' supply chains with respect to terrorism.

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.

Our People Responsibility



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 4402 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.

Particulars	Canteen Committee	Health and Safety Committee	Grievance Committee	Works Committee	Prevention of Harassment and abusement Committee
Composition	14-15 members (workers with a management who is in officer post heading HR/ welfare/ compliance)	14-15 members (workers with a management who is in officer post heading HR/ welfare/ compliance)	14-15 members (workers with a management who is in officer post heading HR/ welfare/ compliance)	14-15 members (workers with a management who is in officer post heading HR/ welfare/ compliance)	14-15 Female members with one NGO staff with the experience in social work.
Issue that are handled	Canteen related issues	Health and safety related issue	General issue: change in working day which are not acceptable, salary reduction, non acceptability of policy.	Work related issues like works overload, harassment from superior etc.....	Harassment and abuse to female workers.
Committee Meeting	Once in every month	Once in every month	Once in every month	Once in every month	Once in every month

Employee **Welfare**

Employee Accommodation

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

Canteen

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

Medical support

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

Recreation

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

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



Energy & Environment

The problem of climate change no longer needs an prologue. It is widely accepted as the most serious environmental challenge that the world faces. At the centre of climate change issue are the increasing concentrations of carbon dioxide (CO2) and other greenhouse gases in the earth's atmosphere as a result of human activities. This has been shown to lead to increases in global atmospheric temperatures (global warming) and associated "changes in the earths climatic system" (climate change). Kitex management considers environment responsibility as one of the most important element our materiality matrix.



Our state of the art bleaching and dyeing machines use considerably less water than the conventional machines. Energy consumed by these machines is only half of what is consumed by normal machines



Effluent treatment is done through a biological treatment plant, ensuring that the environment is protected. Effluents are treated to international standards before they are discharged from the plant. Water so discharged, is used for internal horticulture purposes.



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 in save water which is otherwise used for various manufacturing & general purposes.



Energy & Water **Conservation**

Kitex Garments is committed to 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.

Heat Recovery Systems

The Company is investing in heat recovery systems with the objective of increasing its process efficiencies and thus decreasing its fuel and energy consumption. Reduction in thermal and air pollution, equipment sizes and thereby reduction in auxiliary energy consumption are indirect benefits. The company expects to gain in terms of decreased running costs & gain in energy savings.

Advanced Fully Automated Boiler

Company is in the process of setting up a highly advanced fully automated boiler. It is part of the company's commitment to conduct its business in a socially and environmentally responsible manner. This new type of boiler is a single combustion source for steam and thermal oil, and requires less space compared to two separate systems. Since it is automated it will help in reducing the manpower. This new boiler once installed is expected to save energy on account of Furnace Oil to Biomass for Thermal Oil Boiler and also on account of higher Boiler efficiencies of 85%. Heat recovery systems on the boiler would ensure that energy is saved and operating costs reduced.

Fully Automated Advanced Effluent and Waste Treatment Plants

Company is setting up fully automated highly advanced Effluent Treatment Plant (ETP) and Sewage Treatment Plant (STP). The objective is to ensure that treated water meets tough European standards, and can be reused. It is part of the company's commitment to conduct its business in an environmentally responsible manner.

Rainwater Harvesting

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



Integrated **Skill Development Scheme**

With a view to address the manpower requirement of the diverse textile and related segments, the Ministry of Textiles introduced pilot phase of Integrated Skilled Development Scheme (ISDS) in the last two years of the 11th Five Year Plan Year 2010-11. Subsequently, the scheme has been scaled up during the 12th plan with a target of skilling 15 lakhs persons by the end of March 2017.

The Scheme is initiated to provide basic technical and managerial skills to rural youth from families below the poverty line to enable them to take up self-employment and wage employment in the broad fields of textile. Rural young women stand to benefit the most from the ISDS.

Kitex has aligned ISD scheme with its ongoing development social development activities for upgrading skills among rural youth and has been imparting training to rural youth.

Training Details	
Training Venue	Kitex Garments Ltd
Training Hours/No of days	08.00 am to 05.00 pm (38 days)
Contents	General Awareness, Awareness about Company, Safety measures, Domain classes, soft skills and Practical session.
Attendance	Bio metric
Age Requirements	Between 18 to 35
Current Agencies	ITCOT and FIWE
Industrial Internship	OJT (Soon after training)
Training Certificates	Developed and Created by Ministry of Textiles, Govt. of INDIA



Corporate **Social Responsibility**

Kitex CSR

The Key activities/ initiatives of Kitex CSR conducted during the FY 2016-17 are detailed below:

Agriculture

Promoting sustainable agricultural practices is the main focus areas of Kitex CSR initiatives. It includes participative and group farming in over 1100 acres of farmland with the full co-operation of farmers in Kizhakkambalam Panchayat. Out of this, 1000 acres were used for rice farming, vegetable framing and fruits cultivation. More farm development equipments and other mechanical devices were procured and put into operation for better yield and financial improvements. A total of Rs. 7 lakhs have been spent cumulative upto this year end.

Safe Drinking water and water Security

The programme focuses on supply of drinking water to some of the backward colonies located near the factory premises at Kizhakkambalam. Twenty permanent and forty portable water tanks were constructed during the last year. Safe drinking water was provided to backward areas of panchayat.

Kitex is investing in building capacities of communities to harvest and conserve water. This has been achieved by building water harvesting structure, blending modern technologies with local situations. Kitex has initiated dredging of all canals in and around Kizhakkambalam by removing accumulated wastes and thereby making it useful for the agriculture and drinking. The company has constructed check dams, farms ponds, 290 wells (some are under construction) and identified 510 wells for the purpose of maintenance in the last year. It has also budgeted for side protecting of canal for safe drinking water.

Education

In order to improve the quality in teaching and learning process in education, the Company has budgeted smart Class (One is already implemented) equipped with modern amenities. This would benefit a large number of students. The company has also provided two school buses to Kumanod and Choorakode UP Schools. Your company have been providing noon meal to students. Your company is also funding for basic infrastructure of schools for quality education. We have spent



Agriculture

A total of Rs. 7 lakhs have been spent cumulative upto this year end.



Drinking Water

Kitex has constructed check dams, farms ponds, 290 wells (some are under construction) and identified 510 wells for the purpose of maintenance in the last year.



Education

The company has spent Rs. 19 lakhs on education and allied activities during the year under review.



Food Security

an amount of Rs. 9 lakhs extended to needy families in Kizhakkambalam Panchayat area during the year.

Rs. 19 lakhs on education and allied activities during the year under review.

Food Security Programme

Your company extended distribution of essential food materials including vegetables at very moderate subsidized prices (which is almost half the market prices) twice a week to those poor and needy families. This benefit was funded with an amount of Rs. 9 lakhs in Kizhakkambalam Panchayat area during the year.

Health Care

Your Company takes care of the health of society by providing Regular Health and Medical Check-up Camps. Free medicines were distributed and follow up medical facilities were extended on a regular basis to the needy members. Your Company through its 'mother and child' initiative, is working on women's health in semi-urban and rural areas with specific focus on nutrition like egg and milk to pregnant women and children of less than 5 years. 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. It has incurred an expenditure of Rs. 3.5 lakhs under this head.

Housing

Your Company has introduced housing scheme 'Ente Veedu Scheme' in the year 2016 whereby 200 houses including sanitation, colony renovation, toilets etc.. were planned for construction. Out of total, 35 houses are completed. In Njaraloor Colony under Kizhakkambalam Panchayat, 37 houses is almost getting completed. 28 houses are under planning stage in Velangu Colony. It has spent around Rs. 1.35 Crores for this project during the year under review.

Infrastructural development

Your company is developing the basic infrastructure in and around Kizhakkambalam Panchayat by broadening the exiting 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 identified around 510 street light posts for upgrading to LED lights, thereby conserving the energy for the future. Transformation of street light to LED light is in progress and the company has purchased new mobile crane under this programme. It has invested 4.34 Crores for the infrastructure development during the last year.

A new beginning for employment generation

Your Company has started new scheme 'Adugramam Padhadhy' farms whereby ten goats per cage is provided on request from families in Kizhakkambalam panchayath free of cost. The scheme is already commenced and this would be extended to cow and poultry farming.

It is estimated that by extending the above programs, your company have generated more than one lakh job hours of employment for the local population in Kizhakkambalam Panchayat



Health Care

The company has incurred an expenditure of Rs. 3.5 lakhs under this head.



Housing

The company has spent around Rs. 1.35 Crores for this project during the year under review.



Infrastructure

The company has invested 4.34 Crores for the infrastructure development during the last year.



Employment

more than one lakh job hours of employment for the local population in Kizhakkambalam Panchayat

Statutory & Financial Statements

Management Discussion & Analysis

Key market facts about the Company

- World's leading infant apparel manufacturer
- Make specialized infant apparels for 0-2 years
- Key Market is USA (99%) followed by Europe (1%)
- Major Clients : Gerber, Walmart, Amazon, Toys R Us, Mothercare, Carters, The Children's Place, Kohl's, Buy-Buy Baby, Ross Stores and Target.
- Kitex USA LLC takes care of the new forward integration initiatives in USA & Canada.
- Design Studio in US for valued added services

Global Economy

As per IMF, Global growth, currently estimated at 3.1 percent in 2015, is projected at 3.4 percent in 2016 and 3.6 percent in 2017. The pickup in global activity is projected to be more gradual than in the October 2015 World Economic Outlook (WEO), especially in emerging market and developing economies.

In advanced economies, a modest and uneven recovery is expected to continue, with a gradual further narrowing of output gaps. The picture for emerging market and developing economies is diverse but in many cases challenging. The slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large emerging market economies will continue to weigh on growth prospects in 2016-17. The projected pickup in growth in the next two years—despite the ongoing slowdown in China—primarily reflects forecasts of a gradual improvement of growth rates in countries currently in economic distress, notably Brazil, Russia, and some countries in the Middle East, though even this projected partial recovery could be frustrated by new economic or political shocks.

Risks to the global outlook remain tilted to the downside and relate to ongoing adjustments in the global economy: a generalized slowdown in emerging market economies, China's rebalancing, lower commodity prices, and the gradual exit from extraordinarily accommodative monetary conditions in the United States. If these key challenges are not successfully managed, global growth could be derailed.

Major Developments in FY16-17

- Kitex USA LLC (50-50 Joint Investment between KCL and KGL) which signed a brand-licensing agreement with Lamaze International for the sale of infant wear in the US and Canada under the Lamaze brand has commenced its business
- Kitex USA LLC is the exclusive supplier for Lamaze infant wear (for children up to five years old) in US and Canada. The contract validity is till 31 December 2020, extendable for five years.
- Own Brand "Little Star" has been launched in 2016: The brand is envisages as a mass market product in US and Canada. The Management also plans to launch the brand through the online route
- Opened design centre in New Jersey

About the Industry

The textile and apparel industry can be broadly divided into two segments - yarn and fibre, and processed fabrics and apparel. India accounts for 14 per cent of the world's production of textile fibres and yarns (largest producer of jute, second largest producer of silk and cotton, and third largest in cellulosic fibre). India has the highest loom capacity (including hand looms) with 63 per cent of the world's market share.

The domestic textile and apparel industry in India is estimated to reach US$ 141 billion by 2021 from US$ 67 billion in 2014. Increased penetration of organised retail, favourable demographics, and rising income levels are likely to drive demand for textiles. India is the world's second largest exporter of textiles and clothing.

Textile and apparel exports from India are expected to increase to US$ 82 billion by 2021 from US$ 40 billion in 2014. Readymade garments remain the largest contributor to total textile and apparel exports from India. In FY15-16 the segment had a share of 40 per cent of all textile and apparel exports. Cotton and man-made textiles were the other major contributors with shares of 31 per cent and 16 per cent, respectively.

Rising government focus and favourable policies is leading to growth in the textiles and clothing industry. Foreign direct investment (FDI) in textile sector increased to US$ 1,587.8 million in FY15-16 from US$ 1,424.9 million in FY14-15. The Ministry of Textiles is encouraging investments through increasing focus on schemes such as Technology Up-gradation Fund Scheme (TUFS). To promote apparel exports, 12 locations have been approved by the government to set up apparel parks for exports. As per the 12th Five Year Plan, the Government plans to provide a budgetary support of US$ 4.25 billion to textiles. Free trade with ASEAN countries and proposed agreement with European Union will also help boost exports.

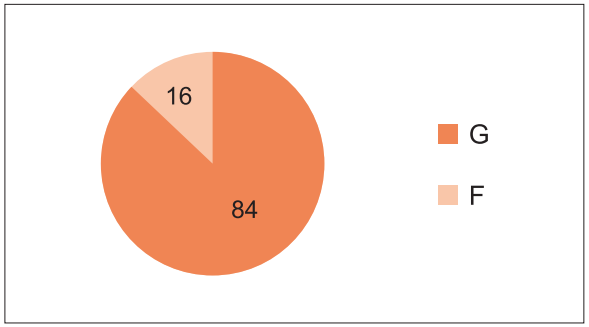
In the near future, India's apparel exports to developed markets are expected to increase considerably. Total exports of textiles and apparel are expected to touch US$ 65 billion by March 2017.

Review of Financial Performance

During the year under review, your Company has recorded its revenue from operations as ₹ 54,590.13 lakhs which is at par with ₹ 54,581.67 in the previous year. Profit before taxation is ₹ 14,270.11 lakhs, which is 26% margin on its revenue from operations has declined at 16.58 % against last year's figure of ₹ 17,105.50. Net profit after tax is ₹ 9254.08 lakhs. The Basic Earnings per Equity Share (of face value of ₹ 1/-) is ₹ 19.48 compared to ₹ 23.60 in the previous year.

Review of Business Segments

The Company has two segments, which include garments and fabric. In FY16-17 the garment segments contributed 84% of the sale and Fabric 16%.



Opportunity Spectrum

Children's wear market is one of the most profitable segments in the global apparel industry. This segment was not affected by the meltdown on the global economy. TechNavio's analysts forecast the Baby Clothing market in the US to grow at a CAGR of 2.67 percent during the period 2014-2019. The developed and developing markets of infant garments depends on three major buying factors - the number of babies born, and the purchasing power of parents and the safety and quality standards of the apparels. The key drivers of the infant wear market are as follows.

- Organised Retail Sector: In the key markets to which Kitex supplies its products such as USA and Europe organized retail accounts for 80% share of the total retail market. This makes the shopping convenient with the added benefits of quality and safety of the products available.
- Extension of Product Lines to Baby Clothing: Existing players in the apparel market, primarily branded manufactures, are extending their lines of products to baby clothing
- Demand for Comfort and Quality: The selection of clothing for babies is done judiciously by parents as they choose the best products for their newborn
- Growing popularity of online shopping: The internet is valuable source of information for parents. The number of parent who research, deliberate, discover, and compare children's products on the internet is increasing each day (courtesy: Technavio)

Kitex Unique Advantages

The key advantage of Kitex is its trained manpower and vertical value chain consisting of state of the art process machines, international quality check systems and final delivery of customized items to the customers.

Sustainable Practices

Caring our employees, customers, society and environment is company's founding legacy. In alignment with our people approach, all our customers, mostly global leaders in infant apparels, strictly follow the Ethical Trading Initiative (ETI) while sourcing and hence the code of practice at Kitex is mostly based on the ETI's base Code, which outlines the labour standards expected at factories. Our customers follow third party as well as internal social audits to confirm that their suppliers like Kitex comply with the code. The code briefly covers the following

- Bribery and corruption is prohibited
- No forced labour
- Having employee welfare committees
- Safe and hygienic working conditions
- No child labour
- Wages are reasonable and fair
- Reasonable working hours
- No discrimination
- Regular employment
- No physical or verbal abuse
- Disciplinary and grievance
- Environmental impacts

Risk Management Policy implementation

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

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

Foreign Exchange Risk	Your company exports all the products to USA and other European countries. Any volatility in the currency market can impact the overall profitability	The Company commands excellent business relationship with the buyers. In case of major fluctuation either upwards or downwards, the matter will be mutually discussed and compensated both ways.
Human Resources Risk	Your Company's ability to deliver value is dependent on its ability to attract, retain and nurture talent. Attrition and non-availability of the required talent resource can affect the overall performance of the Company	By continuously benchmarking of the best HR practices across the industry and carrying out necessary improvements to attract and retain the best talent. By putting in place production incentives on time bound basis and evaluating the performance at each stage of work. Also recruitment is across almost all states of India which helps to mitigate this risk and we do not anticipate any major issue for the coming five years.
Competition Risk	Your company is always exposed to competition Risk from Asian Countries like Sri Lanka, China, Taiwan, and other African Countries. The increase in competition can create pressure on margins, market share etc	By continuous efforts to enhance the brand image of the Company by focusing on R&D, quality, Cost, timely delivery and customer service. By introducing new product range commensurate with demands your company plans to mitigate the risks so involved.
Compliance Risk – Increasing regulatory requirements	Any default can attract penal provisions	By regularly monitoring and review of changes in regulatory framework. By monitoring of compliance through legal compliance Management tools and regular internal audit by E & Y.
Industrial Safety, Employee Health and Safety Risk	The Garmenting industry is labour intensive and are exposed to accidents, health and injury risk due to machinery breakdown, human negligence etc	By development and implementation of critical safety standards across the various departments of the factory, establishing training need identification at each level of employee. We are certified for Global safety and compliance Audits like WRAP,CTPAT etc.

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 2016-17.

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 4402 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 25th Annual General Meeting of the Members of Kitex Garments Limited will be held on Monday, June 19, 2017 at the Factory Premises of the Company at Building No. 9/536A, Kizhakkambalam, Kochi - 683 562, Kerala at 10.00 A.M. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt Audited Financial Statements (including the Consolidated financial statements) of the Company for the year ended March 31, 2017 together with the Report of the Board of Directors and Independent Auditors report thereon.

2. To declare a final Dividend of ₹ 0.75 per equity share and to ratify the Interim Dividend of ₹ 0.75 per equity share, already paid during the year, for the financial year ended March 31, 2017.

3. To appoint a Director in place of Mr. K L V Narayanan (DIN 01273573), 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.

4. To Re-appoint M/s. Varma and Varma, Chartered Accountants, Kochi (Firm Registration No. 004532S) who shall hold office for the financial year 2017-18 from the conclusion of this 25th Annual General Meeting till the conclusion of the 26th Annual General Meeting and to authorize the Board to fix their remuneration.

SPECIAL BUSINESS

5. **REVISION OF REMUNERATION PAYABLE TO MS. SINDHU CHANDRASEKHAR (DIN 06434415) WHOLE-TIME DIRECTOR**

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

   "RESOLVED THAT in partial modification of the resolution passed by the members at the 23rd Annual General Meeting of the Company held on 4th June, 2015 for the appointment of Ms. Sindhu Chandrasekhar (DIN 06434415) as a Whole Time Director designated as Woman Director of the Company and the terms of remuneration payable to her and pursuant to Sections 196, 197 and other applicable provisions of the Companies Act, 2013 ("Act") and the Rules made thereunder, as amended from time to time, read with Schedule V to the Act, the Company hereby approves with effect from January 1, 2017 and upto March 15, 2020 the revision in the salary and other benefits applicable to Ms. Sindhu Chandrasekhar (DIN 06434415) as detailed in the statement forming part of this notice.

   RESOLVED FURTHER THAT the Board of Directors (including any Committee thereof) be and is hereby authorised to fix her salary within the salary scale approved, increasing thereby, proportionately, all benefits related to the quantum of salary.

   RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

6. **TO APPROVE THE ISSUE OF BONUS SHARES**

   To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution.

   "RESOLVED THAT pursuant to the Articles 71 to 73 of Articles of Association of the Company and Section 63 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Share Capital and Debentures) Rules, 2014 as amended from time to time, provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including statutory modification(s) or re-enactment thereof for the time being in force) to the extent notified and in effect to such approvals, consents, sanctions, permissions and provisions of other applicable laws, regulations, rules, directions, guidelines including those issued by Reserve Bank of India and such other regulatory authorities concerned from time to time, to the extent applicable and subject to such approval(s) as may be necessary from authority including shareholders, consent and approval of the members of the Company be and is hereby accorded for a sum not exceeding ₹ 1.9 Crores (Rupees One Crore Ninety Lakhs only) out of Free Reserve of the Company, as appropriate, for the financial year ending March 31, 2018 (necessary accounting entry being made immediately upon approval of shareholders) be capitalized for the purpose of issue of Bonus share among the members of the Company, whose name appear in the Register of Members maintained by the Company and the List of Beneficial Owners as received from National Securities Depository Limited and Central Depository Services (India) Limited on Record date as may be fixed in this regard by the Board in accordance with law and to apply the said sum in paying up in full a maximum of 1,90,00,000 equity shares (the bonus shares) of the Company of ₹ 1 each (Rupee One Only) at par, to be allotted, distributed and credited as fully paid up to and among the members in the proportion of 2 bonus equity shares for every 5 existing fully paid up equity shares held by them respectively as on record date and that the Bonus shares so distributed, for all purposes, be treated as an increase in the nominal amount in the capital of the Company by each members and not as income.

   RESOLVED FURTHER THAT the issue and allotment of the said bonus shares to the extent that they relate to Non-Resident Indians (NRIs), Persons of Indian Origin/ Overseas Corporate

Bodies and other foreign investors of the Company, will be subject to the approval of the Reserve Bank of India and other regulatory authority as the case may be.

RESOLVED FURTHER THAT if as a result of implementation of this resolution, any member becomes entitled to a fraction of new equity shares to be allotted as bonus shares, the company shall not issue any certificate or coupon in respect of such fractional shares, but the total number of such new equity shares representing such fractions shall be allotted by the Board to a nominee to be selected by the board who would hold them as trustee for the equity shareholders who would have been entitled to such fractions, in case the same were issued. Such nominee will as soon as possible sell such equity shares allotted to him at the prevailing market rate and the net sale proceeds of such shares after adjusting the cost and expenses in respect thereof be distributed among such members who are entitled to such fractions in the proportion of their respective holding and allotment of fractions thereof.

RESOLVED FURTHER THAT the Bonus Shares so allotted shall always be subject to the terms and conditions contained in the Memorandum and Articles of Association of the Company and shall rank pari passu in all respect with existing fully paid up equity shares of the Company.

RESOLVED FURTHER THAT no letter of Allotment shall be issued but in the case of members who hold shares in dematerialised mode, the Bonus Shares shall be credited to the beneficiary accounts of the members maintained in Depository Participants and in case of members who hold shares in physical mode, the share certificate in respect of the Bonus Shares shall be dispatched within the prescribed time limit.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the Bonus Shares on Stock Exchanges where the equity shares of the Company are listed, in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable Rules and Regulations.

RESOLVED FUTHER THAT Mr. Sabu M. Jacob, Chairman & Managing Director (DIN: 00046016) or any one from directors and the Company Secretary be and is hereby authorised to do all such acts, deeds, matters and things as may in its absolute discretion, deem necessary for the purpose of giving effect to this resolution."

7. APPROVAL FOR MATERIAL RELATED PARTY TRANSACTIONS

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 standard listing agreement entered with the Stock Exchanges and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, approval of the shareholders be and is hereby accorded to the Board of Directors to enter into a contract(s)/ Transactions(s)/ arrangement(s) with KITEX CHILDRENSWEAR LIMITED 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 ₹ 150 Crores in each financial year from the financial year 2016-17 for the 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 the 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 any 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."

By Order of the Board of Directors of
Kitex Garments Limited

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

Kizhakkambalam
April 28, 2017

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 Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the items of special business under Item No. 5 to 7 to the Notice is annexed hereto.

3. The Register of Members and Share Transfer Books of the Company will remain closed from June 13, 2017 to June 19, 2017 (both days inclusive).

4. 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.

5. 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.

6. 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.

7. 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.

8. 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.

9. Notice of the AGM along with Annual Report 2016-17 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.

10. A Final Dividend of ₹ 0.75 (75%) per share has been recommended by the Board of Directors of the year ended March 31, 2017, subject to the approval of shareholders. Dividend, if approved shall be paid on or before July 17, 2017 and to be completed within the statutory time limit.

11. 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 June 17, 2017.

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

13. Members may also note that the Notice of the 25th Annual General Meeting and the Annual Report for 2016-17 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, Alwaye, Kochi between 11.00 AM and 1.00 P.M. on all working days up to the date of the Annual General Meeting.

14. Members who have not encashed the dividend warrants for the financial year ended 2009-10 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 2009-10 in the website of the company and the shareholders can view the details at www.kitexgarments.com

15. In order to enable payment of dividend by direct credit to the bank accounts of the shareholders through National Electronic Clearing Service (NECS) / National Electronic Fund Transfer (NEFT), those holding shares in physical form are requested to furnish their

mandates for the same in the attached format along with the specified details/ documents to M/s Cameo Corporate Services Limited. Those holding shares in De-mat form are requested to update their records with DPs in this respect.

16. As per provisions of Section 124 of Companies Act, 2013, the amount of dividends remaining unclaimed for a period of seven years is to be transferred along with share held in those folios to the Investor Education and Protection Fund. Accordingly, the dividend declared for all the financial years ended upto March 31, 2009 had been transferred to Investor Education and Protection Fund.

17. The Company shall provide/host the required details of unclaimed dividend amounts referred to under Section 124 of Companies Act, 2013, on its website and also Ministry of Corporate Affairs (MCA) website in the relevant form every year. For the financial year ended 31st March, 2016, the information on unclaimed dividend for the years from 2009-10 to 2015-16 was filed with the Ministry of Corporate Affairs and hosted on the web site of the Company within the statutory time.

18. Details of dividend declared for the financial years from 2009-10 onwards are given below:

Financial Year	Declared on	Dividend yield	Amount paid per equity share (₹)
2009-10	30.12.2010	30%	₹0.30
2010-11	30.05.2011	40%	₹0.40
2011-12	30.05.2012	60%	₹0.60
2012-13	14.05.2013	80%	₹0.80
2013-14	15.05.2014	100%	₹1.00
2014-15	04.06.2015	125%	₹1.25
2015-16 (1st Interim Dividend)	30.10.2015	75%	₹0.75
2015-16 Final	10.06.2016	75%	₹0.75

19. The Company has released an Advertisement dated 30.04.2015 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 December 9, 2016 to the concerned shareholders whose dividend remains unpaid or unclaimed for period of Seven (7) consecutive years, 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 shareholders 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. In case, the Company does not receive any communication from concerned shareholder(s) by May 31, 2017, the Company shall transfer the unpaid or unclaimed dividends and shares to IEPF accounts.

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

21. Voting through electronic means:

a) In compliance with provisions of Section 108 of the Companies Act, 2013 and the Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time together with relevant clauses in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide Members the facility to exercise their right to vote at the 25th Annual General Meeting by electronic means and the business may be transaction 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 June 12, 2017. A person who is not a Member as on the cut off date should treat this Notice for information purposes only.

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

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

(ii) Click on "Shareholders" tab.

(iii) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

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

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

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

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

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

(viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in De-mat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the de-mat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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

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

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

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

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

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

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

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

(xvii) 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 Friday, June 16, 2017 at 9.00 A.M and ends on Sunday, June 18, 2017 at 5.00 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., Monday, June 12, 2017, 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 an email to helpdesk.evoting@cdslindia.com or you may contact Helpdesk: 18002005533/ 022-22723333

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

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

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

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

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

A. MR. K. L. V. NARAYANAN

Date of Birth and age	02.04.1957; 61 years of age
Qualification	Batchelor of Arts
Expertise in specific functional areas	Expertise in Export management, Excellent Knowledge of all export related matters with an industry experience of over 40 years in textile industry.
Directorship held in other Companies	a) Victory Paper and Boards (India) Ltd b) Kitex Apparels Limited
Details of the remuneration last drawn	Refer Annexure B of Directors Report
Date of first appointment on the Board	04.04.2013
Relationship with other Directors, Manager and other Key Managerial Personnel of the company	Nil
Number of Meetings of the Board attended during the year and other Directorships	Refer Corporate Governance Report forming part of Annual Report
Chairman/member of the Committee of the Board of Directors of this Company	Refer Corporate Governance Report forming part of Annual Report
Committee Membership in other Companies	Nil
Shareholdings in the Company	Nil

B. MS. SINDHU CHANDRASEKHAR

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

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF COMPANIES ACT, 2013

Item No. 5

The members of the Company at the 23rd Annual General Meeting held on 4th June, 2015, had approved the appointment of Ms. Sindhu Chandrasekhar (DIN 06434415) as a Whole-time Director designated as Woman Director of the Company and the terms of remuneration payable to her for the period from March 16, 2015 to March 15, 2020. The members had inter alia approved, salary not exceeding ₹ 57,000 with an annual increment not exceeding 15% per annum and a performance Bonus upto a maximum of Eight months salary per annum payable quarterly at the discretion of Chairman & Managing Director with the approval of the Board. The monthly salary of Ms. Sindhu Chandrasekhar was revised with effect from April 1, 2016. This was within the limits specified in the shareholders approval of June 4, 2015 upto December 31, 2016.

Taking into consideration her present salary and future revisions, if any, and based on the recommendation of Nomination and Remuneration Committee, the Board of Directors on 30th January, 2017 decided to revise the salary scale applicable to Ms. Sindhu Chandrasekhar from the existing ₹57,000 per month to ₹65,500/- per month in the pay scale of ₹65,5000 to ₹1,00,000 and a performance bonus of 8 months to a maximum of 24 months salary per annual payable quarterly based on her performance at the discretion of the Chairman & Managing Director for the period January 1, 2017 to March 15, 2020. All other terms and conditions relating to her appointment and remuneration as approved earlier by the members remain unchanged.

Details of remuneration paid to Ms. Sindhu Chandrasekhar during the Financial Year 2016-17 have been disclosed in the annexure to the Directors' Report and in the Corporate Governance Report. This Statement may also be regarded as a disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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. 5 of the Notice for approval by the members.

None of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in this resolution except Ms. Sindhu Chandrasekhar.

Item No. 6

The Company's shares were listed on BSE Limited in the year 1995 and the National Stock Exchange of India Limited in the year 2011 (consequent to the closure of Cochin Stock Exchange) and have been actively traded in the stock exchanges. Over the years, the Company has performed significantly both in terms of revenue and profit and has been rewarding its shareholders consistently. The Directors have created free reserves to a considerable extent out of its distributable profits and the balance in reserves and surplus as on March 31, 2017 is ₹ 450.67 Crores. At present, the Authorised Share Capital of your Company is ₹ 25,00,00,000 (Rupees Twenty Five Crores) divided into 25,00,00,000 equity shares of ₹ 1 (Rupee One) each.

With a view to distribute the benefit among the members in form of equity shares out of free reserve of the Company without receiving any consideration, its Board of Directors at its meeting held on April 28, 2017 has recommended issue of shares in ratio of 2:5, i.e. Two shares for every 5 shares held by the shareholders, subject to their approval. The issue of bonus shares, by way of capitalizing reserves, is authorized by the Company's Articles of Association. The paid-up capital as on aforesaid Board meeting date is ₹ 4.75 Crores. An amount of ₹ 1.9 Crores from the free reserves is required to be capitalized for the issue of bonus shares in the ratio of 2:5. After the bonus issue, the paid-up share capital would increase to ₹ 6.65 Crores. The proposal for capitalization of the said reserves and issue of bonus shares is now placed for consideration and approval of the members.

The Record Date for determining the eligibility of the shareholders to receive the said bonus shares shall be fixed by the Board in consultation with the Stock Exchanges where shares are listed. Accordingly, the resolution at item nos. 6 of the Notice seeks approval of the Members by way of Ordinary Resolution for issue of Bonus shares.

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 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. 6 of the accompanying notice.

Item No. 7

Your Company sells processed textiles 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 Textiles 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 2016-17 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 ₹ 150 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 and job work contracts, also takes on rent and rent out some portions 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 April 28, 2017 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 and his relatives who directly hold in aggregate 1,84,15,268 Equity shares of the Company are concerned or interested in the ordinary resolution under Agenda Item no. 7. M/s. Kitex Childrenswear Limited holds in aggregate 73,50,329 Equity shares and being a promoter company is also interested or concerned in the ordinary resolution under Agenda item No. 7

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. 7 of the Notice for approval by the members.

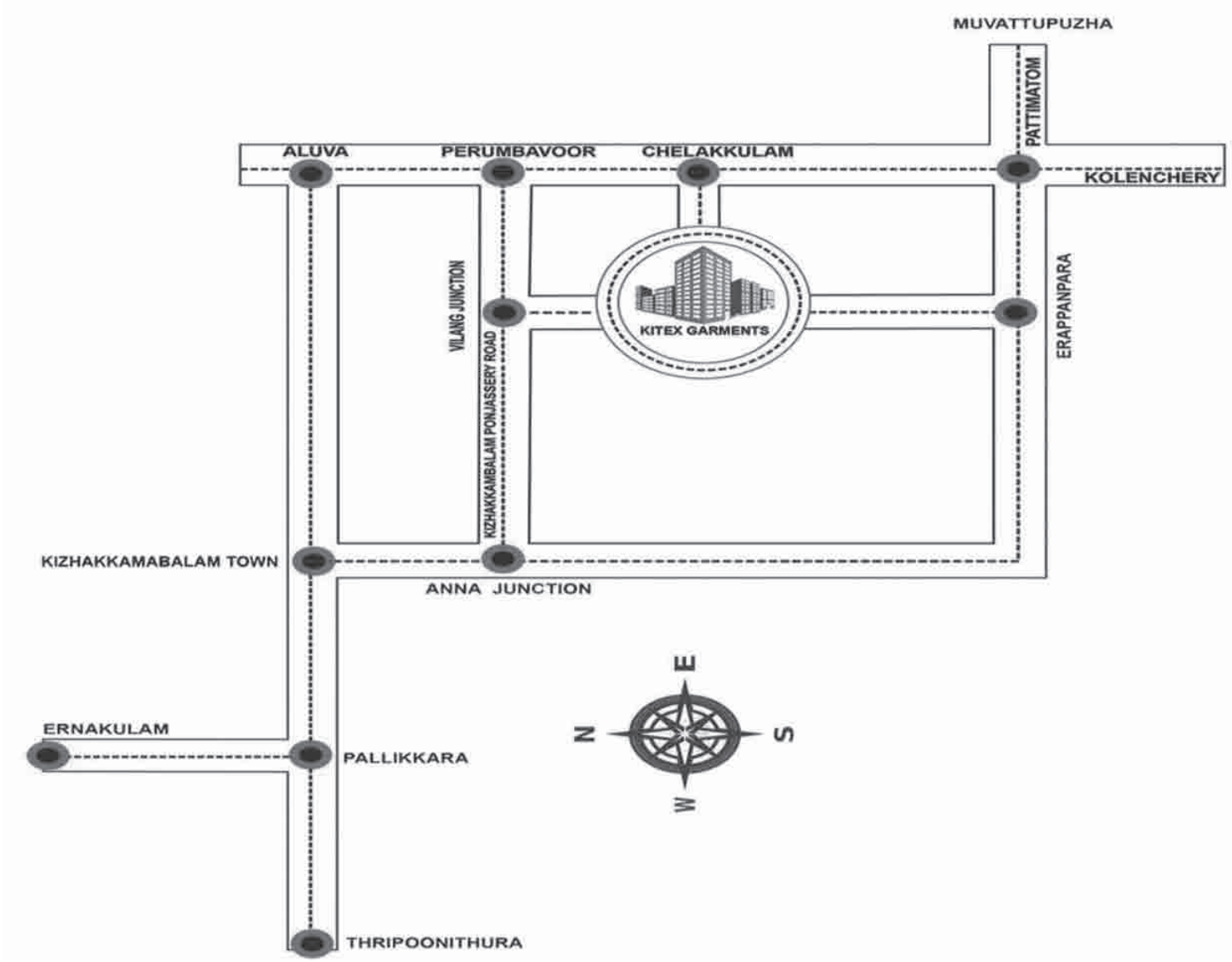
The Directors/ Key Managerial Personnel or their relatives are concerned or interested, to the extent of their shareholding in the Company, if any, in the resolutions set out at item no. 7 of the accompanying notice.

By Order of the Board of Directors of
Kitex Garments Limited

Place: Kizhakkambalam
Date: April 28, 2017

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

ROUTE MAP TO THE 25TH ANNUAL GENERAL MEETING VENUE



Corporate Information

BOARD OF DIRECTORS

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

BOARD COMMITTEES

Audit Committee

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

Nomination and Remuneration Committee

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

Stakeholders Relationship Committee

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

CSR Committee

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

Risk Management Committee

Mr. Sabu M Jacob, Chairman
Mr. Benni Joseph, Member
Prof. E. M. Paulose, Member

KEY MANAGERIAL PERSONNEL

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

INDEPENDENT STATUTORY AUDITORS & INCOME TAX CONSULTANTS

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

SECRETARIAL AUDITORS

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

INTERNAL AUDITORS

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

LEGAL ADVISORS

M/s. Joseph and Kurian, Advocates, Kochi

BANKER

State Bank of India

SHARE TRANSFER AGENTS

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

REGISTERED OFFICE & FACTORY

Kitex Garments Limited
(CIN: L18101KL1992PLC006528)
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

LISTED IN STOCK EXCHANGES:

BSE Limited, Mumbai

The National Stock Exchange of India Limited, Mumbai

1. FORMAT FOR REGISTERING EMAIL ID

DP/Client ID / Folio No:

Name of the sole / first holder:

Postal Address:

Email Address:

Contact Telephone No:

Signature

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

Folio No:

Name of the sole / first holder:

Postal Address:

Email Address:

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

Bank Name

Branch Name:

Branch Address:

MICR code:

IFSC code:

Account Type:

Account No:

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

Photocopy of Bank Pass Book / Bank Statement

Photocopy of a Blank cheque leaf of the account

Signature

3. FORMAT FOR CLAIMING UNPAID DIVIDENDS OF PREVIOUS YEARS

DP / Client ID / Folio No:

Name of the sole / first holder:

Postal Address:

Years for which dividend not received:

Email:

Contact Telephone No:

Signature

Directors' Report

Your Directors are pleased to present the Twenty fifth Annual Report of the Company together with the Audited Statement of Accounts for the financial year ended March 31, 2017.

1. Financial Highlights

Highlights of financial Results for the year are as under:

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2017	For the year ended March 31, 2016
Sales and other Income				
Revenue from operations	54,590.13	54,581.67	54,590.13	54,581.67
Other Income	199.77	1,981.66	199.77	1,981.66
Total Revenue	**54,789.90**	**56,563.33**	**54,789.90**	**56,563.33**
Profit Before Interest and Depreciation	17,233.07	20,608.48	17,233.07	20,608.48
Less: Finance Charges	926.68	1,375.67	926.68	1,375.67
Depreciation	2,036.28	2,127.31	2,036.28	2,127.31
Net Profit Before Tax	**14,270.11**	**17,105.50**	**14,270.11**	**17,105.50**
Less: Provision for Tax	5016.03	5,896.00	5016.03	5,896.00
Net Profit After Tax	**9254.08**	**11,209.50**	**9254.08**	**11,209.50**
Share Of Profit/ (Loss) Of Associates	-	-	(875.95)	(240.04)
Net Profit after share of profit of Associates	-	-	8,378.13	10,969.46
Balance of Profit brought forward	31,377.39	23,025.44	31,377.35	23,025.44
Balance available for appropriation	40,631.47	34,234.94	39,755.47	33,994.90
Dividend on Equity Shares				
(Interim and Final Proposed)	712.50	712.50	712.50	712.50
Tax on proposed Dividend	145.05	145.05	145.05	145.05
Transfer to General Reserve	16,000.00	2,000.00	16,000.00	2,000.00
Surplus carried to Balance Sheet	23,773.92	31,377.39	22,897.93	31,177.35

2. Operations of the Company

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

a) Performance review

During the year under review, your Company has recorded its revenue from operations as ₹ 54,590.13 lakhs which is at par with ₹ 54,581.67 in the previous year. Profit before taxation is ₹ 14,270.11 lakhs, which is 26% margin on its revenue from operations has declined at 16.58% against last year's figure of ₹ 17,105.50. Net profit after tax is ₹ 9254.08 lakhs. The Basic Earnings per Equity Share (of face value of ₹1/-) is ₹ 19.48 compared to ₹ 23.60 in the previous year.

Kitex USA LLC being Associate of your Company has posted considerably good initial turnover of around ₹ 80 lakhs ($ 1,28,818.41) and Gross profit of around ₹ 5.5 Lakhs ($ 8,815.41) for the year ended March 31, 2017. Your Company has consigned its product worth of ₹ 20.01 Crores to its Associate during the previous year. It has opened World Class Design Studio in New Jersey in the month of April 2017. Major US Clients are investing huge money on designing. The newly inaugurated Studio gives designing services based on their unique requirements at free of cost. This value addition enables your company's clients in cost saving to its buyer, thereby creating good relationship with their client. Further we have started direct business with WALMART & TARGET.

On a consolidated basis, there have been no significant changes in financial figures during the year under review except in case of appropriation of ₹ (875.95) Lakhs as against ₹ (240.04) lakhs in last year. Your Company has made investment in Kitex USA LLC of $ 10,50,000 in the previous year.

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

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

b) Dividend and Dividend Distribution Policy

As you are aware your Directors had recommended a 1st Interim dividend of ₹ 0.75 per equity share of ₹ 1/- each on October 31, 2016. The company has earned a net profit of ₹ 9,254.07 lakhs for the year ended March 31, 2017 and accordingly your Directors have recommended a final dividend of ₹ 0.75 per equity share of face value ₹ 1/- making it to a total of ₹ 1.50 per equity share of ₹ 1/- each which is 150%. The proposed final dividend is subject to the approval of the members at the ensuing Annual General Meeting.

The total dividend appropriation (excluding dividend tax) for the current year is ₹ 712.50 lacs as against 712.50 lacs in the previous year. The Company has paid dividend distribution tax of ₹ 145.05 lacs for the current year.

The Board at its meeting held on April 28, 2017 has adopted the dividend distribution policy for determining circumstances and parameters under which dividend pay-out could be made on periodical basis. Policy is available on the Company's website www.kitexgarments.com and also annexed herewith as "Annexure A".

c) Share Capital

During the year under review, there was no change in the Company's issued, subscribed and paid-up equity share capital. On March 31, 2017, it stood at ₹ 475 lacs divided into 4,75,00,000 equity of ₹ 1 each.

With a view to distribute the benefit among the members in form of equity shares out free reserve of the Company without receiving any consideration, its Board of Directors at its meeting held on April 28, 2017 has recommended issue of equity share in ratio of 2:5 i.e. 2 shares for every 5 shares held by the shareholders, subject to their approval. The issue of bonus shares, by way of capitalizing reserves, is authorized by the Company's Articles of Association.

d) Transfer to Reserve

Your Company has earned a total profit after tax of ₹ 9,254.08 lakhs out of which a sum of ₹ 16,000 lakhs has been transferred to General Reserve for the purpose of future expansions and acquisitions.

e) Transfer of amount to Investors Education and Protection Fund

The Company has transferred unclaimed dividend of ₹ 6,06,754 for the financial year 2008-09 to Investors Education Protection Fund (IEPF) on 10.11.2016.

3. Capital Expenditure

As on 31st March, 2017, the gross Fixed Assets stood at ₹ 27,153.84 lakhs and net fixed assets ₹ 16,095.17 lakhs. Additions during the year amount to ₹ 1,088.58 lakhs.

Your Directors have approved an expenditure of a total of ₹ 7,110 lakhs for upgrading technology, modernization and infrastructural developments during the year under review.

4. Future Prospects

The Indian Textile Industry represents a rich and

diverse spectrum of activities with the hand-woven sector on one end and capital intensive mill/ power loom on the other. The Spectrum includes activities in the decentralized powerlooms, hosiery and knitting sectors and the handicrafts segments to name a few. The textile industry plays a pivotal role through its contribution to industrial output and employment generation and export earnings of country. India is major exporting country as far as textile sector is concerned and not dependent on import. Majority of import takes place to re-export or special requirement. As per UN comtrade database, India is ranked as the 2nd largest textile and clothing exporter globally after china with US$ 38.6 billion worth of exports.

Your Directors approved phase I expansion of ₹ 241 Crores of Capital Investment within 3 years for Automation, New Plant & Machinery and other amenities. This investment would bring an increase in the Company's turnover by 90% - 100% being more than 1000 Crores. It has also approved investment of surplus funds upto 100 Crores p.a. in liquid funds, debt funds and other instruments.

The international buyers show preference to your company's products due to its adherence to international quality standards, timely delivery and introduction of new designs based on contemporary market trends and hence your Directors are confident of achieving better working results in the coming year.

5. Awards and Recognition

The Company has received FE CFO Award (Financial Express - Capital Financial Operation) in the Medium Level Category for its robust performance during the last year.

6. Change in the Nature of Business

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

7. Listing

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

8. Fixed Deposit

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

9. Particulars of Loans, Guarantees or Investments:

Particulars of investments made during the period under review, are provided in the standalone financial statement (Please refer to Note. 13 to the standalone financial statement). There were no Loan given, guarantees given and securities provided by the Company during the reporting period.

10. Extract of Annual Return

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

11. Directors and Key Managerial Personnel

Mr. K. L. V. Narayanan retires in the forthcoming Annual General Meeting and being eligible offers himself for reappointment. The details of the aforesaid Directors, his expertise in various functional areas as required to be disclosed under Regulation 36 (3) of the Listing Regulations, form part of the Notice of the ensuing Annual General Meeting.

During the year under review, Mr. Sabu M Jacob being the Chairman & Managing Director was appointed by entrusting additional duty of Chief Financial officer w.e.f. 20.07.2016.

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

11.1. Declaration by Independent Directors

Pursuant to sub section (6) of Section 149 of the Companies Act, 2013 and Reg 16(1) (b) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Independent Directors of the Company viz. Mr. Benni Joseph, Mr. E. M. Poulose, Mr. C. P. Philipose and Mr. K. L. V. Narayan have given declaration to the Company that they qualify the criteria of independence as required under the Act and the regulations.

11.2. Annual Board Evaluation and Familiarisation programme

The Board has carried out an annual evaluation of its own performance, the directors and also committees of the Board based on the guidelines formulated by the Nomination & Remuneration Committee. Board composition, quality and timely flow of information, frequency of meetings, and level of participation in discussions were some of the parameters considered during the evaluation process.

A note on the familiarizing programme adopted by the Company for the orientation and training of the Directors and 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 once during the year on January 30, 2017 to review the performance of the Non-executive directors, Chairman of the Company and performance of the Board as a whole. The manner in which the evaluation has been carried out has been set out in the Corporate Governance Report which forms an integral part of this Report. The details of the programme for familiarisation of the Independent

Directors of your Company are available on the Company's website, www.kitexgarments.com.

11.3. Policy on Nomination and Remuneration and Performance evaluation of Directors, KMP and Senior Management Personnel

The Company believes that a diverse and inclusive culture is integral to its success. A diverse Board, among others, will enhance the quality if decisions by utilizing different skills, qualifications, professional experience and knowledge of the Board members necessary for achieving sustainable and balanced development. Accordingly, Board based on the recommendation of the Nomination and Remuneration Committee has formulated a policy on remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The policy covers the appointment, including criteria for determining qualification, positive attributes, independence and remuneration of its Directors, Key Managerial Personnel and Senior Management Personnel. The Nomination and Remuneration Policy is annexed as Annexure - C to this report.

Nomination and Remuneration Committee has also carried out the evaluation of every director's performance.

12. Board Committees

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

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

13. Directors' Responsibility Statement

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

a) in the preparation of the annual accounts for the financial year ended March 31, 2017, the applicable accounting standards had been followed and there were no material departures;

b) 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 at the end of the financial year as at March 31, 2017 and of the profit of the company for that period;

c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) the directors had prepared the annual accounts on a going concern basis;

e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

f) 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.

14. 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 there under and respective SEBI regulations.

15. Subsidiary & Associate Company

As on March 31, 2017, the Company has a Associate Company, Kitex USA LLC, accounts of which shall be made available to the shareholders of the Company seeking such information at any point of time. The Consolidated Financial Statements of the Company along with its Associate prepared for the year 2016-17 in accordance with relevant Accounting Standard issued by Institute of Chartered Accountants of India forms part of this Annual Report. A Report on the highlights of performance of subsidiaries, associates and joint venture companies and their contribution to the overall performance of the company during the period under report is provided as Annexure-D.

The Company does not have any subsidiary as on reporting date. During the year under review, companies does not have become or ceased to be Company's subsidiaries, joint ventures or associate companies.

16. Corporate Social Responsibility

The Company undertakes "Corporate Social Responsibility" initiatives directly to the public of Kizhakkambalam Panchayat in improving the quality of life. During the year 2016-17, the Company has undertaken many initiatives through a policy framework for expanding some of the present initiatives and undertaking newer CSR initiatives in the year to come.

The CSR Policy may be accessed on the Company's website at the link: http://www.kitexgarments.com

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

The Annual Report on CSR Activities in prescribed format is enclosed with this as Annexure - E.

Detailed composition of the CSR Committee, number of meetings held during the year under review and other related details are set

out in the Corporate Governance Report which forms a part of this Report.

17. Management's Discussion and Analysis Report

The Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms an integral part of this Report.

18. Corporate Governance

Your Board confirms their continued commitment to best practices of Corporate Governance. Corporate Governance principles form an integral part of the core values of your Company.

In terms of Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate report on Corporate Governance, along with a certificate from the Auditors' on its compliance, forms an integral part of this Report.

19. Business Responsibility Report

As per Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on Business Responsibility Report, describing the initiatives taken by your Company from environmental, social and governance perspective, forms an integral part of this Report "Annexure - F"

20. Business Risk Management

Your Company recognizes that Risk as an integral part of business and is committed to minimizing the risk in a pro-active and efficient manner. Your Company has a comprehensive risk management policy/framework which is reviewed by the Risk Management Committee. More details on risk management are covered in the Management Discussion and Analysis forming part of this Annual Report.

The Risk Management committee consists of Mr. Sabu M. Jacob as the Chairman and Mr. Benni Joseph and Mr. E. M. Paulose as the members. The Committee has been entrusted with the responsibility to assist the Board in (a) Reviewing and approving the Company's enterprise wide risk management framework; and (b) Monitoring the risks which the Company faces such as Commodity Price Risks, Uncertain Global economic environment risk, Interest rate risk, Foreign Exchange Risk, Human Resource Risk, Competition Risk, Compliance Risk, Industrial Safety - Employee Health Risk and other risks have been identified and that procedure has been laid down to inform members of the Board of Directors about risk management plan for the minimization of risk.

Your Company's Risk Management Committee periodically monitors, assesses the risk and uncertainties in the internal and external environment, along with the cost of mitigating risk and incorporates Risk Mitigation Plans in its strategy, business and operation plans. The Risk Management Policy has been adopted by the Committee.

A detailed report on Risk Management is included in Management Discussion and Analysis which forms part of this Report.

21. Internal Financial Control

Details in respect of adequacy of internal financial controls with reference to the Financial Statements are stated in Management Discussion and Analysis which forms part of this Report.

22. Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided in Annexure - G to this Report.

23. Auditors:

23.1. Statutory Auditors

Messrs Varma & Varma, Chartered Accountants (FRN 004532S) statutory auditors of the Company retires at this ensuing Annual General Meeting and are eligible for re-appointment. The Auditors if appointed shall hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting. Consent of the Auditors and certificate u/s 139 of the Act have been obtained from the Auditors to the effect that their re-appointment, if made, shall be in accordance with the applicable provisions of the Act and the Rules issued thereunder. As required under the SEBI (LODR), Regulations, 2015 M/s. Varma & Varma, Chartered Accountants have confirmed that they hold a valid certificate issued by the Peer Review Board of ICAI.

There is no qualification, disclaimer, reservation or adverse remark made by the Statutory Auditors in Auditors' Report. Your Board of Directors recommends their appointment as Statutory Independent Auditors for the financial year 2017-18.

23.2. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of the Directors of the Company had appointed M/s. SVJS & Associates, Company Secretaries to undertake the Secretarial Audit of the Company for the year ended March 31, 2017. The Secretarial Audit Report is annexed as Annexure - H.

23.3. Internal Auditor

The Board had appointed Messrs. K Venkitachalam Aiyer & Co, Chartered Accountants as Internal Auditors for the financial year 2016-17.

24. Related Party Transactions

During the financial year under review, all

transactions entered into by the Company with the Related Parties were on an arm's length basis and in the ordinary course of business. Prior approval of the Audit Committee of your Company has been obtained for all Related Party Transactions.

None of the Directors has any pecuniary relationships or transactions except to the extent of remuneration drawn by the directors.

The Particulars of contracts and arrangement with Related Parties of your Company referred to in Section 188(1) of the Companies Act, 2013 in prescribed form AoC-2 is appended as Annexure - I to the Director's Report.

The Policy on Related Party Transactions, as approved by the Board, is available on your Company's website, http://www.kitexgarments.com

25. Significant and Material Order

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future for the year under review.

26. Whistle Blower Policy

Pursuant to Section 177 of the Companies Act, 2013 the rules made thereunder and the Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has established a Vigil Mechanism for directors and employees to report genuine concerns about any instance of any irregularity, unethical practice and/or misconduct. The Policy provides for framework and process whereby concerns can be raised by its employees against any kind of discrimination, harassment, victimization or any other unfair practice being adopted against them. Adequate safeguards are provided against victimization to those who avail of the mechanism, and access to the Chairman of the Audit Committee in exceptional cases is provided to them. The Details of the Vigil policy is explained in the Corporate Governance Report.

27. Disclosure as per Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Considering gender equality, the Company has zero tolerance for sexual harassment at workplace. The Company has an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the reporting period:

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

The Company has filed Annual Report for the year ended December 31, 2016 under the Act with District officer.

28. Particulars of Employees

The Disclosure as required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as Annexure - J 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 K to the Director's Report

29. 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

30. Acknowledgements

Your Directors thank various Central and State Government Departments, Organizations and Agencies for the continued help and co-operation 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 Directors
Kitex Garments Limited

Kizhakkambalam
April 28, 2017

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

Annexure - A to the Directors Report

Dividend Distribution Policy

This Dividend Distribution Policy has been drafted as per provisions of Reg 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

Dividend Distribution shall take into account the distributable surplus available under law as well as the need to retain earnings, which is turn will take into account foreseeable funding requirements of the Company's business, including their long term growth plans, organic and inorganic, as also the financial capacity that needs to be conserved to address contingencies that may arise. The Surplus so determined shall be returned to shareholders over the long term.

Consistent with the above, the Company will strive to declare a steady stream of dividend to its shareholders. The actual quantum of dividend pay-out each year will be guided by the Company's financial performance and cash flow position and will take into account the requirements of funds to sustain the business and growth plans of the Company as well as economic and market conditions then prevailing. Dividend Distribution will be cognize for foreseeable opportunities and threats in the globalised competitive context.

The Board of Directors of the Company (Hereinafter referred to as the 'Board') may declare interim dividend(s) at their discretion. The Board's recommendation to the shareholders on the final dividend may include Special dividend(s) as considered appropriate.

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

Kizhakkambalam
April 28, 2017

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

Annexure - B to the Directors Report

EXTRACT OF ANNUAL RETURN

(Form MGT-9)

As on the financial year ended on March 31, 2017

[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, Alwaye, 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	84%
2	Fabrics	2650	16%

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, 70, Suit No. 110, 160 Summit Avenue, Montvale, New Jersey 07645	141389240	Associate	50%	2(6)

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

i) Category-wise Share Holding as of March 31, 2017

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

Category of Shareholders	No. of shares at the beginning of the year				No of shares at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	60,237	-	60,237	0.13	65,000	-	65,000	0.14	0.01
b) Banks/ FI	-	-	-	-	38,605	-	38,605	0.08	0.08
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s).	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	141	-	141	0.00	-	-	-	-	-0.00
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	932,990	-	932,990	1.96	53,398	-	53,398	0.11	-1.85
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)		-	-	-		-	-	-	-
Alternate Investment Funds	-	-	-	-	60,537	-	60,537	0.13	0.13
Foreign Portfolio Investor (Corporate) Category I	-	-	-	-	3,214	-	3,214	0.01	0.01
Foreign Portfolio Investor (Corporate) category II	480,047	-	480,047	1.01	2,050,028	-	2,050,028	4.32	3.31
Foreign Portfolio Investor (Corporate) Category III	43,078	-	43,078	0.09	176,509	-	176,509	0.37	0.28
Sub -total (B) (1) ;-	**1,516,493**	**-**	**1,516,493**	**3.19**	**2,447,291**	**-**	**2,447,291**	**5.15**	**1.96**
2. Non-Institutions									
a) Bodies Corp.	5,552,166	109,000	5,661,166	11.92	5,136,107	99,000	5,235,107	11.02	-0.90
b) Individuals									
i) Individual Shareholders holding nominal share Capital upto ₹ 1 lakh	6,678,517	1,643,752	8,322,269	17.52	6,566,538	1,555,752	8,122,290	17.10	-0.42
ii) Individual shareholders holding nominal share Capital in excess of ₹ 1 lakh	5,362,164	-	5,362,164	11.29	5,175,365	-	5,175,365	10.90	-0.39

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	
c) Others (specify)									
Overseas Corporate Bodies		-	-	-		-	-	-	-
Clearing Member	107,078	-	107,078	0.23	40,801	-	40,801	0.09	-0.14
Market Maker	-	-	-	-	-	-	-	-	-
Unclaimed Shares	-	-	-	-	-	-	-	-	-
Foreign National	-	-	-	-	84	-	84	0.00	-
Non Resident Indian	505,092	-	505,092	1.06	545,200	-	545,200	1.15	0.08
HUF	250,241	-	250,241	0.53	166,265	-	166,265	0.35	-0.18
TRUSTS	9,900	-	9,900	0.02	2,000	-	2,000	0.00	-0.02
Sub -total (B) (2):-	**18,465,158**	**1,752,752**	**20,217,910**	**42.56**	**17,632,360**	**1,654,752**	**19,287,112**	**40.60**	**-1.96**
Total Public Shareholding (B)= (B)(1) + (B)(2)	**19,981,651**	**1,752,752**	**21,734,403**	**45.76**	**20,079,651**	**1,654,752**	**21,734,403**	**45.76**	**0.00**
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**	
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**45,747,248**	**1,752,752**	**47,500,000**	**100.00**	**45,845,248**	**1,654,752**	**47,500,000**	**100.00**	**-**

ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in the shareholding during the year
		No. of Shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	KITEX CHILDRENSWEAR LIMITED	7,350,329	15.47	-	7,350,329	15.47	-	-
2	BOBBY M JACOB JT1 : SABU M JACOB	6,910,750	14.55	-	-	-	-	-14.55
3	SABU M JACOB JT1 : BOBBY M JACOB	3,846,950	8.10	-	-	-	-	-8.10
4	SABU M JACOB	3,464,631	7.29	-	15,319,281	32.25	-	24.96
5	RENJITHA JOSEPH	3,091,500	6.51	-	3,091,500	6.51	-	-
6	M C JACOB	1,096,950	2.31	-	-	-	-	-2.31
7	BOBY M JACOB	4,487	0.01	-	4,487	0.01	-	-
	Total	**25,765,597**	**54.24**	**-**	**25,765,597**	**54.24**	**-**	**-**

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-2016	7350329	15.4743	7350329	15.4743
	At the end of the Year 31-Mar-2017	7350329	15.4743	7350329	15.4743
2	BOBBY M JACOB JT1 : SABU M JACOB				
	At the beginning of the year 01-Apr-2016	6910750	14.5489	6910750	14.5489
	Deletion of Joint Name 09-Dec-2016	-6910750	-14.5489	0	0.0000
	At the end of the Year 31-Mar-2017	0	0.0000	0	0.0000
3	SABU M JACOB JT1 : BOBBY M JACOB				
	At the beginning of the year 01-Apr-2016	3846950	8.0988	3846950	8.0988
	Deletion of Joint Name 09-Dec-2016	-3846950	-8.0988	0	0.0000
	At the end of the Year 31-Mar-2017	0	0.0000	0	0.0000
4	SABU M. JACOB				
	At the beginning of the year 01-Apr-2016	3464631	7.2938	3464631	7.2938
	Deletion of Joint Name 09-Dec-2016	6910750	14.5489	6910750	14.5489
	Deletion of Joint Name 09-Dec-2016	3846950	8.0988	3846950	8.0988
	Transmission of shares by operation of law 07-Oct-2016	1096950	2.3093	1096950	2.3093
	At the end of the Year 31-Mar-2017	15319281	32.2508	15319281	32.2508
5	RENJITHA JOSEPH				
	At the beginning of the year 01-Apr-2016	3091500	6.5084	3091500	6.5084
	At the end of the Year 31-Mar-2017	3091500	6.5084	3091500	6.5084
6	M C JACOB				
	At the beginning of the year 01-Apr-2016	1096950	2.3093	1096950	2.3093
	Transmission of shares by operation of law 07-Oct-2016	-1096950	-2.3093	0	0.0000
	At the end of the Year 31-Mar-2017	0	0.0000	0	0.0000
7	BOBY M JACOB				
	At the beginning of the year 01-Apr-2016	4487	0.0094	4487	0.0094
	At the end of the Year 31-Mar-2017	4487	0.0094	4487	0.0094

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-2016	3023882	6.3659	3023882	6.3659
	At the end of the Year 31-Mar-2017	3023882	6.3659	3023882	6.3659
2	GOPINATHAN C K .				
	At the beginning of the year 01-Apr-2016	2890673	6.0855	2890673	6.0855
	At the end of the Year 31-Mar-2017	2788025	5.8694	2788025	5.8694
3	JINSHA NATH C K				
	At the beginning of the year 01-Apr-2016	1048000	2.2063	1048000	2.2063
	At the end of the Year 31-Mar-2017	859992	1.8105	859992	1.8105
4	ACUMEN CAPITAL MARKET(INDIA) LTD				
	At the beginning of the year 01-Apr-2016	1259212	2.6506	1259212	2.6506
	At the end of the Year 31-Mar-2017	1138404	2.3963	1138404	2.3963
5	SETHUPARVATHY .				
	At the beginning of the year 01-Apr-2016	651533	1.3715	651533	1.3715
	At the end of the Year 31-Mar-2017	603968	1.0906	603968	1.0906
6	RAJALAKSHMI S				
	At the beginning of the year 01-Apr-2016	535791	1.1279	535791	1.1279
	At the end of the Year 31-Mar-2017	522294	1.0995	522294	1.0995
7	INVESCO INDIA MAURITIUS LIMITED				
	At the beginning of the year 01-Apr-2016	355000	0.7473	355000	0.7473
	At the end of the Year 31-Mar-2017	0	0.0000	0	0.0000
8	EM RESURGENT FUND				
	At the beginning of the year 01-Apr-2016	349329	0.7354	349329	0.7354
	At the end of the Year 31-Mar-2017	100	0.0002	100	0.0002
9	VALUEQUEST INDIA MOAT FUND LIMITED				
	At the beginning of the year 01-Apr-2016	279319	0.5880	279319	0.5880
	At the end of the Year 31-Mar-2017	1051597	2.2138	1051597	2.2138
10	INDIA INFOLINE LIMITED				
	At the beginning of the year 01-Apr-2016	175549	0.3695	175549	0.3695
	At the end of the Year 31-Mar-2017	1243	0.0025	1243	0.0025

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, 2017 is considered.

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding		Date	increase/ decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of shares at beginning 01.04.2016/end of the year 31.03.2017	% of total shares of the Company				No. of shares	% of total shares of the Company
	Shareholding of Director:							
1	Mr. Venkitanarayanan Kalpathy Lakshminarayanan	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
2	Mr. Benni Joseph	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
3	Mr. Erumala Mathew Paulose	100	0	01.04.2016	-	-	100	0
		100	0	31.03.2017	-	-	100	0
4	Mr. Chenakkott Philipose Philipose	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
	Shareholding of Key Managerial Personnel:							
1	Mr. Sabu M. Jacob * (Chairman and Managing Director)	3,464,631	7.29	01.04.2016	-	-	3,464,631	7.29
		15,319,281	32.25	31.03.2017	-	-	15,319,281	32.25
2	Ms. Sindhu Chandrasekhar (Whole Time Director)	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
3	Mr. Babu A (Company Secretary and Compliance officer)	-	-	-	-	-	-	-
		-	-	-	-	-	-	-

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

V INDEBTEDNESS

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

(Amount in ₹)

Indebtedness at the beginning of the financial year - 01.04.2016	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	1,095,498,897	-	-	1,095,498,897
ii) Interest due but not paid	8,203,877	-	-	8,203,877
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**1,103,702,774**	**-**	**-**	**1,103,702,774**
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	1,012,571,609	-	-	1,012,571,609
Net Change	**1,012,571,609**	**-**	**-**	**1,012,571,609**
Indebtedness at the end of the financial year 31.03.2017				
i) Principal Amount	82,927,288	-	-	82,927,288
ii) Interest due but not paid	4,589,683	-	-	4,589,683
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**87,516,971**	**-**	**-**	**87,516,971**

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 (₹)
		Mr. Sabu M. Jacob, Chairman & Managing Director & Chief Financial Officer	Mrs. Sindhu Chandrasekhar, Whole Time Director	
1	**Gross salary**			
	a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	10,800,000	760,808	11,560,808
	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	-	793,376	793,376
2	**Stock Option**	-	-	-
3	**Sweat Equity**	-	-	-
4	**Commission:**		-	-
	- As a % of Profit	63,813,260	-	63,813,260
	- Others, specify	-	-	-
5	**Others, please specify**			-
	Contribution to PF	576,000	21,600	597,600
	Contribution to Gratuity	-	-	-
	Contribution to Superannuation Fund	-	-	-
	Consolidated Allowances	-	-	-
	Total (A)	**75,189,260**	**1,575,784**	**76,765,044**
	Ceiling as per the Act	10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 is ₹ 15,03,78,510		

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	205,000	165,000	-	165,000	535,000
	- Commission	-	-	-	-	-
	- Others	-	-	-	-	-
	Total (1)	**205,000**	**165,000**	**-**	**165,000**	**535,000**
2	**Other Non- Executive Directors**					
	- Fees for attending Board/ Committee Meetings	-	-	150,000	-	150,000
	- Commission	-	-	-	-	-
	- Others	-	-	-	-	-
	Total (2)	-	-	150,000	-	150,000
	Total (B) = (1+2)	**205,000**	**165,000**	**150,000**	**165,000**	**685,000**
	Total Managerial Remuneration #					**76,765,044**
	Overall Ceiling as per the Act @	10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 is ₹ 15,03,78,510				

Notes: @ Sitting fees paid have not been considered as a component for reckoning overall ceiling as per 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. Babu A., Company Secretary	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	932,770	932,770
	(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	332,258	332,258
2	Stock Option	Nil	-
3	Sweat Equity	-	-
4	Commission	-	-
	- As % of profit	-	-
	- Others, , specify	-	-
5	**Others, please specify**		
	Contribution to PF	21600	21,600
	Contribution to Gratuity	-	-
	Contribution to Superannuation Fund	-	-
	Consolidated Allowances	-	-
	Total	**1,286,628**	**1,286,628**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. Company	NIL				
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty					
Punishment					
Compounding					
C. Other Officers in Default					
Penalty					
Punishment					
Compounding					

Annexure - C to the Directors Report

NOMINATION & REMUNERATION POLICY

INTRODUCTION

Success of every business depends on its work force. In accordance with the provisions of Section 178 of the Companies Act, 2013, the Board of Directors of the Company at its meeting held on October 19, 2015 constituted the Nomination and Remuneration Committee of the Board of Directors to comprise of Prof. E. M. Paulose (Chairman), Mr. Benni Joseph and Mr. K. L. V. Narayanan (as Members). This policy on nomination and remuneration of Directors, Key Managerial Personnel (KMPs), Senior Managerial Personnel and other employees has been formulated in terms of the provisions of the Act and the listing agreement in order to pay equitable remuneration to the Directors, KMPs, Senior Managerial Personnel and other employees of the Company and to harmonise the aspirations of human resources consistent with the goals of the Company.

OBJECTIVE AND PURPOSE OF THIS POLICY

1. To formulate the criteria for identification and selection of the suitable candidates for the various positions in senior management and also candidates who are qualified to be appointed as director on the Board of Directors of the Company.

2. To recommend a policy, relating to the remuneration for the directors, Key Managerial Personnel, Senior Management personnel and other employees.

   Other Employees means employees who are not covered by the definition of 'Worker' under the Factories Act, 1948 as amended from time to time.

3. To make recommendations to the Board on appropriate performance criteria for the Directors and carry on the performance evaluation of the directors.

4. To identify ongoing training and education programs for the Board to ensure that Non-executive Directors are provided with the adequate information regarding the options of the business, the industry and their legal responsibilities and duties.

5. To assist the Board in ensuring Board nomination process with the diversity of gender, thought, experience, knowledge and perspective in the Board, in accordance with the Board Diversity policy.

6. Establishing and reviewing Board and senior executive succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and senior Management.

7. To carry out any other function as is mandated by the Board from time to time and/ or enforced by any statutory notification, amendment or modification, as may be applicable.

8. To perform such other functions as may be necessary or appropriate for the performance of its duties.

The Committee shall be guided by the broad principles as laid down below in respect of nominating persons to hold office of director, senior management including key managerial personnel and recommending the remuneration payable.

I. CRITERIA FOR SELECTION OF MEMBERS ON THE BOARD OF DIRECTORS AND CANDIDATES FOR SENIOR MANAGEMENT.

The Committee has adopted the following criteria for selection of member on the Board of Directors of the Company and also candidates eligible to be appointed in the senior management of the Company.

A) CRITERIA FOR SELECTION OF DIRECTORS

Before making any recommendation to the Board for appointment of any director, the Committee shall ensure that:

a) the candidate possesses positive attributes/ qualities such as Leadership, Industrialist, Business Advisor or such other attributes which in the opinion of the Committee the candidate possess, and are in the interest of the Company;

b) the candidate shall be free from any disqualifications as provided under Sections 164 and 167 of the Companies Act, 2013;

c) the candidate meet the conditions of being independent as stipulated under the Companies Act, 2013 and SEBI(LODR) Regulations, 2015 as amended from time to time and standard listing agreement entered into with Stock Exchanges in case of appointment of an independent director;

d) the candidate possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, infrastructure, or such other areas or disciplines which are relevant for the Company's business.

TERM / TENURE

a) MANAGING DIRECTOR/WHOLE-TIME DIRECTOR:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) INDEPENDENT DIRECTOR:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms of up to maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act

REMOVAL

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

RETIREMENT

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

B) CRITERIA FOR SELECTION OF SENIOR MANAGEMENT PERSONNEL

The term Senior Management shall mean personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the Executive Directors, including the functional heads as provided under Section 178 of Companies Act, 2013 as amended from time to time.

The Committee shall, before making any recommendation to the Board for appointment, should ensure that the candidate has the attributes set forth below:

a) The candidate should have a minimum experience of 10 years in any of the areas viz. infrastructure, financial management, legal, sales, marketing, administration, research, corporate governance, technical operations, or such other areas or disciplines which in the opinion of the management and Committee are relevant for the Company's business;

b) The candidate should possesses qualities that demonstrate leadership skills, decision making skills, effective communication, hard work, commitment and such other attributes which in the opinion of the Committee the candidate possess and are in the interest of the Company

If the Committee thought fit and in its opinion finds that the candidate meets the above criteria for appointment (as director on the Board or in senior management), the Committee shall make its recommendation to the Board.

Any amendment to the above criteria for directors and senior management shall be subject to the prior approval of the Committee and any such amendment shall be informed to the Board of Directors.

II. REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES

A) REMUNERATION OF MANAGING DIRECTOR, WHOLE TIME DIRECTOR AND MANAGER:

The Committee while considering the remuneration of the Managing Director, the Whole Time Director and Manager (wherein there is no Managing Director), may take into consideration the performance of the Company, the experience of the person, his background, job-profile and suitability, his past remuneration, the comparative remuneration profile in the industry, size of the Company, responsibilities shouldered by the Managing Director / Whole Time Director etc., provided that

any remuneration considered by the Committee shall be in accordance and within the limits stipulated under the Companies Act, 2013.

B) REMUNERATION OF NON-EXECUTIVE DIRECTOR (NED)

a) The remuneration to the NEDs may be restricted to the sitting fees for attending meetings of the Board of Directors and meetings of Audit Committees, stake holders relationship committees, nomination and remuneration committees and CSR committees.

b) The Independent Directors of the Company shall be entitled to remuneration restricted to the sitting fees for attending meetings of the Board of the Directors and meeting of the Audit Committees, stake holders relationship committees, nomination and remuneration committees and CSR committees provided that any sitting fees paid to the Independent Director shall not be less the sitting fees paid to non-executive directors.

c) Independent Directors shall not be eligible for stock options of the Company, if any.

Any incidental expense incurred by the directors with relation to the participation in the meetings of the Board and the Audit Committee shall be reimbursed.

C) REMUNERATION OF KMPs, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES

The Remuneration of the Senior Management Personnel, KMPs and other employees shall be in accordance with the Policy of the Company which is applicable to the employees. The Committee may consider the remuneration of a Senior Management Personnel keeping in view of the performance of the Business/ Function under his control and also the contribution of the Business/ Function under his control towards the overall performance of the Company.

Other Employees means employees who are not covered by the definition of 'Worker' under the Factories Act, 1948 as amended from time to time.

III. EVALUATION OF PERFORMANCE OF DIRECTORS

A) EVALUATION OF THE PERFORMANCE OF MANAGING DIRECTOR/ WHOLE TIME DIRECTOR

The performance of the Managing Director/ Whole Time Director of the Company may be carried out by the entire Board of Directors excluding the Director being evaluated and as per SEBI circular no. SEBI/HO/CFD/MD/CIR/2017/004 dated 05.01.2017 (as amended from time to time) taking into consideration various factors like the performance of the Company visa-vis the budgets as well as performance of its competitors etc... Emphasis on achieving top line and bottom line targets, with no adverse qualification by the auditors in the accounts, may be made.

B) EVALUATION OF THE PERFORMANCE OF NON-EXECUTIVE DIRECTORS AND INDEPENDENT DIRECTORS (NEDs AND IDs)

The Committee while evaluating the performance of the NEDs and IDs may take into consideration various factors as mentioned below:

a) Attendance at Meetings - attendance at Board Meetings, AGMs, Committee meetings.

b) Other Directorships held by the NED - in listed or unlisted companies

c) Other companies in which NED is a Chairperson

d) Participation at Board/Committee meetings

e) Input in strategy decisions

f) Review of Financial Statements, risks and business performance

g) Time devoted towards discussion with Management

h) Review of Minutes - Board Minutes, Committee meeting minutes and AGM Minutes

Marks may be assigned for each of the above criteria and based on the score achieved, the Committee may evaluate the performance of each non-executive director and independent director. Evaluation of Non Executive Directors and Independent Directors shall also be carried out as per SEBI circular no. SEBI/HO/CFD/MD/CIR/2017/004 dated 05.01.2017 (as amended from time to time) taking into consideration various factors enumerated in that circular.

Further provided that, any amendment to any of the clauses in the aforesaid policy shall be subject to the prior approval of the Committee and such amendment shall be informed to the Board of Directors of the Company.

Annexure - D to the Directors Report

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

(Form AOC-1)

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

Part "A": Subsidiaries (NOT APPLICABLE)

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

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

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

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

Part "B": Associates and Joint Ventures

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

(Amount in Lakhs)

Sl. No.	Name of Associates/Joint Ventures	KITEX USA LLC
1	Latest audited Balance Sheet Date (Un-audited)	31.03.2017
2	Date on which the Associate or Joint Venture was associated or acquired	04.04.2015
2	Shares of Associate/Joint Ventures held by the company on the year end	
	i. No.	1750210.09 shares
	ii. Amount of Investment in Associates/Joint Venture	₹ 709.00
	iii. Extend of Holding %	50%
3	Description of how there is significant influence	More than 20% of total share capital held by the Company
4	Reason why the associate/ joint venture is not consolidated	Not applicable
5	Net-worth attributable to Shareholding as per latest audited Balance Sheet	₹ 54.11
6	Profit / Loss for the year	
	i. Considered in Consolidation	(₹ 875.95)
	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)

Babu A.
Company Secretary

April 28, 2017
Kizhakkambalam

Annexure - E to the Directors Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES - 2016-17

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

A. Brief outline of the company's CSR policy

Kitex Garments Limited (KGL) CSR policy is focused on demonstrating care for the society through its focus on Eradicating Hunger and Poverty, Education and Skill Development, ensuring good Health & Wellness, Environment Sustainability and making available Safe Drinking Water. While reaching out to underserved communities as a part of our HERITAGE, we believe in the trusteeship concept. This entails transcending business interests and grappling with the "quality of life" challenges that underserved communities face, and working towards making a meaningful difference to them. The Projects undertaken will be within the broad framework of Schedule VII of the Companies Act, 2013.

Our vision is - "to effectively contribute to the social and economic development of the communities in which we operate. In doing so we intend to build a better, sustainable way of life for the weaker sections of society and raise the country's human development index". **Our Vision converges on Corporate Social Responsibility for Kizhakkambalam, where we dream to make this Panchayath the best in the State among the total 978 Panchayaths.**

Our CSR policy includes:

1. To pursue a corporate strategy that enables realization of the twin goals of shareholder value enhancement and societal value creation in a mutually reinforcing and synergistic manner.
2. To implement Social Investments / CSR programmes primarily in the economic vicinity of your Company's operations with a view to ensuring the long term sustainability of such interventions.
3. To contribute to sustainable development in areas of strategic interest through initiatives designed in a manner that addresses the challenges faced by the Indian society especially in rural India.
4. To collaborate with communities and groups to contribute to the national mission of eradicating poverty and hunger, especially in rural areas, through superior farm and agri-extension practices, soil and moisture conservation and watershed management, conservation and development of forest resources, empowering women economically, supplementing primary education and participating in rural capacity building programmes and such other initiatives.
5. To sustain and continuously improve standards of Environment, Health and Safety through the collective endeavour of your Company and its employees at all levels towards attaining world class standards and support other programmes and initiatives, internal or external, for the prevention of illness and combating of diseases as may be considered appropriate from time to time.
6. To encourage the development of human capital by expanding human capabilities through skills development, vocational training etc. and by promoting excellence in identified cultural fields.

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

B. Composition of the CSR Committee

Kitex Garments Limited has set up Corporate Social Responsibility Committee (CSR Committee) as per the requirement of the Companies Act, 2013. The members of the CSR Committee as on 31st March, 2017 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: ₹ 133,63,59,286

D. Prescribed CSR Expenditure (two per cent of the amount as in Item C above): ₹ 2,67,27,184

E. Details of CSR Spend during the financial year

i. Total amount spent for the financial year: ₹ 6,09,41,516

ii. Amount Unspent, if any; None.

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

(Amount in ₹ in lacs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr.							
No.	**CSR project or activity identified**	**Sector in which the Project is covered**	**Projects or programs**	**Amount outlay (budget) project or Program wise**	**Amount spent on the projects or programs**	**Cumulative expenditure upto to the reporting period**	**Amount spent: Direct or through implementing agency**
					Sub Heads		
			(1) Local area or other		(1) Direct expenditure on Projects or Programs		
			(2) Specify the State and district where projects or programs was Undertaken		(2) Overhead		
1	**Agriculture**	Environment sustainability	**Local Area covered by Kizhakkambalam Panchayat in Ernakulam District in State of Kerala**	3,45,038	7,00,905 (Direct expenditure on Programs)	7,00,905	**Directly by the Company**
2	**Education**	Promoting education		9,40,202	19,09,913 (Direct expenditure on Programs)	19,09,913	
3	**House construction**	Environment sustainability		66,34,083	1,34,76,369 (Direct expenditure on Programs)	1,34,76,369	
4	**Food Supply**	Eradicating hunger, poverty and Malnutrition		4,45,839	9,05,670 (Direct expenditure on Programs)	9,05,670	
5	**Water Supply**	Making available safe drinking water		145,846	2,96,267 (Direct expenditure on Programs)	2,96,267	
6	**Medical**	Promoting health including preventive health care		1,64,329	3,33,815 (Direct expenditure on Programs)	3,33,815	
7	**Road Development**	Environment sustainability		2,13,24,663	4,33,18,577 (Direct expenditure on Programs)	4,33,18,577	
Total Spent				**3,00,00,000**	**6,09,41,516**	**6,09,41,516**	

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

Our Responsibility

The Responsibility Statement of the Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company is reproduced below:

'The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.'

April 28, 2017
Kizhakkambalam

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

Benni Joseph
Member
CSR Committee
(DIN : 01219476)

Annexure - F to the Directors Report

BUSINESS RESPONSIBILITY REPORT

Your Company has pleasure in presenting 1st Business Responsibility Report for the FY 2016-17. The Company's foresees to invest the fund effectively for the social and economic development of societies in which Company operates. Our Vision converges on CSR for Kizhakkambalam, where we dream to make this Panchayat the best Panchayat in the state of Kerala. The Company targets to develop products and Services centered on driving Customer satisfaction while contributing to the overall objective of community development.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	CIN of the Company	L18101KL1992PLC006528
2	Name of the Company	Kitex Garments Limited
3	Registered address	P B No. 5, Kizhakkambalam, Alwaye, Kochi Kerala 683 562
4	Website	www.kitexgarments.com
5	e-mail id	sect@kitexgarments.com
6	Financial Year reported	2016-17
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Name of the Sector: NIC Code Garments: 2650 Fabrics: 2650
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Baby Suits, Sleepwear, Rompers, Bibs Burps etc..
9	Total number of locations where business activity is undertaken by the Company	
	a. Number of International Locations (Provide details of major 5)	Nil
	b. Number of National Locations	One
10	Markets served by the Company - Local/ State/ National/ International/	United States of America and United Kingdom

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	₹ 4,75,00,000
2	Total Turnover (INR)	₹ 545.90 Crores
3	Total profit after taxes (INR)	₹ 92.54 Crores
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	₹ 6.09 Crores (more than 2% of average net profit for the last 3 financial years)
5	List of activities in which expenditure in 4 above has been incurred.	The major areas in which the CSR expenditure has been incurred include: 1. Promoting health 2. Eradicating Hunger 3. Environment sustainability 4. Safe drinking water

SECTION C: OTHER DETAILS

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

SECTION D: BR INFORMATION

1	Details of Director/ Directors responsible for BR	
	(a) Details of the Director/ Directors responsible for implementation of the BR policy/policies	
	DIN Number	00046016
	Name	Mr. Sabu M Jacob
	Designation	Chairman & Managing Director
	(b) Details of the BR head	Mr. Sabu M Jacob
	DIN Number (if applicable)	00046016
	Name	Mr. Sabu M Jacob
	Designation	Chairman & Managing Director
	Telephone number	0484 4142000
	e-mail id	info@twenty20kizhakkambalam.com

2. Principle-Wise (as per NVGs) BR Policy/policies

P-1 Business should conduct and govern themselves with ethics, transparency and Accountability

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

P-3 Business should promote the wellbeing of all employees

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

P-5 Business should respect and promote human rights

P-6 Business should respect, protect and make efforts to restore the environment

P-7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P-8 Business should support inclusive growth and equitable development

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

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

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

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

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

3. Governance related to BR

	(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	The Management along with the Board of Directors periodically assesses the BR performance of the Company every three months.
	(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company publishes its Business Responsibility report in their Annual Report which can be viewed in the company's website: www.kitextarments.com or in the facebook of tenty20 kizhakkambalam

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Business should conduct and govern themselves with ethics, transparency and Accountability		
1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs / Others?	The company's governance structure guides the organization keeping in mind its core values of Integrity, Commitment and Passion. The Corporate Principles and the Code of Conduct cover the company and its associate companies and are applicable to all its employees.
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	No stakeholder complaints were received during the year on the conduct of the business involving ethics, transparency and accountability.
Principle 2: Business should provide goods and services that are safe and contribute to sustainability through their life cycle.		
1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	The Company is a responsible corporate citizen and is committed to sustainable development and looks at ways to preserve the environment and manage resources responsibly. The Three products are Textiles, Machinery and workers. The Company understands its obligations relating to social and environmental concerns and risks and opportunities. Accordingly the company has devised the manufacturing processes in these products and systems factoring social and environmental concerns. Your company's manufacturing facility at Kizhakkambalam is certified by WRAP(Worldwide Responsible Accredited Production) GSV(Global Security Verification) OEKO-TEX Standard 100 and Global Organic Textile Standard
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):	
	(a) Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?	The Company has worked towards cost optimization, optimization of logistics and reduction in input consumption ratio in the processes and has reduced the consumption of major inputs including energy, water etc by adoption of new techniques and alternate methods.
	(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	The Company has put considerable efforts in conservation of energy and water which has resulted in reduced consumption since the previous year. The products of the company are used by diverse consumer all of whom are outside India, hence it is not feasible to measure the usage of water, energy and consumers.

3	Does the company have procedures in place for sustainable sourcing (including transportation)?	Yes
	(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	The Company has built up highly integrated horizontal and vertical integration processes in its operations. All the major inputs under the company's control are sourced most efficiently. The internal processes and procedures ensure adequate safety during transportation and optimization of logistics, which in turn help to mitigate climate change. With respect to yarn procurement which is one of the important inputs for the manufacture of garments, the company is continuously increasing the sourcing of yarns from well-known manufacturers who follow best quality and technology. The company is also continuously encouraging yarn manufacturers to install most modern equipments and technology.
4	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?	Yes
	(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	The Company fosters local and small suppliers for procurement of goods and services in the proximity to its plant location. First preference is given to local vendors for input material locally available has also encourage setting up of many ancillary units around its plant in Kizhakkambalam. Through various CSR programs training and technical support are being provided to them to improve and build their capability and to educate and raise their standards.
5	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	The Company follows the principle 3R (Reduce, Recycle and Reuse). It recycles products and waste in the range of around 10% in its factory. Further Waste Water Recycling is also being done across all its locations. The company has installed Reverse Osmosis Plant for treating waste Water. More than 10% process was has been reused in yarns.
Principle 3 : Business should promote the wellbeing of all employees		
1	Please indicate the Total number of employees.	4402
2	Please indicate the Total number of employees hired on temporary/ contractual/ casual basis.	Nil
3	Please indicate the Number of permanent women employees.	2384
4	Please indicate the Number of permanent employees with disabilities	Nil
5	Do you have an employee association that is recognized by management.	No
6	What percentage of your permanent employees is members of this recognized employee association?	Not Applicable
7	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	No cases of child labour, forced labour, involuntary labour, sexual harassment and discriminatory employment were reported in the last financial year. Statutorily, KGL has formed an Prevention of Harassment and Abusement Committee where employees can register their complaints against sexual harassment. This is supported by the Sexual Harassment Policy which ensures a free and fair enquiry process with clear timelines.

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

8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	**Safety Training**	**Skill Upgradation**
	(a) Permanent Employees	100%	100%
	(b) Permanent Women Employees	100%	100%
	(c) Casual/Temporary/Contractual Employees	Nil	Nil
	(d) Employees with Disabilities	Nil	Nil
Principle 4: Businesses should respect the interest of, and be responsive towards all stakeholders, specially those who are disadvantaged, vulnerable and marginalized			
1	Has the company mapped its internal and external stakeholders? Yes/No	Yes. The company has identified its internal as well as external stakeholders.	
		Stakeholders	**Medium of Engagements**
		Government and regulatory authorities	Industry bodies/ forums
		Employees	Meetings, newsletters, employee satisfaction survey and trainings
		Customers	Customer meets, customer satisfaction survey and web-based portals
		Local community	Visits and camps
		Investors and shareholders	Investor meets, annual general meeting and annual report
		Suppliers	Site visits and personal/ telephonic interactions
2	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.	Yes. The Company has identified disadvantaged, vulnerable and marginalized stakeholders through baseline surveys.	

3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	The Company's endeavors to bring in inclusive growth are channelised through the Twenty20 program in which the Company's Chairman & Managing Director, Shri. Sabu M. Jacob is the Chairperson. Several programmes such as health care, education, infrastructure, safe drinking water and sanitation, sustainable livelihood, self-help groups and income generation programs etc are extended to the people living near the company's manufacturing unit. The safety of the workers is of utmost importance and a culture of safety is brought in, not just for the Company's employees but also for other stakeholders. The initiative adapted by the unit has resulted in Zero Fatalities in the last financial year.
Principle 5: Business should respect and promote human rights		
1	Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?	The Company has been following the Human Rights as enshrined in the Constitution of India as the policy which is also made applicable to all it associate companies.
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	Ten (10) investor complaints received during the FY 2016-17 out of which One (1) cannot be redressed due to various legal impediments.
Principle 6 : Business should respect, protect and make efforts to restore the environment		
1	Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others.	The company's Policy on Safety, Health and Environment extends to its associate companies. A common guidelines/ frame work for the company is being framed by the Company's sustainability cell, incorporating key point from all of its businesses.
2	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	Yes, the Company is committed to address issues of global worming and reduction of emissions. The company has regularly opted for technology up gradation with the latest state-of-the-art generation technology that reduces energy consumption. Reduction of water consumption is being achieved through reuse, recycle and installation of condensate Pollution Unit. Please refer to the Sustainability report for the initiatives taken by the Company. The same is also available in Company's website www.kitexgarments.com
3	Does the company identify and assess potential environmental risks? Y/N	Yes, the Company regularly assesses the environmental risks emanating from its operations. Environment/Safety management programmes are initiated for the mitigation of identified environment aspects as well as safety hazards. Organization-wide technology standards are developed for assessment of energy, carbon, waste water, air emissions, solid waste disposal and also remediation of contaminated sites.

4	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	The Company has undertaken various projects on Clean Development Mechanism (CDM) at its manufacturing Unit. The environmental compliance reports are filed periodically with the respective State Authorities. Company has also made arrangements with local authorities for disposing the ETP sludge to them in the normal course of operation.
5	Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Yes, the Company has taken several initiatives on clean technology, energy efficiency, renewable energy etc. Clean Technology: New and latest technology including organic dyes is being used in the processing plant on a pilot scale and initiative to establish production at commercial scale is envisaged. Energy Efficiency: This is a continuous exercise and adoption of energy efficient equipment for new projects, better utilization of waste head from main processing plant as well as ancillary units. Renewable Energy: Currently, feasibility studies are being done to understand the viability of solar energy in production lines at both in processing and garmenting. Please refer to the Board's Report in the Annual Report for Energy conservation initiatives. The same is also available on Company's website: www.kitexgarments.com
6	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes, The emissions/Waste generated by the Company are within the permissible limits given by CPCB/SPCB and are reported on periodic basis.
7	Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	Nil
Principle 7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner		
1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	The Company is a member of Apparel Export Promotion Council of India
2	Have you advocated/ lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	Yes the broad areas are Economic Reforms, Environment and Energy Issues and Sustainable Business Principles.

Principle 8 : Business should support inclusive growth and equitable development.		
1	Does the company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.	Yes. The Company has formulated a well-defined CSR policy which focuses on the following major areas: 1. Education 2. Health Care 3. Environment and Livelihood 4. Rural Development 5. Social Empowerment 6. Gender diversity 7. Housing & Sanitation
2	Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organization?	The programmes/projects are undertaken through in-house teams/ our Twenty20 Kizhakkambalam as well as in partnership with non-governmental organizations and the Local Panchayath (in which 17 out of the 19 members have been elected from the Twenty20 initiative) to serve areas of community growth and sustainable development.
3	Have you done any impact assessment of your initiative?	Yes. The company has in general conducted impact assessment of its CSR initiatives and has seen positive outcomes and benefits for the people in and around the Company's location at Kizhakkambalam.
4	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.	During the year under review, the Company has spent an amount of ₹ 6.09 Crores on CSR activities mainly on education, health care, environment and livelihood, rural development, woman empowerment, housing for all, food and nutrition etc and to bring about a social change by advocating and supporting various social campaigns and programmes.
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Yes. The Company has taken steps to ensure that the community initiatives benefit the community. Projects evolve out of the felt need of the communities and they are engaged in the implementation of the welfare driven initiatives, as well. The communities actively partner with the company and take ownership of the projects, eventually as its positive outcome benefits them hugely.
Principle 9: Business should engage with and provide value to their customers and consumers in a responsible manner.		
1	What percentage of customer complaints/consumer cases are pending as on the end of financial year.	The Company has a well-defined system of addressing customer complaints. All complaints are appropriately addressed and resolved. However the Company manufactures garments on private labels the same fully adhered to the company from time to time.
2	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/ N.A. / Remarks (additional information)	The Company displays product information on the products' label. Since the company is an 100% export oriented Unit its products are labeled and packed according to the standards prescribed by those countries like USA and UK
3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	No
4	Did your company carry out any consumer survey/ consumer satisfaction trends?	Yes consumer satisfaction surveys are being conducted periodically to asses the consumer satisfaction levels. Since the company manufacture garments primarily for private labels the in-house facility is being used for the survey and feedback reviews.

Annexure - G to the 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. These initiatives enable the facilities to become more efficient and productive as the company expands, thereby helps in energy conservation. All machinery and equipment are continuously serviced, updated and overhauled in order to maintain them in good condition. This resulted in consumption of lesser energy consumption. Energy Conservation continues to receive increased emphasis at all the units of the Company. Energy audits and Inter unit studies are carried out on a regular basis for taking steps for reduction of the energy consumption. Hence your company has not opted for alternate energy sources. Additionally, constant efforts in continuing all previous conservation measures and increasing awareness of energy management amongst employees have continued which should enable further savings to transpire going forward.

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

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

iii. Capital investment on energy conversation equipment: NIL

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

POWER & FUEL CONSUMPTION	Year Ended 31.03.2017	Year Ended 31.03.2016
Electricity		
a) Purchased		
Units (KWH)	16275567 units	14715743 units
Total Amount (₹)	9,11,88,694	8,75,36,013
Cost/Unit (₹/ KWH)	5.60	5.95
b) Own generation		
Through Diesel Generator		
Units (KWH)	68744 Units	68031 units
Total Amount(₹)	13,34,329	9,05,669
Cost/Unit (₹ / KWH)	19.41	13.31
Fuel		
a) Furnace Oil		
Quantity (KL)	2143 KL	2268 KL
Total Amount(₹)	6,10,10,104	5,47,71,008
Cost/Unit (₹ KL)	28466	24,151
b) Firewood		
Quantity (MT)	13794 MT	13533 MT
Total Amount(₹)	3,46,70,937	3,10,05,414
Cost/Unit (₹ MT)	2,514	2,291
c) Diesel		
Quantity (KL)	6 KL	23 KL
Total Amount(₹)	336516	12,11,062
Cost/Unit (₹ KL)	56940	53,119

B. Technology Absorption

i. The efforts made towards technology absorption

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

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

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

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

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

iv. Expenditure incurred on research and development

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

C. Foreign exchange Earnings and Outgo-

(₹ in lakhs)

Sl. No.	Particulars	2016-17	2015-16
1	Earnings on account of Exports	40391.57	43,261.40
2	Outgo on account of Imports & Expenditure	4546.59	4,540.57

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

Kizhakkambalam
April 28, 2017

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

Annexure - H to the Directors Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2017
(Form No. MR-3)

[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 31.03.2017, 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 31.03.2017 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;

(vi) Other Laws specifically applicable to the Company as under:

  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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

We further report that, as represented by the Management and relied upon by us, there are adequate systems and processes in the Company

commensurate with size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

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

ii. Redemption / buy-back of securities;

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

iv. Merger / amalgamation / reconstruction;

v. Foreign technical collaborations.

For SVJS & Associates
Company Secretaries

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

Kochi
28.04.2017

ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

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

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

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

2. During the audit, we have followed the practices and process 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 2017 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

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

Kochi
28.04.2017

Annexure - I to the Directors Report

PARTICULARS OF CONTRACTS/ ARRANGEMENTS WITH RELATED PARTIES

[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 No. AOC-2)]

1. Details of contracts or arrangements or transactions not at arm's length basis **(Not applicable)**

   a. Name(s) of the related party and nature of relationship:

   b. Nature of contracts/ arrangements/transactions:

   c. Duration of the contracts / arrangements/transactions:

   d. Salient terms of the contracts or arrangements or transactions including the value, if any:

   e. Justification for entering into such contracts or arrangements or transactions:

   f. Date(s) of approval by the Board:

   g. Amount paid as advances, if any:

   h. Date on which the special resolution was passed in general meeting as required under first proviso to section 188

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

Sl. No	Name of Related Party	Nature of Relationship	Duration of Contract	Salient Terms [1]	Amount (In Lakhs)
Nature of Contract or arrangement					
Fabric sale (Net)		Enterprises owned or significantly influenced by key management personnel or their relatives			
1	Kitex Childrenswear Limited		Ongoing	Based on Transfer Pricing Guidelines	5332.34
2	Kitex Limited				2428.27
Rent Received					
3	Kitex Childrenswear Limited		Ongoing	Based on Transfer Pricing Guidelines	17.55
Rent Paid					
4	Kitex Childrenswear Limited		Ongoing	Based on Transfer Pricing Guidelines	1.22
Job work charge paid					
5	Kitex Childrenswear Limited		Ongoing	Based on Transfer Pricing Guidelines	2485.38
Job work charge received					
6	Kitex Childrenswear Limited		Ongoing	Based on Transfer Pricing Guidelines	438.54
7	Kitex Limited				247.42
Expense recovered					
8	Kitex Childrenswear Limited		Ongoing	Based on Transfer Pricing Guidelines	93.35
Expense reimbursement (Net)					
9	Kitex Childrenswear Limited		Ongoing	Based on Transfer Pricing Guidelines	6.83
Sale of Yarn					
10	Kitex Limited		Ongoing	Based on Transfer Pricing Guidelines	70.76
Purchase of Fabric					
11	Kitex Limited		Ongoing	Based on Transfer Pricing Guidelines	1158.37
Purchase of Accessories					
12	Kitex Limited		Ongoing	Based on Transfer Pricing Guidelines	0.05
Processing Charges paid					
13	Kitex Limited		Ongoing	Based on Transfer Pricing Guidelines	24.09
Purchase of Spices					
14	Anna Aluminium Company (P) Ltd.		Ongoing	Based on Transfer Pricing Guidelines	32.20
Investments made					
15	Kitex USA LLC		Refer No. (2)	Refer No.(2)	709.00
Sales - Ready Made Garments					
16	Kitex USA LLC		Ongoing	Based on Transfer Pricing Guidelines	2008.42
Purchase of Utensils					
17	Anna Aluminium Company (P) Ltd.		Ongoing	Based on Transfer Pricing Guidelines	1.28

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, 2017, Company has invested $ 17,50,210.09 constituting 50% of total capital of the Investee Company

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

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

Kizhakkambalam
April 28, 2017

Annexure - J to the Directors 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	641.13	:1
		Mr. Benni Joseph, Independent Director	1.75	:1
		Ms. Sindhu Chandrasekhar	1.41	:1
		Prof. E. M. Paulose, Independent Director	1.28	:1
		Mr. K L V Narayanan, Director	1.41	:1
		Mr. C. P. Phillipose, Director	13.44	: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 and CFO	-19.60%	
		Mr. Benni Joseph	143.77%	
		Prof. E. M. Paulose	161.61%	
		Mr. K L V Narayanan	78.37%	
		Mr. C. P. Phillipose	198.98%	
		Ms. Sindhu Chandrasekhar	32.87%	
		Mr.A.Babu. Company Secretary	16.56%	
3	The percentage Increase/ Decrease in the median remuneration of employees	5.12%		
4	The number of permanent employees on the rolls of company	4402		
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, 2017**	**March 31, 2016**
		Average increase in remuneration of emloyees excluding KMP	12.79%	12.83%
		Average increase in remuneration of KMP	-14.41%	18.49%
6	Affirmation that the remuneration is as per the remuneration policy of the company.	Remuneration paid during the year ended March 31, 2017 is as per the Remuneration policy of the Company		

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

Kizhakkambalam
April 28, 2017

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

Annexure - K to the Directors 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

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	54	Graduate	Employee	Managing Director	16.08.1993	34	7,51,89,260	Executive Director - Kitex Limited	38.76%	No

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

Kizhakkambalam
April 28, 2017

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

Corporate Governance Report

1. KITEX PHILOSOPHY

The Market regulator 'Securities and Exchange Board of India' (SEBI) has stipulated a set of Corporate Governance standard for the Listed Companies. The Corporate Governance standards demonstrate inalienable rights vested with various stakeholders and strong commitment to values, ethics and business conduct.

Kitex Corporate Governance philosophy is about intellectual honesty whereby the governance is not just about encompassing regulatory and legal requirements but also strives to enhance stakeholders' value as a whole. Your Company belongs to a legacy where the visionary founders laid the stone for good governance through the philosophies of **"work with a social cause"** implying the duty to work diligently carries the responsibility that one should give something back to others in the society which enables one to build trust and confidence with one's stakeholders, including employees, customer and suppliers where a long term relationships could be developed for the benefit of everyone. Thus these standards of governance are guided by the principles of:

- Clear and ethical strategic direction and sound business decisions
- Prudent financial management
- Transparent, accountable and professional decision making methods
- Excellence in Corporate Governance by setting the guidelines and continues assessment of Board processes and management systems for constant improvements.

Your company's philosophy includes protection and facilitation of shareholder's rights, provide adequate and timely information on all material matters including the financial situation, performance, ownership and governance of the Company, opportunity to participate effectively in general meeting and ensure equitable treatment to all shareholders. The Board's role, functions, responsibility and accountability are clearly defined. Your Board monitors the Company's overall performance, directs and guides the activities of the Management towards the set of goals and seeks accountability. Your Board also sets standards of corporate behaviour, ensures transparency in corporate dealings and compliance with the laws and regulations. Your company has fulfilled all the existing guidlines discribed by SEBI in chapter IV read with scheduled V of SEBI (listing obligations and discloser requirements) regulisation, 2015.

2. BOARD OF DIRECTORS

2.1. SIZE AND COMPOSITION OF BOARD:

The Board of Directors comprises of professionals have expertise in their respective functional areas empowering the Corporate's strive for sustained better Corporate Governance practices. As on date, your company's Board comprises of Six Directors viz., One Executive Chairman, One Executive Directors, 3 Independent Directors and 1 Non Executive Director having no business relationship with the Company. The composition of the Board is in conformity with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 & Companies Act 2013 ('Act').

2.2. BOARD MEETINGS:

The Board of Directors meets once in a quarter to consider among other business, the quarterly performance of the Company and financial results. Five (5) Board Meetings were held during the financial year 2016 - 2017 on April 4, 2016, July 20, 2016, October 31, 2016, January 9, 2017 and January 30, 2017. The dates and notices along with detailed agenda were fixed / issued well in advance in compliance with the Secretarial Standards. The necessary quorum was present for all the meetings. The maximum interval between any two meetings did not exceed 120 days.

2.3. DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS

Details of the Composition and the attendance record of the Board of Directors are given below. None of the Directors are member of more than 10 Board level Committees of public companies in which they are Directors, nor holds chairmanship in more than five such Committees.

Name of the Director	Executive/ Non-Executive/ Independent	No of Directorship and Committee membership/ Chairmanships in other Indian Public Companies			No. of shares held	Attendance Particulars		
		Director (1)	Member (2)	Chairman (2)		No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM
Mr. Sabu M. Jacob	Promoter, Chairman & Managing Director	4	-	-	15319281	5	5	Yes
Mr. Benni Joseph	Independent Director	1	1	-	-	5	5	Yes
Prof. E M Paulose	Independent Director	1	-	1	100	5	5	No
Mr. K. L. V. Narayanan (3)	Non Executive Director	3	-	-	-	5	4	Yes
Ms. Sindhu Chandrasekhar	Executive Director	2	-	-	-	5	5	No
Mr. C P Philipose	Independent Director	-	-	-	-	5	5	Yes

(1) The Directorship held by Directors do not include alternate directorships and directorships of Foreign Companies, Section 8 Company, One Person Companies and Private Limited Companies.

(2) Only Audit Committee and Stakeholders' Relationship Committee are reckoned for this purpose.

(3) The said directors have submitted the declaration satisfying all criteria of Independent Director under the Companies Act, 2013 and SEBI Regulation.

None of the above Directors are related to each other.

The Board evaluates the Company's strategic direction, management policies, performance objectives and effectiveness of Corporate Governance practices.

Further the Board fulfills the key functions as prescribed under Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 being part of the new Listing Agreement.

The Companies Act, 2013 read with relevant Rules made thereunder, facilitates the participation of the Director in the Board/ Committee meetings through video conferencing or other audio mode. However none of the Directors have availed such a facility.

2.4 PERFORMANCE EVALUATION OF DIRECTORS:

The Board of directors have approved and laid down the criteria for performance evaluation of all Directors by the Nomination and Remuneration committee. In terms of the Evaluation Framework, the Board has carried out the annual performance evaluation of its own performance, the directors individually and the working of its Committees held on January 30, 2017. The criteria for performance evaluation are as follows:

- To understand the nature and role of Independent Director's position.
- Understand the risks associated with the business.
- Application of knowledge for rendering advice to the Management for resolution of business issues.
- Offer constructive challenge to management strategies and proposals.
- Non-partisan appraisal of issues.
- Give own recommendations professionally without tending to majority or popular views.
- Handling issues as Chairman of Board and other committees.
- Driving any function or initiative based on domain knowledge and experience.

- ❖ Level of commitment to roles and fiduciary responsibilities as a Board Member.
- ❖ Attendance and active participation.
- ❖ Ability to think proactive, strategic and laterally.

2.5. APPOINTMENT AND MEETING INDEPENDENT DIRECTORS

Terms and Conditions of Independent directors' appointment are available in Company's website www.kitexgarments.com

During the year under review, a separate meeting of Independent Directors was held on January 30, 2017 without the presence of Non-Independent Directors and members of the management, to review the performance of the Board as a whole on parameters of effectiveness and to assess the quality, quantity and timeliness of flow of information between the management and the Board as required under Schedule IV of the Act and the Listing Regulations. The meeting was attended by all the Independent Directors.

2.6. TRAINING, INDUCTION AND FAMILIARISATION PROGRAMME FOR DIRECTORS

Your company follows a structured familiarization programme through various reports and internal policies for all the Directors with a view to update them on the Company's policies on a regular basis. A detailed familiarization program was conducted on January 30, 2017 for all directors who were present at the Board meeting by various departmental heads with the help of video and power point presentation. Mr. Sabu M Jacob, Chairman & Managing Director answered various queries raised by the Directors. The Directors are also appraised about risk assessment and minimization procedures.

The Details of familiarisation programmes imparted to the Independent Directors during the FY 2016-17 are also made available in Company website: http://www.kitexgarments.com

2.7. CODE OF CONDUCT

The Board has laid down a Code of Conduct for all Board members and senior management which is posted on the website of the Company http://www.kitexgarments.com.

All Board members have affirmed the compliance with the Code of Conduct. A declaration to this effect signed by Managing Director, forms part of this Annual report.

3. COMMITTEE OF THE BOARD

3.1 AUDIT COMMITTEE:

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

The Audit Committee comprised of 3 Directors viz., Mr. Benni Joseph as Chairman, Prof. E .M Paulose and Mr. C.P. Philipose as Members. The composition of the Audit Committee complies with the requirements of the Act and the Listing Regulations.

All members of the Audit Committee have accounting and financial management expertise. 5 Audit Committee Meetings were held during the period under review viz., April 04, 2016, July 20, 2016, October 31, 2016, January 9, 2017 and January 30, 2017. The Audit Committee acts as a link between the management, the statutory and internal auditors, and the Board of Directors. The Audit Committee is provided with the necessary assistance and information so as to enable it to carry out its function effectively.

Composition	Mr. Benni Joseph	Prof. E. M. Paulose	Mr. C. P. Philipose
No. of Meeting attended	5	5	5

The Managing Director, the Whole-time Director and Finance - Head are permanent invitees to the Audit Committee Meetings. The Statutory Auditors, Internal Auditor and Secretarial Auditors of the Company are also invited to the Audit Committee Meetings. The Company secretary is the Secretary to the Committee. The Chairman of the Audit Committee was present at the last AGM of the Company held on June 10, 2016.

Terms of Reference of Audit Committee

- The recommendation of appointment, remuneration and terms of appointment of auditors of the Company.
- Review and monitor the auditors' independence and performance and effectiveness of audit process.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the management, the annual financial statements and auditor's Report thereon before submission to the Board for approval, with particular reference to:
  - ➢ 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.

- Changes, if any, in accounting policies and practices and reason for the same.
- Major accounting entries involving estimates based on the exercise of judgment by management.
- Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with listing and other legal requirements relating to financial statements
- Disclosure of any related party transactions
- 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 statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the whistle blower mechanism;
- Approval of appointment of Chief Financial officer after assessing the qualifications, experience and background etc.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

The Audit Committee shall mandatorily review the following information:

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

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

3.2 STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Stakeholders Relationship Committee oversees the redressal of

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

Mr. A. Babu, Company Secretary is the Compliance Officer of the Stakeholders' Relationship Committee.

During the year, the Committee met on 4 times viz., April 04, 2016, July 20, 2016, October 31, 2016 and January 30, 2017. 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 Committee to approve transfers/ transmissions of shares/ debentures. Details of share transfers/ transmissions approved by the Directors and Officers are placed before the Board.

Attendance at Stakeholders' Relationship Committee meetings is as below:

Compo-sition	Mr. K.L.V. Narayanan	Mr. Sabu M. Jacob	Ms. Sindhu Chandra sekhar
No. of Meetings attended	4	4	4

Status of investor complaints is as below:

No. of investor queries/ complaints received from April 01, 2016 to March 31, 2017	number of complaints not solved to the satisfaction of shareholders
10	1*

* Nil as per company records. Cannot be redressed due to various legal impediments.

As on March 31, 2017, there was no pending investor complaint.

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

3.3 NOMINATION AND REMUNERATION COMMITTEE:

The Board of Directors has constituted the Nomination and Remuneration Committee (NRC) in accordance with the Act and the Listing Regulations. The terms of reference of the Nomination and Remuneration Committee cover all applicable matters specified under new SEBI Listing regulation and Section 178 of the Companies Act, 2013.

The Committee comprises of 3 Non-Executive Directors viz., Prof. E. M. Paulose as Chairman, Mr. Benni Joseph and Mr. K. L. V. Narayanan as the members. Company Secretary acts as the Secretary to the Committee.

During the year, the Committee met 4 times, viz., April 04, 2016, July 20, 2016, October 31, 2016 and January 30, 2017. Attendance at Nomination and Remuneration Committee meetings are as below:

Compo-sition	Prof. E. M. Paulose	Mr. Benni Joseph	Mr. K. L. V. Nara yanan
No. of Meeting attended	4	4	4

Terms of Reference

Terms of reference of the Committee inter alia consists of

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

Remuneration Policy:

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

Directors Remuneration:

Non-Executive Directors including Independent Directors are paid sitting fees for attending the meetings of the Board/ Committee within the limits as prescribed under the Companies Act,

2013. The sitting fees are fixed from time to time by the Board on the recommendations of the Nomination and Remuneration Committee. These Directors are also reimbursed of any out of pocket expenses incurred by them for the purpose of the Company. Details of remuneration paid to the Managing Director, Executive Director and Key Managerial Personnel are given MGT-9 Annexure B of Directors Report.

Non executive Directors don't have any pecuniary relationship or transactions with the Company

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

Remuneration paid to the Chairman and Managing Director and Whole-time Director during 2016-17:

Name of the Director	Salary	Perquisites and allowances	Retiral benefits	Commission payable	Others: Contribution to PF	Performance Linked Incentive	Total	Stock options granted
Mr. Sabu M. Jacob	1,08,00,000	-	-	6,38,13,260	5,76,000	-	7,51,89,260	-
Mrs. Sindhu Chandrasekhar	7,60,808	-	-	-	21600	7,93,376	15,75,784	-

3.4 RISK MANAGEMENT COMMITTEE

Risk Management Committee of the Board was constituted with Mr. Sabu M. Jacob as the Chairman, Mr. Benni Joseph and Mr. E. M. Paulose as its members. The roles and responsibilities of the Committee are as prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes monitoring and review of the risk management plan and reporting the same to the Board of Directors periodically as it may deem fit, in addition to any other terms as may be referred by the Board, from time to time. The constitution of Committee is applicable only to top 100 companies based on market capitalization.

During the year under review, the Committee has not been met.

3.5 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)

The Committee comprises Mr. Sabu M. Jacob as the Chairman, Mr. K. L. V. Narayanan, Mr. Benni Joseph, 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 4 times viz., April 04, 2016, July 20, 2016, October 31, 2016 and January 30, 2017. Attendance at CSR Committee meetings are as below:

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

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

4. GENERAL BODY MEETINGS

Location, date and time of the Annual General Meetings held in the last 3 years.

Sl. No.	AGM	Year	Date	Time	Location
1	24th	2016	June 10, 2016	10:00 A.M.	Building No. 9/536A, Kizhakkambalam, Kochi - 683562, Kerala
2	23rd	2015	June 4, 2015	10.30 A.M.	
3	22nd	2014	May 15, 2014	10.00 A.M.	

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

Details of Special Resolutions passed in the immediately preceding three AGMs:

AGM	Particulars of Special Resolutions passed thereat
23rd	Adoption of new Articles of Association of the Company pursuant to Companies Act, 2013

No special resolutions have been passed in the 22nd and 24th AGM. No postal Ballot was conducted during the last three years.

There is no immediate proposal for passing any resolution through Postal Ballot. None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing a resolution through Postal Ballot.

5. MEANS OF COMMUNICATION

The Un-audited Quarterly Results are announced within 45 days from the end of the quarter and the Annual Audited 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:

A. Business Line (English Language)

B. Malayala Manorama (Malayalam Language)

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

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

Presentations to institutional investors / analysts:

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

6. GENERAL SHAREHOLDER INFORMATION:

6.1. ANNUAL GENERAL MEETING:

Date and Time	Monday, June 19, 2017 at 10.00 A.M.
Venue:	Building No. 9/536A, Kizhakkambalam, Alwaye, Kochi - 683562, Kerala

6.2. FINANCIAL YEAR: the Company follows April 1 to March 31 as the financial year.

6.3. FINANCIAL CALENDAR:

Un-audited results Q1 ending 30.06.2017	3rd Week of July, 2017
Un-audited results Q2/half year ending 30.09.2017	3rd Week of October, 2017
Un-audited results Q3/Nine months ending 31.12.2017	3rd Week of January, 2018
Audited Results for the year ending 31.03.2018	1st/ 2nd week of April, 2018

6.4. BOOK CLOSURE DATE: From June 13, 2017 to June 19, 2017 (both days inclusive).

6.5. DIVIDEND PAYMENT DATE: on or before July 17, 2017

6.6. 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 2017-18.

6.7. MARKET PRICE DATA

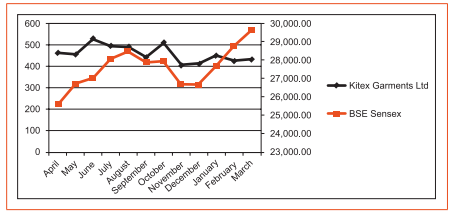
Market Price and Volume of the Company's Shares of face value of ₹ 1 each traded in the major stock exchanges where Company's shares are listed during the financial year 2016-17:

Year (2016-17)	BSE (Amount in ₹)		NSE (Amount in ₹)		Volume (nos.)	
Months	High	Low	High	Low	BSE	NSE
April	497.00	431.10	497.45	430.10	5,34,778	39,06,616
May	485.00	439.60	484.90	434.50	2,28,089	14,89,313
June	531.95	453.90	533.00	452.30	4,89,835	33,75,065
July	543.20	482.00	543.00	482.65	2,63,188	22,80,306
August	501.15	434.50	500.00	433.25	1,39,336	18,07,541
September	505.50	398.55	506.00	399.00	1,36,152	9,56,452
October	530.30	428.90	529.80	427.40	3,01,567	17,43,603
November	463.85	354.00	463.85	352.70	5,53,134	32,24,884
December	418.00	389.90	418.90	388.90	86,143	4,81,567
January	465.00	404.00	464.90	400.10	1,67,154	9,96,801
February	450.00	417.00	451.90	415.50	67,857	4,75,481
March	434.00	393.55	435.15	416.30	7,85,733	6,97,699

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

6.8. A PERFORMANCE CHART SHOWING SHARE PRICE OF THE COMPANY IN COMPARISON WITH BSE SENSEX DURING THE YEAR 2016-17 IS AS BELOW:

Year 2016-17	KITEX	Sensex
April	461.40	25,606.62
May	453.90	26,667.96
June	527.20	26,999.72
July	493.35	28,051.86
August	486.45	28,452.17
September	438.75	27,865.96
October	511.45	27,930.21
November	401.85	26,652.81
December	407.00	26,626.46
January	448.10	27,655.96
February	422.30	28,743.32
March	428.55	29,620.50



6.9. SHARE TRANSFER PROCESS

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

completion of dispatch of the share certificates within the aforesaid period from the lodgment of the documents.

6.10. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2017

Range	No. of Shareholders	No. of Shares held	% of shareholding
1 and 5000	28867	6192198	13.04
5001 and 10000	126	935106	1.97
10001 and 20000	72	1044993	2.20
20001 and 30000	13	306369	0.64
30001 and 40000	8	279407	0.59
40001 and 50000	6	283239	0.60
50001 and 10000	19	1385537	2.91
100001 and Above	23	37073151	78.05
Total	**29134**	**47500000**	**100.00**

6.11. DE-MATERIALIZATION OF SHARES

The Company has entered into a tripartite agreement with the National Securities Depository Limited (NSDL) and Central Depository Services 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, 2017, 45845248 shares of the company, constituting 96.52 % were in dematerialized form.

6.12. CATEGORIES OF SHAREHOLDING AS ON MARCH 31, 2017

Category	No. of Shareholders	No. of Shares held	% Shareholding
Resident	27463	13463920	28.35
Financial Institutions	1	18629	0.04
FII	5	53398	0.11
NRI	1084	545200	1.15
Corporate Body	458	12585436	26.49
Clearing Member	70	40801	0.09
Foreign National	1	84	0.00
Mutual Funds	1	65000	0.14
Trusts	1	2000	0.00
Bank	1	19976	0.04
FPI	41	2229751	4.70
Alternative Investment Fund	1	60537	0.12
Directors/relative	7	18415268	38.77
Total	**29134**	**47500000**	**100.00**

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

As of March 31, 2017, the Company does not have any outstanding convertible instruments, which are likely to have an impact on the equity of the Company.

6.14. COMMODITY RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

Disclosure on risks is forming part of Management Discussion and Analysis Report during the period under review.

6.15. PLANT LOCATION: Kizhakkambalam, Alwaye, Kochi 683 562, Kerala

6.16. ADDRESS FOR CORRESPONDENCE

REGISTERED OFFICE	REGISTRAR AND SHARE TRANSFER AGENT
Kitex Garments Limited (CIN: L18101KL1992 PLC006528) 9/536 A, Kizhakkambalam, Alwaye, 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: 044-28460390 Fax: 044-28460129 Email: cameo@ cameoindia.com website: www. cameoindia.com

7. DISCLOSURES:

7.1. RELATED PARTY TRANSACTIONS:

All Related Party Transactions are placed before the Audit Committee. The Board has approved a 'Policy on Related Party Transactions' web link of which forms

part of Directors' Report. The Particulars of contracts and arrangement with Related Parties of your Company referred to in Section 188(1) of the Companies Act, 2013 in prescribed 'form AoC-2' is appended to the Director's Report.

There are transactions with a Related Party, which qualify as material transaction under the SEBI (LODR), regulations, 2015, for which shareholders approval sought for in the ensuing Annual General Meeting and doesn't have any potential conflict with the interests of listed entity at large.

7.2. STATUTORY COMPLIANCE, PENALTIES AND STRICTURES:

There were no instances of material non-compliance and no strictures or penalties were imposed on the Company either by SEBI, Stock Exchanges or any statutory authorities on any matter related to capital markets during the last three years.

7.3. VIGIL POLICY (WHISTLE BLOWER POLICY)

The Company has adopted Vigil Policy to enable Stakeholders (including Directors and Employees) to report concerns about unethical behaviour, actual or suspected fraud or violation of Company's Code of Governance and Ethics and also provide for direct access to the chairman of Audit Committee in exceptional cases. The policy provide adequate safeguard against victimization of Director(s)/ employee(s). The Protected Disclosures, if any reported under this policy would be appropriately and expeditiously investigated by Mr. Benni Joseph, Independent Director, being Chairman of the Audit Committee without interference from any Board Members. Your company hereby affirms that no Director/employee/personnel has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year. The Vigil policy has been disclosed on the Company's website http://www.kitexgarments.com/. The policy is in line with the Company's Code of Conduct, Vision and Values, and forms part of good Corporate Governance.

7.4. POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

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

7.5. DISCLOSURE OF ACCOUNTING TREATMENT

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, in the preparation of the financial statements.

7.6. PREVENTION OF INSIDER TRADING

Your company had adopted a Code of conduct as per SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time, in order to preserve the confidentiality and prevent misuse of unpublished price sensitive information. All Directors, Designated Employees who could have access to the Unpublished Price Sensitive Information of the Company are governed by this Code. The main object of the Code is to intimate all insiders a guideline, which they should follow in letter and spirit, while trading in target company's securities. During the year under review, the Company had made due compliance with SEBI (Prohibition of Insider trading) Regulations, 2015.

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

During the year under review, the Company has not raised any proceeds by way of public issue, rights issue or preferential issue. But Board of Directors has recommended subject to the shareholders approval at the ensuing Annual General Meeting, for Bonus issue of shares in the ratio 2:5 ie., Two shares for every 5 shares held by them as on the record.

7.8. DETAILS OF COMPLIANCE WITH MANDATORY REQUIREMENTS

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

7.9. ADOPTION OF THE DISCRETIONARY REQUIREMENTS.

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

7.9.1. 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.

8. REPORT ON CORPORATE GOVERNANCE

This Corporate Governance Report forms part of the Annual Report. The Company is fully compliant with all the provisions of Listing Regulations, as applicable to the Company.

9. 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 April 28, 2017 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations.

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

11. 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.

12. OTHER USEFUL SHAREHOLDERS INFORMATION

12.1 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.

12.2 CHANGE IN ADDRESS AND FINISHING 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.

12.3 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.

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, 2017 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)

April 28, 2017
Kizhakkambalam

CERTIFICATE ON CORPORATE GOVERNANCE

To the members of **Kitex Garments Limited**

1. We have examined the compliance of conditions of Corporate Governance by **Kitex Garments Limited** for the year ended **31st March, 2017** as stipulated in Regulation 17 to 27 and clause (b) to (i) of Regulation 46 (2), Schedule V and Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated above. It is neither an audit nor an expression of opinion on the financial statements of the Company.

3. In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and clause (b) to (i) of Regulation 46 (2), Schedule V and Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

For SVJS & Associates
Company Secretaries

Kochi
28.04.2017

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

Independent Auditor's Report

To the Members of Kitex Garments Limited, Kizhakkambalam

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Kitex Garments Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

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 Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, 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 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No 32.1 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.

iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management - Refer Note No 17.3 to the standalone financial statements.

For VARMA & VARMA
(FRN: 004532S)

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

Place: Kizhakkambalam
Date: 28th April, 2017

"ANNEXURE A"

REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KITEX GARMENTS LIMITED FOR THE YEAR ENDED 31st MARCH 2017

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

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

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

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

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

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

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

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

7. (a) As per the information and explanations given to us and according to our examination of the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues as applicable to the Company to the appropriate authorities during the year, except for an instance of delay in remittance of income tax deducted at source and corporate dividend tax.

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

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed amounts due to be deposited under Sales Tax, Service Tax, Duty of Excise and Value Added Tax and the following disputed demands of Income Tax and Duty of Customs have not been deposited with the authorities as at 31st March 2017:

Name of the statute	Nature of the dues	Amount (in ₹)	Period to which the amount relates (Financial year)	Forum where the dispute is pending
The Customs Act, 1962	Customs duty and interest	22,026,174/-(Net of Rs.9,931,229/- paid under protest)	1996-97 to 1997-98	Honourable Supreme Court of India
The Customs Act, 1962	Customs duty and interest	207,462,031/-*	2011-12 to 2016-17	Honourable High Court of Kerala
Income Tax Act, 1961	Penalty	3,391,894/-	2010-11	Commissioner of Income Tax (Appeals)

*Includes amounts in respect of which the company has furnished bank guarantee to the customs authority.

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

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

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

11. As stated in Note No 31.2 to the standalone financial statements, necessary approval for increase in remuneration of whole time director Rs.286,171/- is being sought for at the ensuing Annual General Meeting. According to the information and explanations given to us and the records of the Company examined by us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

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

13. According to the information and explanations given to us and the records of the Company examined by us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in Note No 31 to the standalone financial statements as required by the applicable accounting standards.

14. According to the information and explanations given to us and based on the examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and the records of the Company examined by us, the Company has not entered into any non-cash transactions with directors or persons connected with the directors. Accordingly, the reporting requirement under clause (xv) of paragraph 3 of the Order is not applicable.

16. According to the information and explanations given to us and the records of the Company examined by us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting requirement under clause (xvi) of paragraph 3 of the Order is not applicable.

For VARMA & VARMA
(FRN: 004532S)

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

Place: Kizhakkambalam
Date: 28th April, 2017

"ANNEXURE B"

REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KITEX GARMENTS LIMITED FOR THE YEAR ENDED 31st MARCH 2017

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 over financial reporting of Kitex Garments Limited ("the Company") as of March 31, 2017 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 over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 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 Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For VARMA & VARMA
(FRN: 004532S)

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

Place: Kizhakkambalam
Date: 28th April, 2017

Balance Sheet as at 31st March, 2017

Particulars	Note No.	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
I. EQUITY AND LIABILITIES			
(1) Shareholders' Fund			
a) Share capital	3	47,500,000	47,500,000
b) Reserves and surplus	4	4,508,979,509	3,626,448,922
Sub-Total		**4,556,479,509**	**3,673,948,922**
(2) Non-Current Liabilities			
a) Long-term borrowings	5	31,428,705	82,928,326
b) Deferred tax liabilities (Net)	6	176,398,195	206,064,695
c) Long-term provisions	7	74,158,788	45,692,937
Sub-Total		**281,985,688**	**334,685,958**
(3) Current Liabilities			
a) Short-term borrowings	8	-	835,248,182
b) Trade Payables	9		
i) total outstanding dues of micro enterprises and small enterprises; and		11,153,071	4,355,163
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		442,349,054	411,542,963
c) Other current liabilities	10	92,504,068	271,757,347
d) Short-term provisions	11	160,081,730	256,646,605
Sub-Total		**706,087,923**	**1,779,550,260**
TOTAL		**5,544,553,120**	**5,788,185,140**
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	12		
i) Tangible assets (Property, Plant and Equipment)		1,609,517,471	1,728,354,999
ii) Intangible assets		5,395,669	1,532,980
iii) Capital work-in-progress		136,778,769	1,446,971
iv) Intangible assets under development		19,760,547	10,983,017
(b) Non-current investments	13	117,053,718	46,153,718
(c) Long term loans and advances	14	106,588,102	85,538,625
Sub-Total		**1,995,094,276**	**1,874,010,310**
(2) Current assets			
a) Inventories	15	404,971,707	130,231,927
b) Trade receivables	16	1,311,499,004	960,064,467
c) Cash and cash equivalents	17	1,343,955,427	2,499,127,677
d) Short-term loans and advances	18	40,772,395	28,898,039
e) Other current assets	19	448,260,311	295,852,720
Sub-Total		**3,549,458,844**	**3,914,174,830**
TOTAL		**5,544,553,120**	**5,788,185,140**
Significant Accounting Policies and Notes on Accounts	1-41		

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

As per our separate report of even date attached

For VARMA & VARMA
(FRN :004532S)

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

Place: Kizhakkambalam
Date: 28th April, 2017

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

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

Sd/-
CA Benni Joseph
Director
DIN: 01219476

Sd/-
A. Babu
Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2017

Particulars			Note No.	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
	Revenue				
I.	Revenue from operations		20	5,459,013,150	5,458,166,796
II.	Other income		21	19,977,082	198,166,178
III.	**Total revenue (I+II)**			**5,478,990,232**	**5,656,332,974**
IV.	**Expenses**				
	a.	Cost of raw materials consumed	22	2,109,616,146	2,142,435,750
	b.	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	(157,574,001)	(27,515,443)
	c.	Employee benefits expense	24	918,285,778	836,172,488
	d.	Finance costs	25	92,668,158	158,610,800
	e.	Depreciation and amortisation expense	26	203,627,653	212,731,264
	f.	Other expenses	27	885,354,999	623,348,165
Total expenses				**4,051,978,733**	**3,945,783,024**
V.	**Profit before Tax (III - IV)**			**1,427,011,499**	**1,710,549,950**
VI.	**Tax expense**				
	(1)	Current tax		531,270,000	609,400,000
	(2)	Deferred tax		(29,666,500)	(19,800,000)
VII.	**Profit after tax for the year (V - VI)**			**925,407,999**	**1,120,949,950**
VIII.	**Earnings per equity share**		28		
	Nominal value of share ₹ 1/- (₹ 1/-)				
	Basic/Diluted			19.48	23.60
Significant Accounting Policies and Notes on Accounts			1-41		

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

As per our separate report of even date attached

For VARMA & VARMA
(FRN :004532S)

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

Place: Kizhakkambalam
Date: 28th April, 2017

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

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

Sd/-
CA Benni Joseph
Director
DIN: 01219476

Sd/-
A. Babu
Company Secretary

Notes

Significant Accounting Policies and Notes on Accounts for the Financial year ended 31st March, 2017

1. Corporate Information

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

2. Basis of Preparation

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

2.2 Summary of Significant Accounting Policies

2.2.1 Basis of Accounting

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

2.2.2 Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known /materialized.

2.2.3 Inventories

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

2.2.4 Revenue Recognition

Revenue is recognized when significant risks and rewards of ownership of goods have been passed to the buyer. Export incentives are recognized on exports on accrual basis, except when there are significant uncertainties, based on the estimated realisable value of such entitlements. Other income is recognized on accrual basis, except when there are significant uncertainties.

2.2.5 Tangible Assets (Property, Plant and Equipment)

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment in value if any. Cost includes purchase price, (inclusive of import duties and non -refundable purchase taxes, after deducting trade discounts and rebates), other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, if any.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

The cost of replacement spares/ major inspection relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

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

2.2.6 Intangible Assets

Intangible assets are recorded at the cost of acquisition of such assets and are carried at cost less accumulated amortisation and impairment, if any.

2.2.7 Leased Assets

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

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

2.2.8 Depreciation and Amortisation

Depreciation on Fixed Assets 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).

Software costs treated as Intangible Assets is amortised over a period of three years.

2.2.9 Foreign Currency Transactions

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

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

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

2.2.10 Forward Contracts

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

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

2.2.11 Government Grants

Government Grants are recognized where there is reasonable assurance that the Company has complied with the conditions attached to them and that the Grant will be received. Grant relating to depreciable fixed assets is reduced from the gross value of Fixed Assets. Grants/Subsidies in the nature of revenue are recognized as income over the period necessary to match them with the related costs which they are intended to compensate.

2.2.12 Investments

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

2.2.13 Employee Benefits

Short Term Employee Benefits

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

Defined Contribution Plans

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

Defined Benefit Plans

The net present value of the obligation for gratuity benefits as determined on independent actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognized past services cost, if any, is recognised in the books of account. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur.

Long Term Employee Benefits:

Compensated Absences:

The company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit

method. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur.

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

2.2.14 Borrowing Costs

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

2.2.15 Taxation

Income tax is accounted in accordance with Accounting Standard on Accounting for Taxes on Income (AS-22), which includes current taxes and deferred taxes.

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

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

Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available, except that deferred tax assets arising due to unabsorbed depreciation and losses are recognised if there is a virtual certainty that sufficient future taxable income will be available to realise the same.

2.2.16 Earnings per share

Basic /diluted earnings per share is calculated by dividing the net profit/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.

2.2.17 Impairment of Assets

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

2.2.18 Provisions, Contingent Liabilities and Contingent Assets.

Provisions are recognised when the company has a present obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the correct management estimates.

Contingent Liabilities are disclosed when the company has a possible obligation or a present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent assets are neither recognized nor disclosed in the accounts.

3. Share Capital

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	**Authorised**		
	250,000,000 (250,000,000) Equity shares of ₹ 1/- (₹ 1/-) each	250,000,000	250,000,000
b.	**Issued, Subscribed and fully paid up**		
	47,500,000 (47,500,000) Equity shares of ₹ 1/- (₹ 1/-) each	47,500,000	47,500,000

c. Reconciliation of shares outstanding at the beginning and at the end of the reporting year.

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	No. of shares	Amount (₹)	No. of shares	Amount (₹)
At the beginning of the year	47,500,000	47,500,000	47,500,000	47,500,000
Add: Shares Issued during the year	NIL	NIL	NIL	NIL
Outstanding at the end of the year	**47,500,000**	**47,500,000**	**47,500,000**	**47,500,000**

d. Terms/rights attached to equity shares.

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 dividend in Indian Rupees. The dividend proposed/declared by the Board of Directors is subject to approval/regularisation by the shareholders' in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

e. Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31st March, 2017		As at 31st March 2016	
	No. of shares	% of holding in the class	No. of shares	% of holding in the class
Equity Shares of ₹ 1 each fully paid				
Kitex Childrenswear Limited	7,350,329	15.47%	7,350,329	15.47%
Sabu M Jacob	15,319,281	32.25%	3,464,631	7.29%
Bobby M Jacob	4,487	0.01%	4,487	0.01%
Sabu M Jacob and Bobby M Jacob	-	-	3,846,950	8.10%
Bobby M Jacob and Sabu M Jacob	-	-	6,910,750	14.55%
Renjitha Joseph	3,091,500	6.51%	3,091,500	6.51%
Gopinathan C K	2,788,025	5.87%	2,890,673	6.09%
C K G Super Market Limited	3,023,882	6.37%	3,023,882	6.37%

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.

4. Reserves and surplus

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	**Capital Reserve**		
	Investment Subsidy	**2,210,000**	**2,210,000**
b.	**General Reserve**		
	Balance as per last Financial Statements	486,500,000	286,500,000
	Add: Amount transferred from surplus in the Statement of Profit and Loss	1,600,000,000	200,000,000
	Closing balance	**2,086,500,000**	**486,500,000**
c.	**Surplus/(Deficit) in the Statement of Profit and Loss**		
	Balance as per last Financial Statements	3,137,738,922	2,302,543,797
	Profit for the year	925,407,999	1,120,949,950
		4,063,146,921	**3,423,493,747**
	Less: Appropriations		
	Interim dividend (See Note No 4.2 below)	35,625,000	35,625,000
	Proposed final dividend (See Note No 4.1 below)	-	35,625,000
	Tax on proposed dividend and interim dividend	7,252,412	14,504,825
	Transfer to General Reserve	1,600,000,000	200,000,000
	Total Appropriations	**1,642,877,412**	**285,754,825**
	Net surplus in the Statement of Profit and Loss	**2,420,269,509**	**3,137,738,922**
	Total Reserves and surplus	**4,508,979,509**	**3,626,448,922**
4.1	The Board of Directors of the company has proposed final dividend of ₹ 0.75 (₹ 0.75) per share, which is subject to approval by the share holders at the ensuing Annual General Meeting. In accordance with the revised Accounting Standard - 4 'Contingencies and Events occurring after the Balance Sheet Date' (effective from 01.04.2016) proposed dividend for the year and Corporate Dividend Tax thereon has not been recognised as a distribution of profit in the current year's accounts.		
4.2	During the year, the Board of Directors of the Company has declared and paid interim dividend of ₹ 0.75 /- per share for the Financial Year ending on 31st March, 2017, which is subject to regularisation of the shareholders in the ensuing Annual General Meeting.		
4.3	The Board of Directors of the company has proposed to issue bonus shares in the ratio of 2:5 to the share holders which is subject to approval of the share holders at the ensuing Annual General Meeting.		

5. Long-term borrowings

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	Term Loans		
	Indian Rupee Loan From State Bank of India (Secured)	31,428,705	82,928,326
	Indian Rupee Loan From Axis Bank Limited (Secured)	-	-
		31,428,705	**82,928,326**
b.	Current maturities of long term borrowings disclosed under the head Other Current Liabilities (See Note No. 10)		
	State Bank of India	51,500,000	181,494,904
	Axis Bank Limited	-	1,211,557

c.	Terms of Repayments of Indian Rupee Term Loans				
	Name of the Bank	State Bank of India			
	Type of Loan	Term Loan			
	Amount sanctioned/availed (₹)	Sanctioned ₹ 820,000,000 (Availed ₹521,094,096/-)	Sanctioned- ₹ 25,000,000/- (Availed ₹24,668,462/-)	Sanctioned- ₹ 173,500,000/- (Availed ₹ 108,534,611/-)	Sanctioned- ₹ 80,000,000/- (Availed ₹ 57,664,538/-)
	Current Interest rate as at year end	Nil (11.8%)	11.15% (11.7%)	11.15% (11.7%)	11.15% (11.7%)
	Details of repayment	The loan has been repaid in full during the year	First 35 months : ₹ 400,000/- Next 22 months : ₹ 500,000/-	First 40 months : ₹2,500,000/- Next 15 months ₹3,500,000/- Next 5 months: ₹4,200,000/-	First 50 months : ₹1,300,000/- Next 10 months : ₹1,500,000/-
	Name of the Bank	Axis Bank Limited			
	Type of Loan	Vehicle Loan			
	Amount sanctioned/availed (₹)	₹ 1,350,000/-	₹ 1,350,000/-	₹ 1,228,000/-	₹ 890,000/-
	Current Interest rate as at year end	Nil (11.01%)	Nil (11.01%)	Nil (11.01%)	Nil (11.01%)
	Details of repayment	The loan has been repaid in full during the year	The loan has been repaid in full during the year	The loan has been repaid in full during the year	The loan has been repaid in full during the year

5.1	Terms 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 Managing Director.
5.2	The vehicle loans from Axis Bank Limited is secured by way of hypothecation of vehicles acquired by using the loan.

6. Deferred tax liabilities (Net)

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	**Deferred Tax Liability**		
	On excess of net book value over income tax written down value of fixed asset	212,691,833	222,991,833
	Gross Deferred Tax Liability	**212,691,833**	**222,991,833**
b.	**Deferred Tax Asset**		
	On Provisions/other disallowances	36,293,638	16,927,138
	Gross Deferred Tax Asset	**36,293,638**	**16,927,138**
	Net Deferred Tax Liability	**176,398,195**	**206,064,695**

7. Long-term provisions

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	**Provision for Employee benefits (See Note 7.1 below)**	74,158,788	45,692,937
		74,158,788	**45,692,937**
7.1	**Disclosures required under Accounting Standard 15 - "Employee Benefits"**		
a.	**Defined Contribution Plans**		
	During the year the following amounts have been recognized in the Statement of Profit and Loss on account of defined contribution plans:		
SI No.	**Particulars**	**As at 31st March, 2017 (₹)**	**As at 31st March, 2016 (₹)**
(i)	Employers contribution to Provident Fund	47,558,415	44,135,664
(ii)	Employers contribution to Employee's State Insurance	14,624,652	14,151,535
		62,183,067	**58,287,199**
b.	**Defined Benefit Plans - Gratuity: Unfunded Obligation**		
	The following table summarizes the components of expense recognized in the Statement of Profit and Loss and the amounts recognized in the Balance Sheet.		
SI No.	**Particulars**	**As at 31st March, 2017 (₹)**	**As at 31st March, 2016 (₹)**
1.	**Financial Assumptions at the Valuation Date:**		
a.	Discount Rate (p.a)	7.45%	7.80%
b.	Expected Rate of Return on Assets (p.a)	0.00%	0.00%
c.	Salary Escalation Rate *(p.a)	7.00%	7.00%
d.	Mortality rate	Indian Assured Lives Mortality (2006-08) Ult table	Indian Assured Lives Mortality (2006-08) Ult table

2.	**Expense Recognized in Statement of Profit and Loss:**				
a.	Current Service Cost			12,813,300	10,954,875
b.	Interest on Defined Benefit Obligation			4,692,830	3,581,880
c.	Net Actuarial Losses/ (Gains) Recognized in Year			(1,617,689)	2,752,668
d.	Past Service Cost			-	-
	Total amount included in "Employee benefits expense" (Note 24)			**15,888,441**	**17,289,423**
3.	**Net (Asset)/Liability recognised in the balance sheet as at year end:**				
	Net Liability is bifurcated as follows:				
	Current			4,253,552	3,316,513
	Non Current			56,164,017	45,692,937
	Net Liability			**60,417,569**	**49,009,450**
4.	**Change in Defined Benefit Obligation:**				
a.	Opening Defined Benefit Obligation			49,009,450	35,374,677
b.	Current Service Cost			12,813,300	10,954,875
c.	Interest Cost			4,692,830	3,581,880
d.	Actuarial Losses/ (Gain)			(1,617,689)	2,752,668
e.	Benefits Paid			(4,480,322)	(3,654,650)
f.	**Closing Defined Benefit Obligation**			**60,417,569**	**49,009,450**
g.	Contributions by Employer			4,480,322	3,654,650
h.	Benefits Paid			(4,480,322)	(3,654,650)
i.	Expected Employer's Contribution Next Year			4,253,552	3,316,513
5.	**Details of Present Value of Unfunded Obligations as at year end is under:**				

31st March, 2017 (₹)	**31st March, 2016 (₹)**	**31st March, 2015 (₹)**	**31st March, 2014 (₹)**	**31st March, 2013 (₹)**
60,417,569	49,009,450	35,374,677	25,382,535	27,483,858

* The assumption of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

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

c.	Long term employee benefit - Compensated absences : Unfunded obligation	
SI No.	**Particulars**	**As at 31st March, 2017 (₹)**
1.	Financial Assumptions at the Valuation Date:	
a.	Discount Rate (p.a)	7.45%
b.	Expected Rate of Return on Assets (p.a)	0.00%
c.	Salary Escalation Rate *(p.a)	7.00%
d.	Mortality rate	Indian Assured Lives Mortality(2006-08) Ult table
* The assumption of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. The above disclosures are based on information furnished by the independent actuary and relied upon by the auditors.		

8. Short-term borrowings

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	Working capital loans from banks (Secured) (See Note No 8.1 below)	-	835,248,182
		-	**835,248,182**
8.1	Working capital loans from banks are secured by first charge over the entire current assets of the company, both present and future, equitable mortgage over 25.44 acres of land and building belonging to the company and by personal guarantee of the Managing Director. The loans are repayable on demand.		

9. Trade Payables

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	Total outstanding dues of micro enterprises and small enterprises; (See Note No 9.1 below)	11,153,071	4,355,163
b.	Total outstanding dues of creditors other than micro enterprises and small enterprises	442,349,054	411,542,963
		453,502,125	**415,898,126**

9.1	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 the year-end, based on which, principal amount unpaid to such suppliers as at the year end aggregating to ₹ 11,153,071/- (₹ 4,355,163/-) has been included under Trade payables. In the opinion of the management, there are no overdue to the above parties and 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 section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as follows:		
SI No.	**Particulars**	**As at 31st March, 2017 (₹)**	**As at 31st March, 2016 (₹)**
a.	Principal Amount remaining unpaid but not due as at the year end.	11,153,071	4,355,163
b.	Interest due thereon and remaining unpaid as at the year end.	NIL	NIL
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.	NIL	NIL
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.	NIL	NIL
e.	Interest accrued and remaining unpaid as at the year end	NIL	NIL
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.	NIL	NIL

10. Other current liabilities

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	Current maturities of long term borrowings (see note No.5(b) above)	51,500,000	182,706,461
b.	Interest accrued and due on borrowings	821,310	2,819,805
c.	Advance from customers	2,527,024	4,275,256
d.	Unpaid dividend	6,597,893	7,356,078
e.	Other payables		
	Statutory Dues	21,100,277	42,994,596
	Retention Money	4,567,618	363,711
	Creditors for Capital Expenditure	5,389,946	10,241,465
	Integrated Skill Development Scheme (ISDS) Project Expenses Payable (Net)	-	20,999,975
		92,504,068	**271,757,347**

11. Short-term provisions

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	Provision for Employee benefits (See Note No.7.1 above)	8,485,339	3,316,513
b.	Others		
	Income Tax (Net)	151,596,391	210,452,680
	Proposed final dividend (See Note No 4.1 above)	-	35,625,000
	Corporate Dividend Tax	-	7,252,412
		160,081,730	**256,646,605**

12. Fixed assets

(Amount in ₹)

SI No.	NATURE OF ASSET	GROSS BLOCK				DEPRECIATION/ AMORTIZATION				NET BLOCK	
		As at 01.04.2016	Additions during the year	Disposals/ Adjustments (See Note No.12.1 and 12.2 below)	As at 31.03.2017	As at 01.04.2016	Disposals/ Adjustments	During the Year	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
(i)	**Tangible assets (Property, Plant and Equipment)**										
1.	Freehold Land	48,982,920	-	-	48,982,920	-	-	-	-	48,982,920	48,982,920
		(48,982,920)	(-)	(-)	(48,982,920)	(-)	(-)	(-)	(-)	(48,982,920)	(48,982,920)
2.	Building	635,293,246	-	-	635,293,246	176,476,211	-	18,450,168	194,926,379	440,366,867	458,817,035
		(634,085,287)	(1,207,959)	(-)	(635,293,246)	(155,605,898)	(-)	(20,870,313)	(176,476,211)	(458,817,035)	(478,479,389)
3.	Plant & Machinery	1,735,237,546	78,316,670	51,003,308	1,762,550,908	597,312,123	12,914,046	157,213,941	741,612,018	1,020,938,890	1,137,925,423
		(1,692,745,233)	(48,927,049)	(6,434,736)	(1,735,237,546)	(437,029,399)	(2,578,167)	(162,860,891)	(597,312,123)	(1,137,925,423)	(1,255,715,834)
4.	Furniture & Fixtures	45,620,166	2,657,130	-	48,277,296	29,282,166	-	3,666,837	32,949,003	15,328,293	16,338,000
		(43,841,573)	(1,778,593)	(-)	(45,620,166)	(24,888,835)	(-)	(4,393,331)	(29,282,166)	(16,338,000)	(18,952,738)
5.	Vehicles	56,356,886	6,510,113	3,584,707	59,282,292	30,109,514	3,584,707	6,184,474	32,709,281	26,573,011	26,247,372
		(55,299,186)	(1,057,700)	(-)	(56,356,886)	(24,144,711)	(-)	(5,964,803)	(30,109,514)	(26,247,372)	(31,154,475)
6.	Office Equipments	30,309,186	9,462,145	764,739	39,006,592	25,565,897	-	2,563,884	28,129,781	10,876,811	4,743,289
		(27,726,340)	(2,582,846)	(-)	(30,309,186)	(22,901,018)	(-)	(2,664,879)	(25,565,897)	(4,743,289)	(4,825,322)
7.	Computers	37,334,319	23,795,966	94,815	61,035,470	25,398,100	-	7,550,543	32,948,643	28,086,827	11,936,219
		(30,301,189)	(7,033,130)	(-)	(37,334,319)	(18,708,582)	(-)	(6,689,518)	(25,398,100)	(11,936,219)	(11,592,607)
8.	Electrical Equipments	60,054,512	900,457	-	60,954,969	36,689,771	-	5,901,346	42,591,117	18,363,852	23,364,741
		(58,640,870)	(1,413,642)	(-)	(60,054,512)	(29,659,026)	(-)	(7,030,745)	(36,689,771)	(23,364,741)	(28,981,844)
	Total (i)	**2,649,188,781**	**121,642,481**	**55,447,569**	**2,715,383,693**	**920,833,782**	**16,498,753**	**201,531,193**	**1,105,866,222**	**1,609,517,471**	**1,728,354,999**
		(2,591,622,598)	(64,000,919)	(6,434,736)	(2,649,188,781)	(712,937,469)	(2,578,167)	(210,474,480)	(920,833,782)	(1,728,354,999)	(1,878,685,129)
(i)	**Intangible assets**										
1.	Computer software	33,814,905	5,959,149	-	39,774,054	32,281,925	-	2,096,460	34,378,385	5,395,669	1,532,980
		(33,607,680)	(207,225)	(-)	(33,814,905)	(30,025,141)	(-)	(2,256,784)	(32,281,925)	(1,532,980)	(3,582,539)
	Total (ii)	**33,814,905**	**5,959,149**	**-**	**39,774,054**	**32,281,925**	**-**	**2,096,460**	**34,378,385**	**5,395,669**	**1,532,980**
		(33,607,680)	(207,225)	(-)	(33,814,905)	(30,025,141)	(-)	(2,256,784)	(32,281,925)	(1,532,980)	(3,582,539)
	GRAND TOTAL (i) + (ii)	**2,683,003,686**	**127,601,630**	**55,447,569**	**2,755,157,747**	**953,115,707**	**16,498,753**	**203,627,653**	**1,140,244,607**	**1,614,913,140**	**1,729,887,979**
	Previous Year	2,625,230,278	64,208,144	6,434,736	2,683,003,686	742,962,610	2,578,167	212,731,264	953,115,707	1,729,887,979	1,882,267,668

12.1 Adjustments during the year from Plant and Machinery, Office Equipments and Computer includes ₹12,784,180/- (₹ Nil), being the Government Grant received under "Integrated Skill Development Scheme" (ISDS).

12.2 Adjustment during the year from Plant and Machinery includes ₹18,828,563/- (₹ Nil), being the Government grant received under the "Technology Upgradation fund Scheme" (TUFS).

12.3 In accordance with provisions of revised Accounting Standard- 10 'Plant Property and Equipment (Fixed Assets) effective from 01.04.2016, the cost of replacement spares which have an effective life of more than one financial year have been treated as Fixed Assets. These replacement spares were earlier being expensed to the Statement of Profit and Loss. The impact of the change on the Statement of Profit and Loss for the year is not material.

(iii) Capital work-in-progress

SI No.	Particulars	As at 01.04.2016	Additions during the year	Disposals/Adjustments	As at 31.03.2017
1.	Building under Construction	-	15,262,720	-	15,262,720
		(-)	(-)	(-)	(-)
2.	Plant Machinery and Equipment under installation/erection	1,446,971	227,279,015	107,209,937	121,516,049
		(2,360,947)	(42,058,993)	(42,972,969)	(1,446,971)
	Total (iii)	**1,446,971**	**242,541,735**	**107,209,937**	**136,778,769**
	Previous Year	**(2,360,947)**	**(42,058,993)**	**(42,972,969)**	**(1,446,971)**

(iv) Intangible assets under development

SI No.	Particulars	As at 01.04.2016	Additions during the year	Disposals/Adjustments	As at 31.03.2017
1.	Intangible assets under development	10,983,017	8,777,530	-	19,760,547
		(561,800)	(10,421,217)	(-)	(10,983,017)
	Total (iv)	**10,983,017**	**8,777,530**	**-**	**19,760,547**
	Previous Year	**(561,800)**	**(10,421,217)**	**(-)**	**(10,983,017)**

13. Non-current investments

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
	Investment in Equity Instruments (at Cost) - Long term		
a.	**Unquoted (Trade):**		
	In Associates :		
	1,750,210.09 (700,210.09) fully paid up Membership Units of USD 1/- each in Kitex USA LLC	117,010,318	46,110,318
	Aggregate amount of unquoted investments (A)	117,010,318	46,110,318
b.	**Quoted (Non Trade):**		
	7,000 (7,000) Equity Shares of ₹ 2/- each in Punjab National Bank Ltd, fully paid up	43,400	43,400
	Aggregate amount of quoted investments (B)	43,400	43,400
	Aggregate Market Value of quoted investments: ₹ 1,054,900/- (₹ 592,900/-)		
	Total (A+B)	**117,053,718**	**46,153,718**

14. Long term loans and advances

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
	Unsecured, considered good		
a.	Capital advances	36,419,968	15,395,339
b.	Security Deposit	22,109,296	15,782,719
c.	Others		
(i)	Balances with Government Authorities	20,465,817	20,465,817
(ii)	Income tax (Net)	27,593,021	33,894,750
		106,588,102	**85,538,625**

15. Inventories

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	Raw- Materials	131,853,588	35,367,873
b.	Raw materials in transit	6,388,167	-
c.	Work in progress	224,577,172	89,742,621
d.	Finished goods	27,860,883	5,121,433
e.	Stores, spares and consumables	14,103,252	-
f.	Stores and spares in transit	188,645	-
		404,971,707	**130,231,927**
15.1	Method of valuation of Inventory - Refer 2.2.3 of Significant Accounting Policies		

16. Trade receivables

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
	Unsecured, Considered Good		
a.	Outstanding for a period Exceeding six months from the date they are due for payment	1,431,465	967,396
b.	Others	1,310,067,539	959,097,071
		1,311,499,004	**960,064,467**

17. Cash and cash equivalents

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	Cash on hand	112,532	239,650
b.	Balance with banks:		
	In current accounts	1,304,685,808	2,462,197,549
	In deposit accounts	39,157,087	36,690,478
		1,343,955,427	2,499,127,677
17.1	Balance with banks in Current Accounts include earmarked balances for unpaid dividend of ₹6,597,893/-(₹7,356,078/-)		
17.2	Balance with banks in Deposit Accounts include ₹39,157,087/- (₹35,133,138/-) with a maturity period of less than 12 months and Rs Nil (₹1,557,340) with a maturity period of more than 12 months as at the end of the year, which are held as security against Letter of Credits/Bank Guarantee.		
17.3	The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 are as provided in the Table below:		

Particulars	SBN	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	264,500	2,437	266,937
(+) Permitted receipts	-	300,000	300,000
(-) Permitted payments	22,000	166,355	188,355
(-) Amount deposited in Banks	242,500	40,000	282,500
Closing cash in hand as on 30.12.2016	-	96,082	96,082

18. Short-term loans and advances

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
	Unsecured, considered good		
a.	Advance Recoverable in cash or kind or for value to be received:		
	Advance to suppliers/service providers	38,648,930	27,227,879
b.	Others		
(i)	Advance to Employees	1,923,465	1,470,160
(ii)	Other Deposits	200,000	200,000
		40,772,395	**28,898,039**
18.1	In the opinion of the Directors, 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.		

19. Other current assets

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
	Unsecured, considered good		
(i)	Export Incentives Receivable (See Note No 19.1 below)	231,635,527	87,274,776
(ii)	Interest accrued on fixed deposits	1,302,611	1,310,391
(iii)	Subsidy Receivable (See Note No 19.2 below)	120,906,276	87,668,951
(iv)	KVAT Refund Receivable	94,415,897	103,552,236
(v)	Deferred premium on forward contract	-	16,046,366
		448,260,311	**295,852,720**
19.1	During the year , income from export incentive has been recognised based on exports made, as against the earlier practice of recognising such income when confirmation of the right to receive was established, since in the opinion of the management there are no significant uncertainties at this stage. This has resulted in recognition of a higher income from export incentives to the extent of ₹ 69,833,399/- in the current year.		
19.2	Subsidy receivable under the Textile Upgradation Fund Scheme (TUFS) includes ₹ 87,668,951/- (₹ 80,530,588/-) carried forward from earlier years. Steps are being taken to recover the subsidy claims, which in the opinion of the management are considered recoverable in full.		

20. Revenue from operations

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	Sale of Products		
(i)	Sales - Export	4,039,156,570	4,312,737,291
(ii)	Sales - Domestic	808,954,203	679,815,852
	Total (A)+(B)	4,848,110,773	4,992,553,143
b.	Other Operating Revenues		
(i)	Export Incentives	530,501,098	422,865,117
(ii)	Job work Charges	67,562,686	31,007,537
(iii)	Sale of manufacturing Scrap	3,432,007	2,362,281
(iv)	Others	9,406,586	9,378,718
		5,459,013,150	**5,458,166,796**

21. Other income

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	Interest Income		
	Bank Deposits	2,735,788	2,989,117
	Other Deposits	568,205	526,486
b.	Dividend Income on Long Term investments	-	23,100
c.	Interest Subsidy (TUFS)	14,408,761	7,138,363
d.	Foreign Exchange Rate Variation (Net)	-	163,944,386
e.	Rent received	1,754,800	1,583,067
f.	Other non-operating income	509,528	21,961,659
		19,977,082	**198,166,178**

22. Cost of raw materials consumed

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
	Opening Stock	35,367,873	44,685,839
	Add: Purchases	2,212,490,028	2,133,117,784
	Closing Stock	(138,241,755)	(35,367,873)
		2,109,616,146	**2,142,435,750**

23. Changes in inventories of finished goods, work-in-progress and Stock-in-Trade

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
	Closing Stock		
	Finished goods	27,860,883	5,121,432
	Work in progress	224,577,172	89,742,622
		252,438,055	**94,864,054**
	Less:		
	Opening Stock		
	Finished goods	5,121,432	8,093,208
	Work in progress	89,742,622	59,255,403
		94,864,054	**67,348,611**
		(157,574,001)	**(27,515,443)**

24. Employee benefits expense

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	Salaries and Wages	775,005,995	705,696,978
b.	Contribution to Provident Fund	47,558,415	44,135,664
c.	Staff Welfare Expenses	95,721,368	86,339,846
		918,285,778	**836,172,488**

25. Finance costs

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	Interest Expenses	84,127,061	153,432,037
b.	Other Borrowing costs	8,541,097	5,178,763
		92,668,158	**158,610,800**

26. Depreciation and amortization expense

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	Depreciation of Tangible Assets	201,531,194	210,474,480
b.	Amortization of Intangible Assets	2,096,459	2,256,784
		203,627,653	**212,731,264**

27. Other expenses

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
1	Power and Fuel	188,540,581	175,429,165
2	Repairs to Building	4,991,872	26,665,966
3	Repairs to Plant and Machinery	36,577,051	26,156,313
4	Repairs to Others	37,566,627	35,166,858
5	Consumption of stores and spare parts	109,171,253	86,868,167
6	Insurance	6,730,651	6,129,778
7	Processing charges	258,433,531	116,767,590
8	Testing Charges	19,557,219	12,445,291
9	Other Production expenses	15,446,298	5,133,853
10	Sitting fee to Directors	787,750	311,379
11	Travelling and Conveyance	14,746,605	10,282,814
12	Postage, Courier and Telephone	5,115,722	5,569,160
13	Rent	4,509,635	3,852,152
14	Payment to the auditor		
	- As auditor	1,035,000	595,721
	- For taxation matters	515,506	17,175
	- For other services	408,250	171,250
	- For reimbursement of expenses	32,823	-
15	Legal and professional Charges	6,461,433	9,002,400
16	Rates & Taxes excluding taxes on Income	7,318,344	17,007,571
17	Printing and Stationery	4,687,408	4,922,541
18	General Expenses	5,005,577	4,423,619
19	Freight and Forwarding charges -Outward	36,680,114	19,645,947
20	Advertisement and Sales Promotion	10,089,769	19,740,735
21	Sales Commission	-	701,287
22	Bank charges	2,761,657	2,912,494
23	Loss on Sale of Fixed assets	3,436,070	1,227,811
24	Duty drawback written off	257,835	-
25	Prior period expenses	-	231,522
26	Expenses on corporate social responsibility activities (See Note No.27.1 below)	61,105,916	31,969,606
27	Foreign Exchange Rate Variation (Net)	43,384,502	-
		885,354,999	**623,348,165**

27. Details of expenses on corporate social responsibility activities :

a. Gross amount required to be spent by the company during the year ₹26,774,793/- (₹18,258,000/-)

b. Amount spent during the year on :

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	Construction/acquisition of any asset	-	-
b.	On purposes other than (a) above	61,105,916	31,969,606
		61,105,916	**31,969,606**

28. Earnings per equity share

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	Net profit after taxation	925,407,999	1,120,949,950
b.	Net profit available to Equity Share holders	925,407,999	1,120,949,950
c.	No. of equity shares at year end	47,500,000	47,500,000
d.	Weighted average number of Equity Shares of ₹ 1/- each (fully paid-up)	47,500,000	47,500,000
e.	Basic and Diluted Earnings per Share	19.48	23.60

29. Leases

A. Operating Lease: Company as Lessor

Future minimum rentals receivable under operating lease is as follows:

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
	Within one year	304,254	544,132
		304,254	**544,132**

B. Operating Lease: Company as Lessee

The Company has taken various residential and office premises under operating lease agreements. These agreements are generally for a period of 11 months. The Company has also taken equipments on rent for shorter duration during the year. Minimum lease payments charged during the year to the Statement of Profit and Loss aggregated to ₹4,509,635/- (Previous year ₹3,852,152/-)

30. Segment Information

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
I	**Business Segments:**		
1.	**Segment Revenue**		
a.	Garments	4,591,957,730	4,760,781,105
b.	Fabric	2,261,387,213	2,039,217,620
		6,853,344,943	6,799,998,725
	Less : Inter Segment Revenue (See Note No.30.1 below)	(1,394,331,793)	(1,341,831,928)
		5,459,013,150	**5,458,166,797**
2.	**Segment Results**		
a.	Garments	1,619,906,032	1,848,831,273
b.	Fabric	108,744,216	35,548,995
	Total	**1,728,650,248**	**1,884,380,268**
	Less: Interest	(82,441,788)	(121,742,769)
c.	Unallocable Expenses	(239,174,043)	(221,595,953)
	Unallocable Income	19,977,082	169,508,404
	Profit before tax	**1,427,011,499**	**1,710,549,950**

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
1.	**Segment Assets**		
a.	Garments	2,080,112,881	1,210,012,468
b.	Fabrics	1,585,012,558	1,541,526,673
c.	Unallocated	1,879,426,682	3,036,646,859
	Total	**5,544,552,121**	**5,788,186,000**
2	**Segment Liabilities**		
a.	Garments	250,821,931	279,511,368
b.	Fabrics	171,190,672	343,668,791
c.	Unallocated	566,060,008	1,491,056,840
	Total	**988,072,611**	**2,114,236,999**
3.	**Capital Employed**		
a.	Garments	1,829,290,950	930,501,099
b.	Fabric	1,413,822,886	1,197,857,879
c.	Unallocable	1,313,365,674	1,545,589,940
	Total	**4,556,479,510**	**3,673,948,918**

4.	**Depreciation**		
a.	Garments	36,907,467	31,046,105
b.	Fabric	143,024,869	148,711,005
c.	Unallocable	23,695,317	32,974,154
	Total	**203,627,653**	**212,731,264**

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
II	**Geographical Segments: (See Note No.30.2 below)**		
a.	Sales - Export	4,039,156,570	4,312,737,291
b.	Sales - Domestic	808,954,203	679,815,852
		4,848,110,773	**4,992,553,143**

30.1 Inter segment transfers have been priced on the basis of the pricing adopted for inter company fabric sales made to Kitex Childrenswear Limited.

30.2 Assets and liabilities are not capable of being stated separately geographical segment wise since all the assets and liabilities are held under composite undertaking for both the geographical segments.

31. Related Party Disclosure

Disclosure of transactions with related parties as required by Accounting Standard-18 on related party disclosures as prescribed by Companies (Accounting Standards) Rules, 2006

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

a. Key Managerial Personnel:

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

(ii) Sindhu Chandrasekhar, Whole time director

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

(i) Kitex Childrenswear Limited

(ii) Kitex Limited

(iii) Anna Aluminium Company Private Limited

(iv) Kitex Herbals Limited

(v) Kitex Apparels Limited

(vi) Kitex Infantswear Limited

c. Associate Enterprise

(i) Kitex USA LLC

Description of Transactions

SI No.	Name of Related Party	Nature of Transaction	Transaction Value for the year (₹)	
			For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	**Enterprises owned or significantly influenced by key management personnel or their relatives:(See Note No. 31.1 below)**			
(i)	Kitex Childrenswear Limited (See Note No. 31.1 below)	Sale of fabric (Net)	533,233,986	469,657,555
		Purchase of MLFPS licence	-	7,840,287
		Rent Received	1,754,800	1,808,778
		Rent Paid	121,845	109,979
		Processing Charges paid	248,538,439	100,209,407
		Job work charges received	43,854,050	-
		Purchase of MLFPS licence	-	7,840,287
		Expense recovered	9,335,414	34,241
		Expense Reimbursed	683,000	-
(ii)	Kitex Limited	Sale of Fabric	242,827,036	131,374,399
		Sale of Yarn	7,075,605	6,370,081
		Sale of Ready Made Garments	-	12,595,105
		Purchase of Fabric	115,837,094	96,132,658
		Purchase of Yarn	-	4,697,015
		Purchase of Accessories	4,833	1,857,811
		Processing Charges paid	2,409,233	1,564,244
		Job Work Charges Received	24,741,555	33,194,428
		Expense recovered	324,875	-
		Others	38,822	-
(iii)	Anna Aluminium Company (P) Ltd.	Purchase of Spices	3,220,210	3,193,617
		Purchase of Utensils	128,210	6,484
		Others (Net)	(79,800)	-
b.	**Key Management Personnel:**			
(i)	Sabu M. Jacob	Remuneration	75,189,260	88,965,349
(ii)	Sindhu Chandrasekhar	Remuneration (See Note No.31.2 below)	1,575,784	1,128,221
c.	**Associate Enterprise:**			
(i)	Kitex USA LLC	Investments made	70,900,000	46,110,318
		Sales - Ready Made Garments	200,841,998	-

Sl. No.	Name of Related Party	Outstanding amounts carried in the Balance Sheet	
		As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	**Enterprises owned or significantly influenced by key management personnel or their relatives:**		
	Receivables		
(i)	Kitex Childrenswear Limited	71,470,719	-
(ii)	Kitex Limited	32,940,472	25,859,629
	Payables		
(i)	Kitex Childrenswear Limited	-	67,453,792
(ii)	Anna Aluminium Company (P) Ltd.	13,254	447,899
b.	**Key Management Personnel:**		
	Payables		
(i)	Sabu M Jacob	104,427,416	61,139,993
(ii)	Sindhu Chandrasekhar	15,861	55,200
c.	**Associate Enterprise:**		
	Receivables		
(i)	Kitex USA LLC (Trade Receivable)	197,164,496	-
(ii)	Kitex USA LLC (Carrying value of Investment)	117,010,318	46,110,318

31.1 Necessary approval of the shareholders as may be required is being sought for at the General Meeting.

31.2 Necessary approval for increase in remuneration of whole time director ₹ 286,171/- is being sought for at the ensuing Annual General Meeting.

32. Contingent Liabilities and Commitments

32.1 Contingent Liabilities (to the extent not provided for)

The details of Contingent Liabilities are as under. (Disclosed in terms of Accounting Standard -29 on Provisions, Contingent Liabilities & Contingent Assets notified by the Companies (Accounting Standards) Rules, 2006)

Sl No.	Particulars
(i)	Claims against the company not acknowledged as debts - ₹ Nil (₹ Nil).
(ii)	Counter Guarantees issued by the Company for the guarantees issued by Banks amounts to ₹ 149,007,300/- (₹ 108,728,462/-). These include ₹ 140,019,425/- (₹ 99,344,425/-) furnished as bank guarantee to Customs Department based on demands raised by them.
(iii)	Customs dues, pending in appeal (excluding ₹ 140,019,425/- (₹ 99,344,425/-) included in (ii) above), including interest of ₹ 56,809,329/- (which includes interest relating to the year ₹ 19,925,002/-) : ₹ 99,400,549/- (₹ 13,088,518/-).
(iv)	Employee Provident Fund (EPF) and Employee State Insurance Corporation (ESI) demands, pending in appeal : ₹ 46,188,438/- (₹ 34,343,194/-).
(v)	Income Tax demand pending in appeal : ₹ 8,264,874/- (₹ 8,791,506/-).
(vi)	The above demands are disputed by the company and matters are pending in appeal before appellate authorities in various stages. In the opinion of the management and based on legal advice received, these demands are not tenable in law and the company is hopeful of getting full relief and hence no provision has been made thereof.
(vii)	Letters of Credit Outstanding amounts to ₹ 45,989,995/- (₹ 85,265,876/-).

32.2 Capital Commitments

Estimated amount of contracts remaining to be executed on capital accounts and not provided for (Net of advance) : ₹ 158,477,305/- (₹ Nil)

33. Value of Imports on CIF basis

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	Raw-materials	332,035,857	376,246,301
b.	Components and Spare parts	32,350,470	31,755,152
c.	Capital Goods	58,022,532	20,353,822
		422,408,859	**428,355,275**

34. Expenditure in foreign currency

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	Salary	2,914,118	8,096,288
b.	Fees for Technical/ Professional Services	13,272,234	3,448,236
c.	Rebate and Discounts	5,335,863	12,398,510
d.	Others	2,546,845	1,758,392
		24,069,060	**25,701,426**

35. Earnings in foreign currency

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	Export of goods calculated on FOB Basis	4,023,225,666	4,312,737,291
b.	Others	9,796,021	13,402,754
		4,033,021,687	**4,326,140,045**

36. Particulars of raw materials consumed during the year

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	Yarn	1,164,710,356	1,067,988,078
b.	Trims and Packing Materials	530,403,142	623,052,849
c.	Dyes and Chemicals	301,020,374	346,425,652
d.	Woven Fabric	113,482,274	104,969,171
		2,109,616,146	**2,142,435,750**

37. Breakup of consumption

SI No.	Particulars	% of total Consumption as on 31.03.2017	For the year ended 31st March, 2017 (₹)	% of total Consumption as on 31.03.2016	For the year ended 31st March, 2016 (₹)
a.	Raw-materials				
	Indigenous	80.43%	1,784,485,888	77.13%	1,719,399,618
	Imported	14.65%	325,130,259	18.98%	423,036,132
	Total (a)	**95.08%**	**2,109,616,147**	**96.11%**	**2,142,435,750**
b.	Stores and Spares				
	Indigenous	3.05%	67,596,869	2.03%	45,296,868
	Imported	1.87%	41,574,384	1.86%	41,571,299
	Total (b)	**4.92%**	**109,171,253**	**3.89%**	**86,868,167**
	Grand Total (a)+(b)	**100%**	**2,218,787,400**	**100%**	**2,229,303,917**

38. Long Term Contracts

There are no long term contracts as on 31.03.2017 including derivative contracts for which there are any material foreseeable losses.

40. Donations

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	Kerala Congress (M)	600,000	-
b.	Bharatiya Janatha Party	1,000,000	1,000,000
c.	District Committee of Muslim League	50,000	-
		1,650,000	**1,000,000**

41. Previous Year Figures

Figures have been rounded off to the nearest rupee. 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 layout.

As per our separate report of even date attached

For VARMA & VARMA
(FRN :004532S)

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

Place: Kizhakkambalam
Date: 28th April, 2017

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

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

Sd/-
CA Benni Joseph
Director
DIN: 01219476

Sd/-
A. Babu
Company Secretary

Cash Flow Statement for the year ended 31st March, 2017

Particulars		For the year ended 31st March, 2017 (₹)		For the year ended 31st March, 2016 (₹)	
A)	**Cash Flows from Operating Activities**				
	Net Profit before tax and extra ordinary items	1,427,011,499		1,710,549,950	
	Add/(Less): Adjustments For :				
	Depreciation / Amortization	203,627,653		212,731,264	
	Sundry balances written back (Net)	(397,417)		(292,842)	
	Duty drawback written off	257,835		-	
	Unrealized Foreign Exchange Rate Variation	76,195,809		11,513,432	
	Finance Costs	92,668,158		158,610,800	
	Loss on sale of Fixed Assets	3,436,070		1,227,811	
	Dividend Income	-		(23,100)	
	Interest Income	(17,712,754)		(10,653,966)	
	Operating Profit before working capital changes		1,785,086,853		2,083,663,349
	Adjustment for working capital changes				
	(Increase)/ Decrease in Trade & other receivable	(506,283,093)		(365,064,323)	
	(Increase)/ Decrease in Inventories	(274,739,780)		(18,197,477)	
	Increase/ (Decrease) in Trade and other Payables	28,778,168		167,671,782	
	Cash Generated from Operations		1,032,842,148		1,868,073,331
	Direct Taxes	(583,824,560)		(517,084,680)	
	Cash Flow Before Extraordinary Items		449,017,588		1,350,988,651
	Extraordinary Items		-		-
	Net Cash from/(used in) Operating Activities (A)		**449,017,588**		**1,350,988,651**
B)	**Cash Flows from Investing Activities**				
	Purchase of Fixed Assets	(280,834,814)		(60,380,432)	
	Investment in shares	(70,900,000)		(46,110,318)	
	Interest Received	3,311,773		3,577,068	
	Sale of Fixed Assets	3,900,000		2,628,758	
	Dividend Received	-		23,100	
	Net Cash from/(used in) Investing Activities (B)		**(344,523,039)**		**(100,261,824)**
C)	**Cash Flows from Financing Activities**				
	Increase/(Decrease) in Borrowings	(1,017,954,264)		(511,384,363)	
	Finance Costs paid	(94,666,653)		(160,892,373)	
	Dividend Paid/ transferred including Dividend Distribution tax	(86,513,009)		(111,899,100)	
	Net Cash from/(used in) Financing Activities (C)		**(1,199,133,926)**		**(784,175,836)**
	Summary				
	Net Cash from/(used in) Operating Activities (A)		**449,017,588**		**1,350,988,651**
	Net Cash from/(used in) Investing Activities (B)		**(344,523,039)**		**(100,261,824)**
	Net Cash from/(used in) Financing Activities (C)		**(1,199,133,926)**		**(784,175,836)**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		**(1,094,639,377)**		**466,550,991**
	Cash and Cash Equivalents at the beginning of the year		2,499,127,677		2,032,576,686
	Loss on restatement of Cash and Cash Equivalents (Net)		(60,532,873)		-
	Cash and Cash Equivalents at the end of the year		**1,343,955,427**		**2,499,127,677**

1. Cash and cash equivalents at the end of the year includes ₹39,157,087/- (₹36,690,478/-) held under lien and ₹6,597,893/- (₹7,356,078/-) deposited in unclaimed dividend account which is earmarked for payment of dividend.

As per our separate report of even date attached
For VARMA & VARMA
(FRN :004532S)

V. Sathyanarayanan
Partner, Chartered Accountants
Membership No. 21941

Place: Kizhakkambalam
Date: 28th April, 2017

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

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

CA Benni Joseph
Director
DIN: 01219476

A. Babu
Company Secretary

Independent Auditor's Report

To the Members of Kitex Garments Limited,
Kizhakkambalam

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Kitex Garments Limited ("hereinafter referred to as "the Company") and its associate (Kitex USA LLC) comprising the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company including its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the company and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the other financial information of the associate, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company and its associate as at 31st March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

a) The consolidated financial statements also include the Company's share of net loss (after elimination of share of unrealised profit on transactions with associate) of Rs. 87,595,207/- for the year ended 31st March, 2017 (Previous Year - Net loss of Rs. 24,003,888/-) as considered in the consolidated financial statements, in respect of one associate registered outside India, whose financial statements/financial information have not been audited for the reasons as stated in Note No 2.2 to the Consolidated Financial Statements. These financial statements/financial information have been prepared by the Management of the associate and has been compiled by a Certified Public Accountant in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants and have been furnished to us by the Management of the Company and our opinion on the consolidated financial statements, in so far

as it relates to the amounts and disclosures included in respect of the associate, is based solely on such unaudited financial statements/ financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Company.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and the other financial information of the associate, having regard to the observations stated under Other Matters paragraph above, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated 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.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, 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 Company as on 31st March, 2017 taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on 31st March, 2017 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

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

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Company - Refer Note No 32.1 to the consolidated financial statements.

      ii. The Company 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 Company.

      iv. The Company has provided requisite disclosures in the consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management - Refer Note No 17.3 to the consolidated financial statements.

For VARMA & VARMA
(FRN: 004532S)

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

Place: Kizhakkambalam
Date: 28th April, 2017

ANNEXURE A

REFERRED TO IN PARAGRAPH 1(f) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KITEX GARMENTS LIMITED AND IT'S ASSOCIATE FOR THE YEAR ENDED 31ST MARCH 2017

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 Kitex Garments Limited ("hereinafter referred to as "the Company") and its associate (Kitex USA LLC), as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of the Company as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

a) As stated in sub-paragraph (a) of the Other Matters paragraph in our independent auditor's report, the financial statements/ financial information of the associate registered outside India are unaudited and have been furnished to us by the Management and our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting does not include reporting insofar as it relates to the said associate.

For VARMA & VARMA
(FRN: 004532S)

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

Place: Kizhakkambalam
Date: 28th April, 2017

Consolidated Balance Sheet as at 31st March, 2017

Particulars	Note No.	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
I. EQUITY AND LIABILITIES			
(1) Shareholders' Fund			
a) Share capital	3	47,500,000	47,500,000
b) Reserves and surplus	4	4,397,380,414	3,602,445,034
Sub-Total		**4,444,880,414**	**3,649,945,034**
(2) Non-Current Liabilities			
a) Long-term borrowings	5	31,428,705	82,928,326
b) Deferred tax liabilities (Net)	6	176,398,195	206,064,695
c) Long-term provisions	7	74,158,788	45,692,937
Sub-Total		**281,985,688**	**334,685,958**
(3) Current Liabilities			
a) Short-term borrowings	8	-	835,248,182
b) Trade Payables	9		
i) total outstanding dues of micro enterprises and small enterprises; and		11,153,071	4,355,163
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		442,349,054	411,542,963
c) Other current liabilities	10	92,504,068	271,757,347
d) Short-term provisions	11	160,081,730	256,646,605
Sub-Total		**706,087,923**	**1,779,550,260**
TOTAL		**5,432,954,025**	**5,764,181,252**
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	12		
i) Tangible assets (Property, Plant and Equipment)		1,609,517,471	1,728,354,999
ii) Intangible assets		5,395,669	1,532,980
iii) Capital work-in-progress		136,778,769	1,446,971
iv) Intangible assets under development		19,760,547	10,983,017
(b) Non-current investments	13	5,454,623	22,149,830
(c) Long term loans and advances	14	106,588,102	85,538,625
Sub-Total		**1,883,495,181**	**1,850,006,422**
(2) Current assets			
a) Inventories	15	404,971,707	130,231,927
b) Trade receivables	16	1,311,499,004	960,064,467
c) Cash and cash equivalents	17	1,343,955,427	2,499,127,677
d) Short-term loans and advances	18	40,772,395	28,898,039
e) Other current assets	19	448,260,311	295,852,720
Sub-Total		**3,549,458,844**	**3,914,174,830**
TOTAL		**5,432,954,025**	**5,764,181,252**
Significant Accounting Policies and Notes on Consolidated Accounts	1-42		

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

As per our separate report of even date attached

For VARMA & VARMA
(FRN :004532S)

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

Place: Kizhakkambalam
Date: 28th April, 2017

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

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

Sd/-
CA Benni Joseph
Director
DIN: 01219476

Sd/-
A. Babu
Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31st March, 2017

Particulars			Note No.	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
Revenue					
I.	Revenue from operations		20	5,459,013,150	5,458,166,796
II.	Other income		21	19,977,082	198,166,178
III.	**Total revenue (I+II)**			**5,478,990,232**	**5,656,332,974**
IV.	**Expenses**				
	a.	Cost of raw materials consumed	22	2,109,616,146	2,142,435,750
	b.	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	(157,574,001)	(27,515,443)
	c.	Employee benefits expense	24	918,285,778	836,172,488
	d.	Finance costs	25	92,668,158	158,610,800
	e.	Depreciation and amortisation expense	26	203,627,653	212,731,264
	f.	Other expenses	27	885,354,999	623,348,165
Total expenses				**4,051,978,733**	**3,945,783,024**
V.	**Profit before Tax (III - IV)**			**1,427,011,499**	**1,710,549,950**
VI.	**Tax expense**				
	(1)	Current tax		531,270,000	609,400,000
	(2)	Deferred tax		(29,666,500)	(19,800,000)
VII.	**Profit after tax for the year before share of profit/loss of associate(V - VI)**			**925,407,999**	**1,120,949,950**
Less:					
(1)	Share of loss in Associate			67,635,113	24,003,888
(2)	Share of unrealised profit on transaction with Associate			19,960,094	-
VIII.	**Profit for the year attributable to shareholders of the company**			**837,812,792**	**1,096,946,062**
IX.	**Earnings per equity share**		28		
Nominal value of share ₹ 1/- (₹ 1/-)					
Basic/Diluted				17.64	23.09
Significant Accounting Policies and Notes on Consolidated Accounts			1-42		

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

As per our separate report of even date attached
For VARMA & VARMA
(FRN :004532S)

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

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

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

Sd/-
CA Benni Joseph
Director
DIN: 01219476

Sd/-
A. Babu
Company Secretary

Place: Kizhakkambalam
Date: 28th April, 2017

Notes

Significant Accounting Policies and Notes on Consolidated Accounts for the Financial Year ended 31st March, 2017

1. Corporate Information

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

2. Summary of Significant Accounting Policies

2.1 Principles of Consolidation

The consolidated financial statements relate to Kitex Garments Limited (the 'Company') and the Company's share of profit / loss in its associate. The consolidated financial statements have been prepared on the following basis:

i. The financial statements / financial information of the associate used in the consolidation are drawn upto the same reporting date as that of the Company, i.e., 31 March, 2017.

ii. The consolidated financial statements include the share of profit / loss of an associate entity which has been accounted for using 'equity method' as per AS 23 'Accounting for Investments in Associates in Consolidated Financial Statements'. Accordingly, the share of profit / loss of the associate entity (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investment. In using equity method for accounting for investment in an associate, unrealised profits and losses resulting from transactions between the company and the associate is eliminated to the extent of the company's interest in the associate.

iii. Following associate entity has been considered in the preparation of the consolidated financial statements:

Name of the entity	Relationship	% of Holding and voting power either directly or indirectly through subsidiary as at:	
		31st March, 2017	31st March, 2016
Kitex USA LLC	Associate	50%	50%

iv. 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.

2.2 Basis of Preparation

i. The Consolidated Financial Statements of Kitex Garments Limited (the Company) and its associate Kitex USA LLC have been prepared in accordance with Accounting Standard - 23 (AS 23) "Accounting for Investments in Associates in Consolidated Financial Statements" notified by the Companies (Accounting Standards) Rules, 2006.

ii. Investments in the associate M/s. Kitex USA LLC is accounted for using the Equity Method of accounting as laid down by Accounting Standard 23 - "Accounting for investment in Associates in Consolidated Financial Statements". The investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the investors' share of profit and loss of the investee after the date of acquisition and the unrealised profits and losses resulting from transactions between the company and the associate is eliminated to the extent of the company's interest in the associate. No statutory audit has been conducted by the associate M/s. Kitex USA LLC for the year ended 31.03.2017 as the same is not required under the statutes of that country. The financial statements/ financial information comprising balance sheet as of March 31st 2017 and the related statements of income and retained earnings for the

period beginning April 1st 2016 ending December 31st 2016 and period beginning January 1st 2017 ending March 31st 2017 have been prepared by the management and the financial statement/ financial information has been compiled by a Certified Public Accountant in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

2.2.1 Basis of Accounting

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these consolidated financial statements to comply in all material respects with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous year.

2.2.2 Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known /materialized.

2.2.3 Inventories

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

2.2.4 Revenue Recognition

Revenue is recognized when significant risks and rewards of ownership of goods have been passed to the buyer. Export incentives are recognized on exports on accrual basis, except when there are significant uncertainties, based on the estimated realisable value of such entitlements. Other income is recognized on accrual basis, except when there are significant uncertainties.

2.2.5 Tangible Assets (Property, Plant and Equipment)

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment in value if any. Cost includes purchase price, (inclusive of import duties and non - refundable purchase taxes, after deducting trade discounts and rebates), other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, if any.

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

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

2.2.6 Intangible Assets

Intangible assets are recorded at the cost of acquisition of such assets and are carried at cost less accumulated amortisation and impairment, if any.

2.2.7 Leased Assets

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

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

2.2.8 Depreciation and Amortisation

Depreciation on Fixed Assets 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).

Software costs treated as Intangible Assets is amortised over a period of three years.

2.2.9 Foreign Currency Transactions

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

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

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

2.2.10 Forward Contracts

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

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

2.2.11 Government Grants

Government Grants are recognized where there is reasonable assurance that the Company has complied with the conditions attached to them and that the Grant will be received. Grant relating to depreciable fixed assets is reduced from the gross value of Fixed Assets. Grants/Subsidies in the nature of revenue are recognized as income over the period necessary to match them with the related costs which they are intended to compensate.

2.2.12 Investments

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

2.2.13 Employee Benefits

Short Term Employee Benefits

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

Defined Contribution Plans

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

Defined Benefit Plans

The net present value of the obligation for gratuity benefits as determined on independent actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognized past services cost, if any, is recognised in the books of account. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur.

Long Term Employee Benefits:

Compensated Absences:

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

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

2.2.14 Borrowing Costs

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

2.2.15 Taxation

Income tax is accounted in accordance with Accounting Standard on Accounting for Taxes on Income (AS-22), which includes current taxes and deferred taxes.

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

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

Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available, except that deferred tax assets arising due to unabsorbed depreciation and losses are recognised if there is a virtual certainty that sufficient future taxable income will be available to realise the same.

2.2.16 Earnings per share

Basic /diluted earnings per share is calculated by dividing the net profit/ 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.

2.2.17 Impairment of Assets

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

2.2.18 Provisions, Contingent Liabilities and Contingent Assets.

Provisions are recognised when the company has a present obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the correct management estimates.

Contingent Liabilities are disclosed when the company has a possible obligation or a present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent assets are neither recognized nor disclosed in the accounts.

3. Share Capital

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	**Authorised**		
	250,000,000 (250,000,000) Equity shares of ₹ 1/- (₹ 1/-) each	250,000,000	250,000,000
b.	**Issued, Subscribed and fully paid up**		
	47,500,000 (47,500,000) Equity shares of ₹ 1/- (₹ 1/-) each	47,500,000	47,500,000

c. **Reconciliation of shares outstanding at the beginning and at the end of the reporting year.**

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	No. of shares	Amount (₹)	No. of shares	Amount (₹)
At the beginning of the year	47,500,000	47,500,000	47,500,000	47,500,000
Add: Shares Issued during the year	NIL	NIL	NIL	NIL
Outstanding at the end of the year	**47,500,000**	**47,500,000**	**47,500,000**	**47,500,000**

d. **Terms/rights attached to equity shares.**

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 dividend in Indian Rupees. The dividend proposed/declared by the Board of Directors is subject to approval/regularisation by the shareholders' in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

e. **Details of shareholders holding more than 5% shares in the Company**

Particulars	As at 31st March, 2017		As at 31st March 2016	
	No. of shares	% of holding in the class	No. of shares	% of holding in the class
Equity Shares of ₹ 1 each fully paid				
Kitex Childrenswear Limited	7,350,329	15.47%	7,350,329	15.47%
Sabu M Jacob	15,319,281	32.25%	3,464,631	7.29%
Bobby M Jacob	4,487	0.01%	4,487	0.01%
Sabu M Jacob and Bobby M Jacob	-	-	3,846,950	8.10%
Bobby M Jacob and Sabu M Jacob	-	-	6,910,750	14.55%
Renjitha Joseph	3,091,500	6.51%	3,091,500	6.51%
Gopinathan C K	2,788,025	5.87%	2,890,673	6.09%
C K G Super Market Limited	3,023,882	6.37%	3,023,882	6.37%

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.

4. Reserves and surplus

Sl No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	**Capital Reserve**		
	Investment Subsidy	**2,210,000**	**2,210,000**
b.	**General Reserve**		
	Balance as per last Financial Statements	486,500,000	286,500,000
	Add: Amount transferred from surplus in the Statement of Profit and Loss	1,600,000,000	200,000,000
	Closing balance	**2,086,500,000**	**486,500,000**
c.	**Surplus/(Deficit) in the Statement of Profit and Loss**		
	Balance as per last Financial Statements	3,113,735,034	2,302,543,797
	Profit for the year	837,812,792	1,096,946,062
		3,951,547,826	**3,399,489,859**
	Less: Appropriations		
	Interim dividend (See Note No 4.2 below)	35,625,000	35,625,000
	Proposed final dividend (See Note No 4.1 below)	-	35,625,000
	Tax on proposed dividend and interim dividend	7,252,412	14,504,825
	Transfer to General Reserve	1,600,000,000	200,000,000
	Total Appropriations	**1,642,877,412**	**285,754,825**
	Net surplus in the Statement of Profit and Loss	**2,308,670,414**	**3,113,735,034**
	Total Reserves and surplus	**4,397,380,414**	**3,602,445,034**

4.1 The Board of Directors of the company has proposed final dividend of ₹ 0.75 (Rs.0.75) per share, which is subject to approval by the share holders at the ensuing Annual General Meeting. In accordance with the revised Accounting Standard - 4 'Contingencies and Events Occurring after the Balance Sheet Date' (effective from 01.04.2016) proposed dividend for the year and Corporate Dividend Tax thereon has not been recognised as a distribution of profit in the current year's accounts.

4.2 During the year, the Board of Directors of the Company has declared and paid interim dividend of ₹ 0.75 /- per share for the Financial Year ending on 31st March, 2017, which is subject to regularisation of the shareholders in the ensuing Annual General Meeting.

4.3 The Board of Directors of the company has proposed to issue bonus shares in the ratio of 2:5 to the share holders which is subject to approval of the share holders at the ensuing Annual General Meeting.

5. Long-term borrowings

SI No.	Particulars			As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	Term Loans				
	Indian Rupee Loan From State Bank of India (Secured)			31,428,705	82,928,326
	Indian Rupee Loan From Axis Bank Limited (Secured)			-	-
				31,428,705	**82,928,326**
b.	Current maturities of long term borrowings disclosed under the head Other current liabilities (See Note No 10 below):				
	State Bank of India			51,500,000	181,494,904
	Axis Bank Limited			-	1,211,557
c.	Terms of Repayments of Indian Rupee Term Loans				
1.	**Name of the Bank**	State Bank of India			
	Type of Loan	Term Loan			
	Amount sanctioned/availed (₹)	Sanctioned ₹ 820,000,000 (Availed ₹ 521,094,096/-)	Sanctioned- ₹ 25,000,000/- (Availed ₹ 24,668,462/-)	Sanctioned- ₹ 173,500,000/- (Availed ₹ 108,534,611/-)	Sanctioned- ₹ 80,000,000/- (Availed ₹ 57,664,538/-)
	Current Interest rate as at year end	Nil (11.8%)	11.15% (11.7%)	11.15% (11.7%)	11.15% (11.7%)
	Details of repayment	The loan has been repaid in full during the year	First 35 months : ₹ 400,000/- Next 22 months : ₹ 500,000/-	First 40 months : ₹2,500,000/- Next 15 months ₹ 3,500,000/- Next 5 months: ₹ 4,200,000/-	First 50 months : ₹ 1,300,000/- Next 10 months : ₹ 1,500,000/-
2.	Name of the Bank	Axis Bank Limited			
	Type of Loan	Vehicle Loan			
	Amount sanctioned/availed (₹)	₹ 1,350,000	₹ 1,350,000	₹ 1,228,000	₹ 890,000
	Current Interest rate as at year end	Nil (11.01%)	Nil (11.01%)	Nil (11.01%)	Nil (11.01%)
	Details of repayment	The loan has been repaid in full during the year	The loan has been repaid in full during the year	The loan has been repaid in full during the year	The loan has been repaid in full during the year

5.1 Terms 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 Managing Director.

5.2 The vehicle loans from Axis Bank Limited is secured by way of hypothecation of vehicles acquired by using the loan.

6. Deferred tax liabilities (Net)

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	**Deferred Tax Liability**		
	On excess of net book value over income tax written down value of fixed asset	212,691,833	222,991,833
	Gross Deferred Tax Liability	**212,691,833**	**222,991,833**
b.	**Deferred Tax Asset**		
	On Provisions/other disallowances	36,293,638	16,927,138
	Gross Deferred Tax Asset	**36,293,638**	**16,927,138**
	Net Deferred Tax Liability	**176,398,195**	**206,064,695**

7. Long-term provisions

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	Provision for Employee benefits (See Note 7.1 below)	74,158,788	45,692,937
		74,158,788	**45,692,937**

7.1 Disclosures required under Accounting Standard 15 - "Employee Benefits"

a. Defined Contribution Plans

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

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
(i)	Employers contribution to Provident Fund	47,558,415	44,135,664
(ii)	Employers contribution to Employee's State Insurance	14,624,652	14,151,535
		62,183,067	**58,287,199**

b. Defined Benefit Plans - Gratuity: Unfunded Obligation

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

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
1.	**Financial Assumptions at the Valuation Date:**		
a.	Discount Rate (p.a)	7.45%	7.80%
b.	Expected Rate of Return on Assets (p.a)	0.00%	0.00%
c.	Salary Escalation Rate *(p.a)	7.00%	7.00%
d.	Mortality rate	Indian Assured Lives Mortality (2006-08) Ult table	Indian Assured Lives Mortality (2006-08) Ult table
2.	**Expense Recognized in Statement of Profit and Loss:**		
a.	Current Service Cost	12,813,300	10,954,875
b.	Interest on Defined Benefit Obligation	4,692,830	3,581,880
c.	Net Actuarial Losses/ (Gains) Recognized in Year	(1,617,689)	2,752,668
d.	Past Service Cost	-	-
	Total amount included in "Employee benefits expense" (Note 24)	15,888,441	17,289,423
3.	**Net (Asset)/Liability recognised in the balance sheet as at year end:**		
	Net Liability is bifurcated as follows:		
	Current	4,253,552	3,316,513
	Non Current	56,164,017	45,692,937
	Net Liability	60,417,569	49,009,450
4.	**Change in Defined Benefit Obligation:**		
a.	Opening Defined Benefit Obligation	49,009,450	35,374,677
b.	Current Service Cost	12,813,300	10,954,875
c.	Interest Cost	4,692,830	3,581,880
d.	Actuarial Losses/ (Gain)	(1,617,689)	2,752,668
e.	Benefits Paid	(4,480,322)	(3,654,650)
f.	Closing Defined Benefit Obligation	60,417,569	49,009,450
g.	Contributions by Employer	4,480,322	3,654,650
h.	Benefits Paid	(4,480,322)	(3,654,650)
i.	Expected Employer's Contribution Next Year	4,253,552	3,316,513

5.	**Details of Present Value of Unfunded Obligations as at year end is under:**				
	31st March, 2017 (₹)	**31st March, 2016 (₹)**	**31st March, 2015 (₹)**	**31st March, 2014 (₹)**	**31st March, 2013 (₹)**
	60,417,569	**49,009,450**	**35,374,677**	**25,382,535**	**27,483,858**

* The assumption of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

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

c. Long term employee benefit - Compensated absences : Unfunded obligation

SI No.	Particulars	As at 31st March, 2017 (₹)
1.	Financial Assumptions at the Valuation Date:	
a.	Discount Rate (p.a)	7.45%
b.	Expected Rate of Return on Assets (p.a)	0.00%
c.	Salary Escalation Rate *(p.a)	7.00%
d.	Mortality rate	Indian Assured Lives Mortality(2006-08) Ult table

* The assumption of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

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

8. Short-term borrowings

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	Working capital loans from banks (Secured) (See Note No 8.1 below)	-	835,248,182
		-	835,248,182
8.1	Working capital loans from banks are secured by first charge over the entire current assets of the company, both present and future, equitable mortgage over 25.44 acres of land and building belonging to the company and by personal guarantee of the Managing Director. The loans are repayable on demand.		

9. Trade Payables

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	Total outstanding dues of micro enterprises and small enterprises; (See Note No 9.1 below)	11,153,071	4,355,163
b.	Total outstanding dues of creditors other than micro enterprises and small enterprises	442,349,054	411,542,963
		453,502,125	**415,898,126**

9.1 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 the year-end, based on which, principal amount unpaid to such suppliers as at the year end aggregating to Rs.11,153,071/- (Rs.4,355,163/-) has been included under Trade payables. In the opinion of the management, there are no overdue to the above parties and 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 section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as follows:

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	Principal Amount remaining unpaid but not due as at the year end.	11,153,071	4,355,163
b.	Interest due thereon and remaining unpaid as at the year end.	NIL	NIL
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.	NIL	NIL
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.	NIL	NIL
e.	Interest accrued and remaining unpaid as at the year end	NIL	NIL
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.	NIL	NIL

10. Other current liabilities

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	Current maturities of long term borrowings (See Note No 5(b) above)	51,500,000	182,706,461
b.	Interest accrued and due on borrowings	821,310	2,819,805
c.	Advance from customers	2,527,024	4,275,256
d.	Unpaid dividend	6,597,893	7,356,078
e.	Other payables		
	Statutory Dues	21,100,277	42,994,596
	Retention Money	4,567,618	363,711
	Creditors for Capital Expenditure	5,389,946	10,241,465
	Integrated Skill Development Scheme (ISDS) Project Expenses Payable (Net)	-	20,999,975
		92,504,068	**271,757,347**

11. Short-term provisions

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	Provision for Employee benefits (See Note No.7.1 above)	8,485,339	3,316,513
b.	Others		
	Income Tax (Net)	151,596,391	210,452,680
	Proposed final dividend (See Note No 4.1 above)	-	35,625,000
	Corporate Dividend Tax	-	7,252,412
		160,081,730	**256,646,605**

12. Fixed assets

SI No.	NATURE OF ASSET	GROSS BLOCK				DEPRECIATION/ AMORTIZATION				NET BLOCK	
		As at 01.04.2016	Additions during the year	Disposals/ Adjustments (See Note No.12.1 and 12.2 below)	As at 31.03.2017	As at 01.04.2016	Disposals/ Adjustments	During the Year	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
(i)	**Tangible assets (Property, Plant and Equipment)**										
1.	Freehold Land	48,982,920	-	-	48,982,920	-	-	-	-	48,982,920	48,982,920
		(48,982,920)	(-)	(-)	(48,982,920)	(-)	(-)	(-)	(-)	(48,982,920)	(48,982,920)
2.	Building	635,293,246	-	-	635,293,246	176,476,211	-	18,450,168	194,926,379	440,366,867	458,817,035
		(634,085,287)	(1,207,959)	(-)	(635,293,246)	(155,605,898)	(-)	(20,870,313)	(176,476,211)	(458,817,035)	(478,479,389)
3.	Plant & Machinery	1,735,237,546	78,316,670	51,003,308	1,762,550,908	597,312,123	12,914,046	157,213,941	741,612,018	1,020,938,890	1,137,925,423
		(1,692,745,233)	(48,927,049)	(6,434,736)	(1,735,237,546)	(437,029,399)	(2,578,167)	(162,860,891)	(597,312,123)	(1,137,925,423)	(1,255,715,834)
4.	Furniture & Fixtures	45,620,166	2,657,130	-	48,277,296	29,282,166	-	3,666,837	32,949,003	15,328,293	16,338,000
		(43,841,573)	(1,778,593)	(-)	(45,620,166)	(24,888,835)	(-)	(4,393,331)	(29,282,166)	(16,338,000)	(18,952,738)
5.	Vehicles	56,356,886	6,510,113	3,584,707	59,282,292	30,109,514	3,584,707	6,184,474	32,709,281	26,573,011	26,247,372
		(55,299,186)	(1,057,700)	(-)	(56,356,886)	(24,144,711)	(-)	(5,964,803)	(30,109,514)	(26,247,372)	(31,154,475)
6.	Office Equipments	30,309,186	9,462,145	764,739	39,006,592	25,565,897	-	2,563,884	28,129,781	10,876,811	4,743,289
		(27,726,340)	(2,582,846)	(-)	(30,309,186)	(22,901,018)	(-)	(2,664,879)	(25,565,897)	(4,743,289)	(4,825,322)
7.	Computers	37,334,319	23,795,966	94,815	61,035,470	25,398,100	-	7,550,543	32,948,643	28,086,827	11,936,219
		(30,301,189)	(7,033,130)	(-)	(37,334,319)	(18,708,582)	(-)	(6,689,518)	(25,398,100)	(11,936,219)	(11,592,607)
8.	Electrical Equipments	60,054,512	900,457	-	60,954,969	36,689,771	-	5,901,346	42,591,117	18,363,852	23,364,741
		(58,640,870)	(1,413,642)	(-)	(60,054,512)	(29,659,026)	(-)	(7,030,745)	(36,689,771)	(23,364,741)	(28,981,844)
	Total (i)	**2,649,188,781**	**121,642,481**	**55,447,569**	**2,715,383,693**	**920,833,782**	**16,498,753**	**201,531,193**	**1,105,866,222**	**1,609,517,471**	**1,728,354,999**
		(2,591,622,598)	(64,000,919)	(6,434,736)	(2,649,188,781)	(712,937,469)	(2,578,167)	(210,474,480)	(920,833,782)	(1,728,354,999)	(1,878,685,129)
(ii)	**Intangible assets**										
1.	Computer software	33,814,905	5,959,149	-	39,774,054	32,281,925	-	2,096,460	34,378,385	5,395,669	1,532,980
		(33,607,680)	(207,225)	(-)	(33,814,905)	(30,025,141)	(-)	(2,256,784)	(32,281,925)	(1,532,980)	(3,582,539)
	Total (ii)	**33,814,905**	**5,959,149**	**-**	**39,774,054**	**32,281,925**	**-**	**2,096,460**	**34,378,385**	**5,395,669**	**1,532,980**
		(33,607,680)	(207,225)	(-)	(33,814,905)	(30,025,141)	(-)	(2,256,784)	(32,281,925)	(1,532,980)	(3,582,539)
	GRAND TOTAL (i)+(ii)	**2,683,003,686**	**127,601,630**	**55,447,569**	**2,755,157,747**	**953,115,707**	**16,498,753**	**203,627,653**	**1,140,244,607**	**1,614,913,140**	**1,729,887,979**
	Previous Year	2,625,230,278	64,208,144	6,434,736	2,683,003,686	742,962,610	2,578,167	212,731,264	953,115,707	1,729,887,979	1,882,267,668

12.1 Adjustments during the year from Plant and Machinery, Office Equipments and Computer includes ₹12,784,180/- (₹ Nil), being the Government Grant received under "Integrated Skill Development Scheme" (ISDS).

12.2 Adjustment during the year from Plant and Machinery includes ₹18,828,563/- (₹ Nil), being the Government grant received under the "Technology Upgradation fund Scheme" (TUFS).

12.3 In accordance with provisions of revised Accounting Standard- 10 'Plant Property and Equipment (Fixed Assets) effective from 01.04.2016, the cost of replacement spares which have an effective life of more than one financial year have been treated as Fixed Assets. These replacement spares were earlier being expensed to the Statement of Profit and Loss. The impact of the change on the Statement of Profit and Loss for the year is not material.

(iii) Capital work-in-progress

SI No.	Particulars	As at 01.04.2016	Additions during the year	Disposals/Adjustments	As at 31.03.2017
1.	Building under Construction	-	15,262,720	-	15,262,720
		(-)	(-)	(-)	(-)
2.	Plant Machinery and Equipment under installation/erection	1,446,971	227,279,015	107,209,937	121,516,049
		(2,360,947)	(42,058,993)	(42,972,969)	(1,446,971)
	Total (iii)	**1,446,971**	**242,541,735**	**107,209,937**	**136,778,769**
	Previous Year	**(2,360,947)**	**(42,058,993)**	**(42,972,969)**	**(1,446,971)**

(iv) Intangible assets under development

SI No.	Particulars	As at 01.04.2016	Additions during the year	Disposals/Adjustments	As at 31.03.2017
1.	Intangible assets under development	10,983,017	8,777,530	-	19,760,547
		(561,800)	(10,421,217)	(-)	(10,983,017)
	Total (iv)	**10,983,017**	**8,777,530**	**-**	**19,760,547**
	Previous Year	**(561,800)**	**(10,421,217)**	**(-)**	**(10,983,017)**

13. Non-current investments

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
	Investment in Equity Instruments (at Cost) - Long term		
a.	**Unquoted (Trade):**		
	In Associates :		
	1,750,210.09 (700,210.09) fully paid up Membership Units of USD 1/- each in Kitex USA LLC	117,010,318	46,110,318
	Less :		
	Share of Accumulated Reserves	24,003,888	-
	Share of loss in Associate	67,635,113	24,003,888
	Share of unrealised profit on transaction with Associate	19,960,094	-
		111,599,095	24,003,888
	Aggregate amount of unquoted investments (A)	5,411,223	22,106,430
b.	**Quoted (Non Trade):**		
	7,000 (7,000) Equity Shares of ₹ 2/- each in Punjab National Bank Ltd, fully paid up	43,400	43,400
	Aggregate amount of quoted investments (B)	43,400	43,400
	Aggregate Market Value of quoted investments: ₹ 1,054,900/- (₹ 592,900/-)		
	Total (A+B)	**5,454,623**	**22,149,830**

14. Long term loans and advances

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
	Unsecured, considered good		
a.	Capital advances	36,419,968	15,395,339
b.	Security Deposit	22,109,296	15,782,719
c.	Others		
(i)	Balances with Government Authorities	20,465,817	20,465,817
(ii)	Income tax (Net)	27,593,021	33,894,750
		106,588,102	**85,538,625**

15. Inventories

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	Raw- Materials	131,853,588	35,367,873
b.	Raw materials in transit	6,388,167	-
c.	Work in progress	224,577,172	89,742,621
d.	Finished goods	27,860,883	5,121,433
e.	Stores, spares and consumables	14,103,252	-
f.	Stores and spares in transit	188,645	-
		404,971,707	**130,231,927**

15.1 Method of valuation of Inventory - Refer 2.2.3 of Significant Accounting Policies

16. Trade receivables

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
	Unsecured, Considered Good		
a.	Outstanding for a period Exceeding six months from the date they are due for payment	1,431,465	967,396
b.	Others	1,310,067,539	959,097,071
		1,311,499,004	**960,064,467**

17. Cash and cash equivalents

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	Cash on hand	112,532	239,650
b.	Balance with banks:		
	In current accounts	1,304,685,808	2,462,197,549
	In deposit accounts	39,157,087	36,690,478
		1,343,955,427	**2,499,127,677**

17.1 Balance with banks in Current Accounts include earmarked balances for unpaid dividend of ₹ 6,597,893/-(₹ 7,356,078/-)

17.2 Balance with banks in Deposit Accounts include ₹ 39,157,087/- (₹ 35,133,138/-) with a maturity period of less than 12 months and Rs Nil (₹ 1,557,340) with a maturity period of more than 12 months as at the end of the year, which are held as security against Letter of Credits/Bank Guarantee.

17.3 The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 are as provided in the Table below:

Particulars	SBN	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	264,500	2,437	266,937
(+) Permitted receipts	-	300,000	300,000
(-) Permitted payments	22,000	166,355	188,355
(-) Amount deposited in Banks	242,500	40,000	282,500
Closing cash in hand as on 30.12.2016	-	96,082	96,082

18. Short-term loans and advances

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
	Unsecured, considered good		
a.	Advance Recoverable in cash or kind or for value to be received:		
	Advance to suppliers/service providers	38,648,930	27,227,879
b.	Others		
(i)	Advance to Employees	1,923,465	1,470,160
(ii)	Other Deposits	200,000	200,000
		40,772,395	**28,898,039**

18.1 In the opinion of the Directors, 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.

19. Other current assets

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
	Unsecured, considered good		
(i)	Export Incentives Receivable (See Note No 19.1 below)	231,635,527	87,274,776
(ii)	Interest accrued on fixed deposits	1,302,611	1,310,391
(iii)	Subsidy Receivable (See Note No 19.2 below)	120,906,276	87,668,951
(iv)	KVAT Refund Receivable	94,415,897	103,552,236
(v)	Deferred premium on forward contract	-	16,046,366
		448,260,311	**295,852,720**

19.1 During the year , income from export incentive has been recognised based on exports made, as against the earlier practice of recognising such income when confirmation of the right to receive was established, since in the opinion of the management there are no significant uncertainties at this stage. This has resulted in recognition of a higher income from export incentives to the extent of ₹ 69,833,399/- in the current year.

19.2 Subsidy receivable under the Textile Upgradation Fund Scheme (TUFS) includes ₹ 87,668,951/- (₹ 80,530,588/-) carried forward from earlier years. Steps are being taken to recover the subsidy claims, which in the opinion of the management are considered recoverable in full.

20. Revenue from operations

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	Sale of Products		
(i)	Sales - Export	4,039,156,570	4,312,737,291
(ii)	Sales - Domestic	808,954,203	679,815,852
b.	Other Operating Revenues		
(i)	Export Incentives	530,501,098	422,865,117
(ii)	Job work Charges	67,562,686	31,007,537
(iii)	Sale of manufacturing Scrap	3,432,007	2,362,281
(iv)	Others	9,406,586	9,378,718
		5,459,013,150	**5,458,166,796**

21. Other income

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	Interest Income		
	Bank Deposits	2,735,788	2,989,117
	Other Deposits	568,205	526,486
b.	Dividend Income on Long Term investments	-	23,100
c.	Interest Subsidy (TUFS)	14,408,761	7,138,363
d.	Foreign Exchange Rate Variation (Net)	-	163,944,386
e.	Rent received	1,754,800	1,583,067
f.	Other non-operating income	509,528	21,961,659
		19,977,082	**198,166,178**

22. Cost of raw materials consumed

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
	Opening Stock	35,367,873	44,685,839
	Add: Purchases	2,212,490,028	2,133,117,784
	Closing Stock	(138,241,755)	(35,367,873)
		2,109,616,146	**2,142,435,750**

23. Changes in inventories of finished goods, work-in-progress and Stock-in-Trade

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
	Closing Stock		
	Finished goods	27,860,883	5,121,432
	Work in progress	224,577,172	89,742,622
		252,438,055	**94,864,054**
	Less:		
	Opening Stock		
	Finished goods	5,121,432	8,093,208
	Work in progress	89,742,622	59,255,403
		94,864,054	**67,348,611**
		(157,574,001)	**(27,515,443)**

24. Employee benefits expense

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	Salaries and Wages	775,005,995	705,696,978
b.	Contribution to Provident Fund	47,558,415	44,135,664
c.	Staff Welfare Expenses	95,721,368	86,339,846
		918,285,778	**836,172,488**

25. Finance costs

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	Interest Expenses	84,127,061	153,432,037
b.	Other Borrowing costs	8,541,097	5,178,763
		92,668,158	**158,610,800**

26. Depreciation and amortization expense

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	Depreciation of Tangible Assets	201,531,194	210,474,480
b.	Amortization of Intangible Assets	2,096,459	2,256,784
		203,627,653	**212,731,264**

27. Other expenses

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
1	Power and Fuel	188,540,581	175,429,165
2	Repairs to Building	4,991,872	26,665,966
3	Repairs to Plant and Machinery	36,577,051	26,156,313
4	Repairs to Others	37,566,627	35,166,858
5	Consumption of stores and spare parts	109,171,253	86,868,167
6	Insurance	6,730,651	6,129,778
7	Processing charges	258,433,531	116,767,590
8	Testing Charges	19,557,219	12,445,291
9	Other Production expenses	15,446,298	5,133,853
10	Sitting fee to Directors	787,750	311,379
11	Travelling and Conveyance	14,746,605	10,282,814
12	Postage, Courier and Telephone	5,115,722	5,569,160
13	Rent	4,509,635	3,852,152
14	Payment to the auditor		
	- As auditor	1,035,000	595,721
	- For taxation matters	515,506	17,175
	- For other services	408,250	171,250
	- For reimbursement of expenses	32,823	-
15	Legal and professional Charges	6,461,433	9,002,400
16	Rates & Taxes excluding taxes on Income	7,318,344	17,007,571
17	Printing and Stationery	4,687,408	4,922,541
18	General Expenses	5,005,577	4,423,619
19	Freight and Forwarding charges -Outward	36,680,114	19,645,947
20	Advertisement and Sales Promotion	10,089,769	19,740,735
21	Sales Commission	-	701,287
22	Bank charges	2,761,657	2,912,494
23	Loss on Sale of Fixed assets	3,436,070	1,227,811
24	Duty drawback written off	257,835	-
25	Prior period expenses	-	231,522
26	Expenses on corporate social responsibility activities (See Note No.27.1 below)	61,105,916	31,969,606
27	Foreign Exchange Rate Variation (Net)	43,384,502	-
		885,354,999	**623,348,165**

27.1 Details of expenses on corporate social responsibility activities :

a. Gross amount required to be spent by the company during the year ₹26,774,793/- (₹18,258,000/-)

b. Amount spent during the year on :

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	Construction/acquisition of any asset	-	-
b.	On purposes other than (a) above	61,105,916	31,969,606
		61,105,916	**31,969,606**

28. Earnings per equity share

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	Net profit after taxation	837,812,792	1,096,946,062
b.	Net profit available to Equity Share holders	837,812,792	1,096,946,062
c.	No. of equity shares at year end	47,500,000	47,500,000
d.	Weighted average number of Equity Shares of ₹ 1/- each (fully paid-up)	47,500,000	47,500,000
e.	Basic and Diluted Earnings per Share	17.64	23.09

29. Leases

A. Operating Lease: Company as Lessor

Future minimum rentals receivable under operating lease is as follows:

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
	Within one year	304,254	544,132
		304,254	**544,132**

B. Operating Lease: Company as Lessee

The Company has taken various residential and office premises under operating lease agreements. These agreements are generally for a period of 11 months. The Company has also taken equipments on rent for shorter duration during the year. Minimum lease payments charged during the year to the Statement of Profit and Loss aggregated to ₹4,509,635/- (₹3,852,152/-)

30. Segment Information

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
I	**Business Segments:**		
1.	**Segment Revenue**		
a.	Garments	4,591,957,730	4,760,781,105
b.	Fabric	2,261,387,213	2,039,217,620
		6,853,344,943	6,799,998,725
	Less : Inter Segment Revenue (See Note No.30.1 below)	(1,394,331,793)	(1,341,831,928)
		5,459,013,150	**5,458,166,797**
2.	**Segment Results**		
a.	Garments	1,619,906,032	1,848,831,273
b.	Fabric	108,744,216	35,548,995
	Total	**1,728,650,248**	**1,884,380,268**
	Less: Interest	(82,441,788)	(121,742,769)
c.	Unallocable Expenses	(239,174,043)	(221,595,953)
	Unallocable Income	19,977,082	169,508,404
	Profit before tax	**1,427,011,499**	**1,710,549,950**

SI No.	Particulars	As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
1.	**Segment Assets**		
a.	Garments	2,080,112,881	1,210,012,468
b.	Fabrics	1,585,012,558	1,541,526,673
c.	Unallocated	1,879,426,682	3,036,646,859
	Total	**5,544,552,121**	**5,788,186,000**
2	**Segment Liabilities**		
a.	Garments	250,821,931	279,511,368
b.	Fabrics	171,190,672	343,668,791
c.	Unallocated	566,060,008	1,491,056,840
	Total	**988,072,611**	**2,114,236,999**

3.	**Capital Employed**		
a.	Garments	1,829,290,950	930,501,099
b.	Fabric	1,413,822,886	1,197,857,879
c.	Unallocable	1,313,366,674	1,545,589,940
		4,556,480,510	**3,673,948,918**
4.	**Depreciation**		
a.	Garments	36,907,467	31,046,105
b.	Fabric	143,024,869	148,711,005
c.	Unallocable	23,695,317	32,974,154
		203,627,653	**212,731,264**

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
II	Geographical Segments: (See Note No.30.2 below)		
a.	Sales - Export	4,039,156,570	4,312,737,291
b.	Sales - Domestic	808,954,203	679,815,852
		4,848,110,773	**4,992,553,143**

30.1 Inter segment transfers have been priced on the basis of the pricing adopted for inter company fabric sales made to Kitex Childrenswear Limited.

30.2 Assets and liabilities are not capable of being stated separately geographical segment wise since all the assets and liabilities are held under composite undertaking for both the geographical segments.

31. Related Party Disclosure

Disclosure of transactions with related parties as required by Accounting Standard-18 on related party disclosures as prescribed by Companies (Accounting Standards) Rules, 2006

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

a. Key Managerial Personnel:

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

(ii) Sindhu Chandrasekhar, Whole time director

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

(i) Kitex Childrenswear Limited

(ii) Kitex Limited

(iii) Anna Aluminium Company Private Limited

(iv) Kitex Herbals Limited

(v) Kitex Apparels Limited

(vi) Kitex Infantswear Limited

c. Associate Enterprise

(i) Kitex USA LLC

Description of Transactions

SI No.	Name of Related Party	Nature of Transaction	Transaction Value for the year (₹)	
			For the year ended 31st March, 2017	For the year ended 31st March, 2016
a.	**Enterprises owned or significantly influenced by key management personnel or their relatives: (See Note No. 31.1 below)**			
(i)	Kitex Childrenswear Limited	Sale of fabric (Net)	533,233,986	469,657,555
		Rent Received	1,754,800	1,808,778
		Rent Paid	121,845	109,979
		Processing Charges paid	248,538,439	100,209,407
		Job work charges received	43,854,050	-
		Purchase of MLFPS licence	-	7,840,287
		Expense recovered	9,335,414	34,241
		Expense Reimbursed	683,000	-
(ii)	Kitex Limited	Sale of Fabric	242,827,036	131,374,399
		Sale of Yarn	7,075,605	6,370,081
		Sale of Ready Made Garments	-	12,595,105
		Purchase of Fabric	115,837,094	96,132,658
		Purchase of Yarn	-	4,697,015
		Purchase of Accessories	4,833	1,857,811
		Processing Charges paid	2,409,233	1,564,244
		Job Work Charges Received	24,741,555	33,194,428
		Expense recovered	324,875	-
		Others	38,822	-
(iii)	Anna Aluminium Company (P) Ltd.	Purchase of Spices	3,220,210	3,193,617
		Purchase of Utensils	128,210	6,484
		Others (Net)	(79,800)	-
b.	**Key Management Personnel:**			
(i)	Sabu M. Jacob	Remuneration	75,189,260	88,965,349
(ii)	Sindhu Chandrasekhar	Remuneration (See Note No.31.2 below)	1,575,784	1,128,221
c.	**Associate Enterprise:**			
(i)	Kitex USA LLC	Investments made	70,900,000	46,110,318
		Sales - Ready Made Garments	200,841,998	-

SI No.	Name of Related Party	Outstanding amounts carried in the Balance Sheet	
		As at 31st March, 2017 (₹)	As at 31st March, 2016 (₹)
a.	**Enterprises owned or significantly influenced by key management personnel or their relatives:**		
	Receivables		
(i)	Kitex Childrenswear Limited	71,470,719	-
(ii)	Kitex Limited	32,940,472	25,859,629
	Payables		
(i)	Kitex Childrenswear Limited	-	67,453,792
(ii)	Anna Aluminium Company (P) Ltd.	13,254	447,899
b.	**Key Management Personnel:**		
	Payables		
(i)	Sabu M Jacob	104,427,416	61,139,993
(ii)	Sindhu Chandrasekhar	15,861	55,200
c.	**Associate Enterprise:**		
	Receivables		
(i)	Kitex USA LLC (Trade Receivable)	197,164,496	-
(ii)	Kitex USA LLC (Net Carrying value of Investment)	5,411,223	22,106,430

31.1 Necessary approval of the shareholders as may be required is being sought for at the General Meeting.

31.2 Necessary approval for increase in remuneration of whole time director ₹ 286,171/- is being sought for at the ensuing Annual General Meeting.

32. Contingent Liabilities and Commitments

32.1 Contingent Liabilities (to the extent not provided for)

The details of Contingent Liabilities are as under. (Disclosed in terms of Accounting Standard -29 on Provisions, Contingent Liabilities & Contingent Assets notified by the Companies (Accounting Standards) Rules, 2006)

(i) Claims against the company not acknowledged as debts - ₹ Nil (₹ Nil).

(ii) Counter Guarantees issued by the Company for the guarantees issued by Banks amounts to ₹ 149,007,300/- (₹ 108,728,462/-). These include ₹ 140,019,425/- (₹ 99,344,425/-) furnished as bank guarantee to Customs Department based on demands raised by them.

(iii) Customs dues, pending in appeal (excluding ₹ 140,019,425/- (₹ 99,344,425/-) included in (ii) above), including interest of ₹ 56,809,329/- (which includes interest relating to the year ₹ 19,925,002/-) : ₹ 99,400,549/- (₹ 13,088,518/-).

(iv) Employee Provident Fund (EPF) and Employee State Insurance Corporation (ESI) demands, pending in appeal : ₹ 46,188,438/- (₹ 34,343,194/-).

(v) Income Tax demand pending in appeal : ₹ 8,264,874/- (₹ 8,791,506/-).

(vi) The above demands are disputed by the company and matters are pending in appeal before appellate authorities in various stages. In the opinion of the management and based on legal advice received, these demands are not tenable in law and the company is hopeful of getting full relief and hence no provision has been made thereof.

(vii) Letters of Credit Outstanding amounts to ₹ 45,989,995/- (₹ 85,265,876/-).

32.2 Capital Commitments

Estimated amount of contracts remaining to be executed on capital accounts and not provided for (Net of advance) : ₹ 158,477,305/- (₹ Nil)

33. Value of Imports on CIF basis

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	Raw-materials	332,035,857	376,246,301
b.	Components and Spare parts	32,350,470	31,755,152
c.	Capital Goods	58,022,532	20,353,822
		422,408,859	**428,355,275**

34. Expenditure in foreign currency

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	Salary	2,914,118	8,096,288
b.	Fees for Technical/ Professional Services	13,272,234	3,448,236
c.	Rebate and Discounts	5,335,863	12,398,510
d.	Others	2,546,845	1,758,392
		24,069,060	**25,701,426**

35. Earnings in foreign currency

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	Export of goods calculated on FOB Basis	4,023,225,666	4,312,737,291
b.	Others	9,796,021	13,402,754
		4,033,021,687	**4,326,140,045**

36. Particulars of raw materials consumed during the year

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	Yarn	1,164,710,356	1,067,988,078
b.	Trims and Packing Materials	530,403,142	623,052,849
c.	Dyes and Chemicals	301,020,374	346,425,652
d.	Woven Fabric	113,482,274	104,969,171
		2,109,616,146	**2,142,435,750**

37. Breakup of consumption

SI No.	Particulars	% of total Consumption as on 31.03.2017	For the year ended 31st March, 2017 (₹)	% of total Consumption as on 31.03.2016	For the year ended 31st March, 2016 (₹)
a.	Raw-materials				
	Indigenous	80.43%	1,784,485,888	77.13%	1,719,399,618
	Imported	14.65%	325,130,259	18.98%	423,036,132
	Total (a)	**95.08%**	**2,109,616,147**	**96.11%**	**2,142,435,750**
b.	Stores and Spares				
	Indigenous	3.05%	67,596,869	2.03%	45,296,868
	Imported	1.87%	41,574,384	1.86%	41,571,299
	Total (b)	**4.92%**	**109,171,253**	**3.89%**	**86,868,167**
	Grand Total (a)+(b)	**100%**	**2,218,787,400**	**100%**	**2,229,303,917**

38. Long Term Contracts

There are no long term contracts as on 31.03.2017 including derivative contracts for which there are any material foreseeable losses.

40. Additional information as required by paragraph 2 of the General instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

Name of the entity	As at 31st March, 2017		As at 31st March, 2016	
	Net Assets, ie., total assets - total liabilities		Net Assets, ie., total assets - total liabilities	
	As a % of consolidated net assets	Amount (₹)	As a % of consolidated net assets	Amount (₹)
Company	99.88%	4,439,469,191	99.39%	3,627,838,604
Associate (Investment as per Equity Method):				
Kitex USA LLC		117,010,318		46,110,318
Less: Share of Loss and Unrealised Profit		(111,599,095)		(24,003,888)
	0.12%	5,411,223	0.61%	22,106,430
Total	**100%**	**4,444,880,414**	**100%**	**3,649,945,034**

Name of the entity	For the year ended 31st March, 2017		For the year ended 31st March, 2016	
	Share in profit or loss		Share in profit or loss	
	As a % of consolidated profit or loss	Amount (₹)	As a % of consolidated profit or loss	Amount (₹)
Company	110.46%	925,407,999	102.19%	1,120,949,950
Associate (Investment as per Equity Method):				
Kitex USA LLC	-10.46%	(87,595,207)	-2.19%	(24,003,888)
Total	**100%**	**837,812,792**	**100%**	**1,096,946,062**

41. Donations

SI No.	Particulars	For the year ended 31st March, 2017 (₹)	For the year ended 31st March, 2016 (₹)
a.	Kerala Congress (M)	600,000	-
b.	Bharatiya Janatha Party	1,000,000	1,000,000
c.	District Committee of Muslim League	50,000	-
		1,650,000	**1,000,000**

42. Previous Year Figures

Figures have been rounded off to the nearest rupee. 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 layout.

As per our separate report of even date attached

For VARMA & VARMA
(FRN :004532S)

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

Place: Kizhakkambalam
Date: 28th April, 2017

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

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

Sd/-
CA Benni Joseph
Director
DIN: 01219476

Sd/-
A. Babu
Company Secretary

Consolidated Cash Flow Statement for the year ended 31st March, 2017

	Particulars	For the year ended 31st March, 2017 (₹)		For the year ended 31st March, 2016 (₹)	
A)	**Cash Flows from Operating Activities**				
	Net Profit before tax and extra ordinary items	1,427,011,499		1,710,549,950	
	Add/(Less): Adjustments For :				
	Depreciation / Amortization	203,627,653		212,731,264	
	Sundry balances written back (Net)	(397,417)		(292,842)	
	Duty drawback written off	257,835		-	
	Unrealized Foreign Exchange Rate Variation	76,195,809		11,513,432	
	Finance Costs	92,668,158		158,610,800	
	Loss on sale of Fixed Assets	3,436,070		1,227,811	
	Dividend Income	-		(23,100)	
	Interest Income	(17,712,754)		(10,653,966)	
	Operating Profit before working capital changes		1,785,086,853		2,083,663,349
	Adjustment for working capital changes				
	(Increase)/ Decrease in Trade & other receivable	(506,283,093)		(365,064,323)	
	(Increase)/ Decrease in Inventories	(274,739,780)		(18,197,477)	
	Increase/ (Decrease) in Trade and other Payables	28,778,168		167,671,782	
	Cash Generated from Operations		1,032,842,148		1,868,073,331
	Direct Taxes	(583,824,560)		(517,084,680)	
	Cash Flow Before Extraordinary Items		449,017,588		1,350,988,651
	Extraordinary Items		-		-
	Net Cash from/(used in) Operating Activities (A)		**449,017,588**		**1,350,988,651**
B)	**Cash Flows from Investing Activities**				
	Purchase of Fixed Assets	(280,834,814)		(60,380,432)	
	Investment in shares	(70,900,000)		(46,110,318)	
	Interest Received	3,311,773		3,577,068	
	Sale of Fixed Assets	3,900,002		2,628,758	
	Dividend Received	-		23,100	
	Net Cash from/(used in) Investing Activities (B)		**(344,523,039)**		**(100,261,824)**
C)	**Cash Flows from Financing Activities**				
	Increase/(Decrease) in Borrowings	(1,017,954,264)		(511,384,363)	
	Finance Costs paid	(94,666,653)		(160,892,373)	
	Dividend Paid/ transferred including Dividend Distribution tax	(86,513,009)		(111,899,100)	
	Net Cash from/(used in) Financing Activities (C)		**(1,199,133,926)**		**(784,175,836)**
	Summary				
	Net Cash from/(used in) Operating Activities (A)		**449,017,588**		**1,350,988,651**
	Net Cash from/(used in) Investing Activities (B)		**(344,523,039)**		**(100,261,824)**
	Net Cash from/(used in) Financing Activities (C)		**(1,199,133,926)**		**(784,175,836)**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		**(1,094,639,377)**		**466,550,991**
	Cash and Cash Equivalents at the beginning of the year		2,499,127,677		2,032,576,686
	Loss on restatement of Cash and Cash Equivalents (Net)		(60,532,873)		-
	Cash and Cash Equivalents at the end of the year		**1,343,955,427**		**2,499,127,677**

1. Cash and cash equivalents at the end of the year includes ₹ 39,157,087/- (₹ 36,690,478/-) held under lien and ₹ 6,597,893/- (₹ 7,356,078/-) deposited in unclaimed dividend account which is earmarked for payment of dividend.

As per our separate report of even date attached
For VARMA & VARMA
(FRN :004532S)

V. Sathyanarayanan
Partner, Chartered Accountants
Membership No. 21941

Place: Kizhakkambalam
Date: 28th April, 2017

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

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

CA Benni Joseph
Director
DIN: 01219476

A. Babu
Company Secretary

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 .....
E-mail-id :.....Signature .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual General Meeting of the Company on Monday, June 19, 2017 at Factory Premises of the Company at Building No. 9/536A, 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 Consolidated Financial Statements) of the Company for the year ended March 31, 2017 together with the Report of the Board of Directors and Independent Auditors report thereon.
2	To declare a final Dividend of ₹ 0.75 per equity share and to ratify the interim dividend of ₹ 0.75 per equity share, already paid during the year, for the financial year ended March 31, 2017.
3	To appoint a Director in place of Mr. K L V Narayanan (DIN 01273573), 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.
4	To Re-appoint M/s. Varma and Varma, Chartered Accountants, Kochi (FRN 004532S) who shall hold office for the financial year 2017-18 from the conclusion of this 25th Annual General Meeting till the conclusion of the 26th Annual General Meeting and to fix their remuneration.
Special Business	
5	Revision of remuneration payable to Ms. Sindhu Chandrasekhar (DIN 06434415) Whole-Time Director.
6	To approve the Issue of Bonus Shares
7	Approval for Material Related Party Transactions

Signed this_____day of June 2017.
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 fifth Annual General Meeting.
3. A holder may vote either for or against each resolution

KITEX GARMENTS LIMITED

(CIN: L18101KL1992PLC006528)
P. B. No. 5, Kizhakkambalam - 683562, Alwaye, Kochi, Kerala
Phone: 91 0484 4142000, Fax: 91 484 2680604
Website: www.kitexgarments.com, E-mail: sect@kitexgarments.com

Attendance Slip

25th Annual General Meeting
Folio No. /DP ID - Client ID: Name and Address of the shareholder(s):

I certify that I am a registered Shareholder/Proxy for the registered shareholder of the Company. I hereby record my presence at the 25th Annual General Meeting of the Company on Monday, June 19, 2017 at the Factory Premises of the Company at Building No.9/536 A, Kizhakkambalam, Kochi - 683562 at 10.00 AM

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Member's Folio/DPID- Client ID No.	Member's/ Proxy's name in Block Letters	Member's/ Proxy's Signature

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Electronic Voting Particulars

If desirous of E-voting, please read the instructions given in the AGM Notice before exercising.

EVSN (Electronic Voting Sequence Number)	* Default PAN/ Sequence No.

* Those who have not registered their PAN may use default PAN



Company's CSR wing Twenty 20 Kizhakkambalam organised the largest ever **'Thiruvathirakkali, Kerala's** traditional art form at Kizhakkambalam in May 2017, which was predominantly participated by women employees of the company. With over 6500 participants the event created new history in the Guinness book of World Records.





Registered Office
Kitex Garments Limited
(CIN: L18101KL1992PLC006528)
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Phone: 91 0484 4142000, Fax: 91 484 2680604
Website: www.kitexgarments.com, E-mail: sect@kitexgarments.com

Corp Comm Studio