

K I T E X

SIXTH ANNUAL REPORT 1997-98  
KITEX GARMENTS LIMITED

MD	<input checked="" type="checkbox"/>
CS	NA
RO	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>

Report Junction.com



**6th ANNUAL REPORT**  
**KITEX GARMENTS LIMITED**

**BOARD OF DIRECTORS**

Mr. SABU M.JACOB, Chairman & Managing Director  
Mr. M.C.JACOB  
Mr. BOBBY M.JACOB  
Mr. M.G.K NAIR  
Mr. P. VAIDYANATHAN (UPTO 30.3.1998)  
Mr. BENNI JOSEPH (FROM 31.7.1998)

**AUDITORS**

M/s Venkit & Hari  
Chartered Accountants  
Ravipuram Road  
Cochin -682 016

**LEGAL ADVISORS**

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

**REGISTERED OFFICE**

Building No.91  
Kitex House  
Kizhakkambalam  
Alwaye - 683 562

**CORPORATE OFFICE**

Kitex House  
3rd Floor, Shenoy Chambers  
Cochin - 682 031

**SHARE TRANSFER AGENTS**

M/s Olive Capital & Services (P) Ltd.  
Kacheripady, Banerji Road  
Cochin - 682 018

**BANKERS**

Punjab National Bank

## 6th ANNUAL REPORT KITEX GARMENTS LIMITED

### NOTICE

NOTICE is hereby given that the Sixth Annual General Meeting of the Members of Kitex Garments Limited will be held at the Factory Premises of the Company at Buliding No. 9/536 A, Kizhakkambalam, Alwaye - 683 562 at 10 a.m. on Tuesday, the 29th September 1998 to transact the following business:

#### ORDINARY BUSINESS

- 1) To receive, consider and adopt the Directors' Report for the year ended 31st March 1998, audited Profit and Loss Account of the Company for the year, Balance Sheet as at that date, and the report of the Auditors thereon.
- 2) To appoint a Director in place of Mr. Bobby M. Jacob, who retires by rotation. Mr. Bobby M. Jacob has expressed his unwillingness to be re-appointed as a Director. Notice U/s 257 of the Companies Act has been received from a member proposing Mr. Benni Joseph, S/o Mr. E.M. Joseph, 4C Link Manor, Old Railway Station Road, Cochin - 18 for appointment as Director in place of the retiring Director. Mr. Benni Joseph has given his consent to act as Director, if so appointed.
- 3) To appoint Auditors, M/s Venkit & Hari, Chartered Accountants, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

#### SPECIAL BUSINESS

- 4) To consider, and if thought fit, to pass the following with or without amendments, as a Special Resolution:  
"Resolved that, subject to section 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956, approval of the Company be and is hereby accorded for the re-appointment of Mr. Sabu M. Jacob as Managing Director of the Company on the terms and conditions as set out in the Resolution dated 31st July 1998 of the Board of Directors of the Company".
- 5) To consider, and if thought fit, to pass the following with or without amendments, as a Special Resolution:  
"Resolved that, for the words, "not exceeding Rupees five hundred" in Article 94 of the Articles of Association of the company, the following words shall be substituted: "not exceeding the limit prescribed by the Central Government from time to time".
- 6) To consider and if thought fit to pass the following with or without amendments as an Ordinary Resolution:  
"Resolved that consent of the company be and is hereby accorded to the Board of Directors under Section 293(1) (d) of the Companies Act 1956, to borrow any sum or sums of moneys from time to time notwithstanding that the money or moneys to be borrowed, together with the moneys already borrowed by the company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purposes, provided, however, that the total amounts so borrowed shall not exceed Rs. 50 crores (Rupees fifty crores only).

By Order of the Board of Directors

Place : Kizhakkambalam  
Date: 25th August 1998

**SABU M. JACOB**  
Chairman & Managing Director

## 6th ANNUAL REPORT KITEX GARMENTS LIMITED

### Notes:-

- 1) A member entitled to vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
- 2) The instrument appointing a proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- 3) Members are requested to notify individually change in their addresses, if any, to the Company at the Registered Office by quoting their Folio Numbers.
- 4) Any clarification needed on the accounts may be informed to the Manager(Finance) on or before 5 p.m. on 26.9.98
- 5) An explanatory statement u/s 173 (2) regarding the Special Business is annexed hereto.
- 6) A copy of the Board Resolution dated 31/7/98 setting out the terms and conditions of appointment of Mr. Sabu M. Jacob as MD is open for inspection at the Registered office of the company between 10.a.m. and 1.00 p.m. on all working days till the date of the Annual General Meeting.
- 7) Members/proxis should bring the attendance slips duly filled in for attending the meeting.
- 8) The Register of Members and Share transfer books will remain closed from 23.9.98 to 30.9.98 (both days inclusive)
- 9) No compliments will be distributed to the persons attending the meeting.

### Explanatory Statement pursuant to Sec 173 (2) of the Companies Act, 1956.

- 1) Re-appointment of Mr. Sabu .M. Jacob as Managing Director Mr. Sabu .M. Jacob, whose tenure of office as Managing Director expired on 15th August 1998, was re-appointed by the Board of Directors for a further period of five years from 16th August 1998 on a remuneration of Rs. 72,000 per month. The remuneration payable to him as set out in the Board resolution is in accordance with Schedule XIII of the Act. As required by the said schedule, his appointment and remuneration are to be approved at the General Meeting of the Company. Hence the proposal is presented for consideration and decision at the meeting  
No Director, other than Mr. Sabu.M.Jacob, his father Mr. M.C. Jacob and his brother Mr. Bobby M. Jacob is interested in the resolution.
- 2) Amendment of Article 94 of the Articles of Association  
The existing Article 94 prescribes a ceiling of Rs 500 for sitting fees payable to each Director for attending a meeting of the Board or a Committee thereof. This Article is proposed to be amended so that the ceiling for sitting fees would be as prescribed by the Central Government from time to time.  
The Directors are interested in the resolution to the extent of any increase in the sitting fee that may be payable to them.
3. Approval U/s 293 (1) (d)  
As per resolution passed at the extra ordinary general meeting held on 20-10-1993, the Board of Directors is empowered U/s 293(1) (d) to borrow upto Rs. 15 crores in excess of the total of paid up capital and free reserves of the company. In view of the increased operations of the company the Board consider it necessary to enhance the limit to Rs.50 crores. Hence approval of the General meeting is sought U/s 293(1) (d) for the enhanced limit.  
No director is interested in this resolution.

By Order of the Board of Directors

**SABU.M.JACOB**

Chairman & Managing Director

Place : Kizhakkambalam

Date: 25th August 1998

## DIRECTORS' REPORT

### TO THE MEMBERS OF KITEX GARMENTS LIMITED

The Directors have pleasure to present their Sixth Annual Report and the audited Annual Accounts for the year ended 31st March, 1998.

<u>Financial Results</u>	Year ended 31.03.98 (Rs.in lacs)	Year ended 31.03.97 (Rs.in lacs)
Sales and Other Income	1424.69	904.58
Operating Profit	391.02	78.64
Profit/(Loss) Before Financing charges, Depreciation and Deffered Expenses written off	255.31	(126.51)
Profit/ (Loss) After Financing charges, Depreciation and Deferred Expenses written off	70.51	(255.86)

#### Review :

The sales and other income during the year under report increased by 57% over the previous year, thereby improving the profitability of the company.

The exports of the company have gone up despite the general down trend in the export market of the country. The company was able to increase its export turnover by maintaining its competitiveness in quality and price of products in the international market.

The company could have achieved better turnover had it not been for working capital constraints. The bank limits in hand are not commensurate with the rate of growth of the company. This year the company hopes to avail enhanced limits in line with its production utilisation plans.

The company has now stabilised itself in terms of production and personnel. We are able to procure repeat orders from existing clients. The company is successful in covering the European and American markets effectively.

#### Future Prospects

Your directors are pleased to state that the products made by the company get excellent response in the overseas market. During the first half of the current year, the turnover is expected to be Rs. 10 crores. Taking into consideration the orders on hand and the expected orders the company is confident of achieving a turnover of Rs. 25 crores in the current year, barring unforeseen circumstances.



## 6th ANNUAL REPORT KITEX GARMENTS LIMITED

**Dividend:** The Directors are not recommending any Dividend due to inadequacy of profit.

**Capital Expenditure:** As at 31 st March,1998 the gross fixed assets stood at Rs 1028.40 lacs and net fixed assets Rs. 906.10 lacs. Additions during the year amounts to Rs. 13.60. lacs.

### **Auditors' Report**

With regard to para 2 (d) of the Auditors' Report the Company has initiated steps for collection of confirmation of Balance /Reconciliation of the said accounts as at 31.3.98 and the same would be completed shortly.

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

**Personnel** : The company has no employee in respect of whom information under Section 217 (2)(A) of the Companies Act 1956,read with the Companies (Particulars of Employees) Rules,1975 as amended is required to be annexed.

**Directors** : In accordance with the provisions of the Companies Act,1956 and the Articles of Association of the Company Mr. Bobby .M. Jacob, Director, retires by rotation at the forth coming Annual General Meeting. He has expressed his unwillingness to be re-appointed. A proposal for appointing Mr. Benni Joseph as director is presented for consideration and decision at the ensuing AGM. Mr. Vaidyanathan has resigned from the Board with effect from 30.3.98. The Board takes this opportunity to place on record its appreciation for the services rendered by Mr. Bobby.M. Jacob and Mr. Vaidyanathan as Directors. Mr. Benni Joseph was coopted as Director U/s 260 on 31.7.98 to hold office till the ensuing Annual General Meeting.

Mr. Sabu.M. Jacob, whose tenure of office as MD expired on 15/8/98, was re-appointed by the Board of Directors for a further period of five years. A proposal for approving his appointment and remuneration is placed before the Annual General Meeting.

**Auditors** : M/s Venkit & Hari, Chartered Accountants retire at the forth coming Annual General Meeting and are eligible for reappointment.

**Acknowledgement** : Your Directors wish to place on record their appreciation for the wholehearted and sincere co-operation the Company has received from its Bankers,Punjab National Bank, Industrial Development Bank of India and various Government Agencies. Your Directors also wish to thank all the employees for their co-operation.

For and on Behalf of the Board of Directors

Kizhakkambalam  
Date :25th August 1998

Sd/-  
**SABU.M.JACOB**  
Chairman & Managing Director

# 6th ANNUAL REPORT

## KITEX GARMENTS LIMITED

### *Annexure 'A' to the Director's Report*

(Additional information given in terms of notification issued by the Department of Company affairs)

#### **A. CONSERVATION OF ENERGY**

The Company continues its efforts to improve methods energy conservation and utilisation by:

- (i) Switching off transformers during lean period
- (ii) Improved efficiency of own generation
- (iii) Intensified vigil on wastage/leakage control

#### *Disclosure of Particulars with respect to Conservation of Energy*

##### **A. POWER & FUEL CONSUMPTION**

	Year Ended 31.03. 98	Year Ended 31.3.97
1. Electricity		
a) Purchased :		
Units (KWH)	415,128	340,572
Total Amount	Rs. 1,276,620	Rs. 688,773
Rate/unit (Rs ./KWH)	Rs. 3.07	Rs. 2.02
b) Own generator		
Through Diesel generator		
Units(KWH)	32,242	32,200
Total (Rs.)	Rs. 96,726	Rs. 87,906
Cost (Rs./KWH)	Rs. 3.00	Rs. 2.73

##### **B. CONSUMPTION PER UNIT OF PRODUCTION**

The Company manufactures different types of garments like Hosieries, Shirts, Pants, Jackets, Innerwears, Outerwears etc. and power consumption cannot be appropriated separately.

##### **C. TECHNOLOGY ABSORPTION**

Disclosure of particulars with respect to technology absorption.

##### **RESEARCH & DEVELOPMENT**

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

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