



K I T E X

SEVENTH ANNUAL REPORT 1998-99

KITEX GARMENTS LIMITED

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**7th ANNUAL REPORT
KITEX GARMENTS LIMITED**

BOARD OF DIRECTORS

Mr. Sabu M. Jacob
Chairman & Managing Director
Mr. M.C. Jacob
Mr. M.G.K. Nair
Mr. Benni Joseph

**NO COMPLIMENTS WILL BE DISTRIBUTED TO
THE PERSONS ATTENDING THE MEETING**

Market Road
Cochin - 682 014

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.

**7th ANNUAL REPORT
KITEX GARMENTS LIMITED**

<u>CONTENTS</u>	<u>PAGE</u>
1. Notice	3
2. Directors' Report	4
3. Auditors' Report	8
4. Balance Sheet	10
5. Profit & Loss Account	11
6. Schedule Nos. 1-14	12-20
7. Cash Flow Statement	21
8. Additional Information	22
9. Attendance Slip	23
10. Proxy Form	23

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THE ANNUAL REPORT
KITEX GARMENTS LIMITED

NOTICE

Notice is hereby given that the Seventh Annual General Meeting of the Members of Kitex Garments Limited will be held at the Factory Premises of the Company at Building No. 9/536 A, Kizhakkambalam, Alwaye - 683 562 on Tuesday, the 22nd June 1999 at 10.00 am. to transact the following business:

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Directors' Report for the year ended 31st March 1999, 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 the place of Mr. M.C. Jacob, who retires by rotation and, being eligible, offers himself for reappointment.
- 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.

By Order of the Board of Directors

Kochi

Date: 26th May 1999

Sd/-

SABU M. JACOB

Chairman & Managing Director

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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 18.06.99.
- 5) Members/proxies should bring the attendance slips duly filled in for attending the meeting.

11th ANNUAL REPORT KITEX GARMENTS LIMITED

DIRECTORS' REPORT

TO THE MEMBERS OF KITEX GARMENTS LIMITED

The Directors have pleasure to present their Seventh Annual Report and the audited Annual Accounts for the year ended 31st March 1999.

<u>Financial Results</u>	Year ended 31.03.99 (Rs. in lacs)	Year ended 31.03.98 (Rs. in lacs)
Income from operations	1896.00	1424.69
Operating Profit	496.26	391.02
Profit Before Financing charges, Depreciation, Deferred Expenses written off and loss on sale of fixed assets	355.77	255.31
Profit After financing charges, Depreciation, Deferred Expenses written off and loss on sale of fixed assets	121.44	70.51

Review:

The export sales showed an increase of 48 %, reflecting the satisfaction of overseas buyers in the quality and prices of the Company's products.

As a result of the above, the total income from operations during the year under report has gone up by 33 % over the previous year, thereby improving the profitability for the year.

Future Prospects

Despite worldwide recession and general downtrend in the exports of various other commodities and products, the garment export industry has improved its contribution to the foreign exchange earnings of the country.

The Government has recently taken policy initiatives like gradual removal of quantitative restrictions on exports, full integration of the textile trade into the GATT main stream, extension of the facility of duty free imports to a large number of items, permission to import many items without licence, etc, in order to boost the textile and garments exports of the country, in the coming years.

Our company looks up to the immense possibilities that would emerge in the new scenario and prepares itself to take full advantage of the new opportunities to increase its market share.

Dividend: The Directors are not recommending any dividend for the year due to inadequacy of profit.

10th ANNUAL REPORT
KITEX GARMENTS LIMITED

Capital Expenditure: As at 31st March, 1999 the gross fixed assets stood at Rs.1051.87 lacs and net fixed assets Rs. 889.81 lacs. Additions during the year amounted to Rs.30.33 lacs. The company proposes to install additional equipments worth Rs 1 crore during the current year so as to augment its productive capacity to meet the requirements of the world market.

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 31.03.99 and the same would be completed shortly.

Disclosure of Particulars:

- (i) 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.
- (ii) Information as required under clauses 32 and 41 of the Listing Agreement with Stock Exchanges: The company is advised that the computer system in use is Y2K compliant and no problem is expected in this respect.
- (iii) The Company has no employee in respect of whom information under Section 217(2A) 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. M.C. Jacob, Director, retires by rotation at the forthcoming Annual General Meeting. Being eligible, he offers himself for reappointment at the Meeting.

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

Acknowledgement : Your Directors wish to place on record their appreciation for the whole-hearted and sincere co-operation the Company has received from its Banker, 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

Kochi
Date: 26th May 1999

Sd/-
SABU M. JACOB
Chairman & Managing Director

7th ANNUAL REPORT KITEX GARMENTS LIMITED

Annexure 'A' to the Directors' 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 energy conservation and utilisation by:

- (i) More usage of electricity purchased from KSEB.
- (ii) Usage of Diesel Generator only for emergencies and as stand-by.
- (iii) Control on leakage and wastage

Disclosure of particulars with respect to Conservation of Energy

A. POWER & FUEL CONSUMPTION

	Year Ended 31.03.99	Year Ended 31.03.98
I. Electricity		
a) Purchased:		
Units (KWH)	10,48,806	415,128
Total Amount	(Rs) 26,53,550	12,76,620
Rate/unit (Rs. / KWH)	2.53	3.07
b) Own generator		
Through Diesel generator		
Units (KWH)	27,576	32,242
Total Cost	(Rs.) 85,485	96,726
Cost/Unit (Rs./KWH)	3.10	3.00

B. CONSUMPTION PER UNIT OF PRODUCTION

The Company manufactures different types of garments like Hosiers, 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.