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EIGHTH ANNUAL REPORT 1999-2000
KITE GARMENTS LIMITED



**8th 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

COMPANY SECRETARY

Ms. Annamma Varghese

AUDITORS

M/s Venkit & Hari
Chartered Accountants
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.

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NOTICE

Notice is hereby given that the Eighth 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 5th September, 2000 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 2000, 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.G.K. Nair, 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.

SPECIAL BUSINESS

4) Approval of Appointment of Director (Finance) :

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

"RESOLVED THAT subject to the provisions of Section 269, Schedule XIII and other applicable provisions of the Companies Act, 1956, approval of the Company be and is hereby accorded to the appointment of Mr. Benni Joseph, Director, as Director (Finance) with effect from 1st March 2000, to hold office till he retires by rotation at the Annual General Meeting to be held in the year 2001 on the following remuneration:-

Salary	Rs. 22,500 per month
Allowances	Rs. 7000 per month.

He shall also be eligible to the following perquisites as may be admissible under the Company's Rules, and the same shall not be included in the computation of remuneration specified above to the extent mentioned below:

- 1) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these singly or put together are not taxable under the Income Tax Act, 1961.
- 2) Gratuity payable at the rate of half month salary for each completed year of service and
- 3) Encashment of leave at the end of tenure.

"Resolved further that the above salary, allowances and perquisites shall be payable as minimum remuneration in the event of absence or inadequacy of net profits in any financial year".

5) Consent u/s 293(1) (a):

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

"RESOLVED that consent of the Company u/s 293 (1) (a) of the Companies Act, 1956, be and is hereby accorded to the Board of Directors of the Company for creating a security on the Company's all immovable properties together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth, by way of mortgage by deposit of title deeds by constructive delivery, on second charge basis in favour of Punjab National Bank for the

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additional working capital facilities of Rs. 125 lakhs sanctioned by the bank to the company and for authorising Industrial Development Bank of India (IDBI), which is already holding the title deeds as security on first charge basis, to continue to hold and retain the said title deeds as agent of Punjab National Bank also.

RESOLVED further that the Board of Directors of the company be and are hereby authorised to finalise with the IDBI/Punjab National Bank the documents for creating the aforesaid security and to do all such acts and things as may be necessary for giving effect to the above resolution."

By Order of the Board of Directors

Kochi
Date: 15th July 2000

Sd/-
ANNAMMA VARGHESE
Company Secretary

Notes:-

- 1) An explanatory statement u/s 173(2) of the Act is annexed to this Notice.
- 2) 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.
- 3) 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.
- 4) Members are requested to notify individually change in their addressess, if any, to the company at the Registered Office by quoting their Folio Numbers.
- 5) 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 31.8.2000.
- 6) Members/proxies should bring the attendance slips duly filled in for attending the meeting.
- 7) The Share transfer books and the Register of members shall remain closed from 1st September,2000 to 5th September, 2000 (both days inclusive).

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Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956.

Item No.4

Mr. Benni Joseph, Director has been appointed as Director (Finance) with effect from 1st March, 2000 on the terms and conditions specified in the resolution. Mr. Benni Joseph is a chartered accountant with 16 years professional/industrial experience. As required in the Schedule XIII, approval of the members is sought for the above appointment.

None of the Directors other than Mr. Benni Joseph is concerned or interested in the resolution.

Item No.5

Pursuant to resolution passed in the general meeting of the company on 2nd September, 1996, a security has been created on the Company's immovable properties by way of mortgage by deposit of title deeds by constructive delivery in favour of Punjab National Bank in respect of the Working Capital facilities totalling Rs. 610 lakhs sanctioned by the bank to the company. Industrial Development Bank of India, which is already holding the title deeds as security on first charge basis, holds the same as agent of Punjab National Bank also. Subsequently, the bank has granted additional working capital facilities of Rs.125 lakhs. Therefore, enhancement of the mortgage amount by Rs. 125 lakhs is required. This resolution is put for the approval of the members u/s 293(1) (a) of the Act.

None of the directors is concerned or interested in this resolution.

By Order of the Board of Directors

Kochi
Date: 15th July 2000

Sd/-
ANNAMMA VARGHESE
Company Secretary

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DIRECTORS' REPORT

TO THE MEMBERS OF KITEX GARMENTS LIMITED

The Directors have pleasure to present their Eighth Annual Report and the audited Annual Accounts for the year ended 31st March 2000.

<u>Financial Results</u>	Year ended 31.03.2000 (Rs. in lacs)	Year ended 31.03.1999 (Rs. in lacs)
Income from operations	1802.34	1896.00
Operating Profit	499.56	496.26
Profit Before Financing charges, Depreciation and Deferred Expenses written off	311.45	354.50
Profit After financing charges, Depreciation and Deferred Expenses written off	59.91	121.44

Review:

During the year under report, the company maintained its total income from operations and operating profit at the same level as in the previous year. However, due to higher quota charges and interest charges the net profit has come down by 50% in this year.

Future Prospects

The company has made a strategic change in its marketing efforts by getting orders directly from foreign buyers and avoiding intermediaries. Direct negotiation with foreign buyers enables the company to get bulk and repetitive orders, better prices and better margin for its products. Further bulk and repetitive orders facilitate utilisation of our production facilities in more efficient manner and consequent reduction in the cost of production.

The company has set for itself a target of Rs. 30 crores as turnover for the current year and hopes to wipe off the previous accumulated losses.

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

Capital Expenditure: As at 31st March, 2000 the gross fixed assets stood at Rs.1128.85 lacs and net fixed assets Rs. 927.50 lacs. Additions during the year amounted to Rs.92.37 lacs. The company proposes to install additional equipments worth Rs75 lacs during the current year so as to augment its productive capacity to meet the requirements of the world market.