

20



Kitex Garments Limited

Annual Report 2011-12



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

Board of Directors Mr. Sabu M Jacob, Chairman & Managing Director
Mr. M. C. Jacob (up to 5.6.2011)
Mr. E.M. Paulose (from 4.7.2011)
Mr. Benni Joseph
Mr. M. P. Kuriakose
Mr. C. Mohan, Director - Finance/Company Secretary

Auditors M/s. Kolath & Co.
Chartered Accountants
41/3951 A, O.R.S. Road
Kacheripady, Kochi - 682018

Legal Advisors M/s. Dandapani Associates
Advocates
Thirupathi, T.D.Road
North End, Kochi -682035

Bankers State Bank of India
Punjab National Bank
The Federal Bank Ltd

Registered Office Building No.9/536A
Kitex House Kizhakambalam
Kochi -683562

Share Transfer Agents M/s. Cameo Corporate Services Ltd
Subramanian Building No.1
Club House Road, Chennai -600 002
Tel No.:044 - 28460390
Fax No.044 - 28460129
E-mail Id: Cameo@cameoindia.com

<i>Contents</i>	<i>Page</i>
1. Notice	5
2. Directors' Report and Annexure	11
3. Management Discussion and Analysis	16
4. Report on Corporate Governance	17
5. Secretarial Compliance Certificate	22
6. Auditors' Report	27
7. Balance Sheet	31
8. Statement of Profit and Loss	32
9. Notes to Financial Statements	33
10. Cash Flow Statement	55
11. Attendance Slip & Proxy Form	57

NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Members of Kitex Garments Limited will be held at the Factory Premises of the Company at Building No. 9/536A, Kizhakkambalam, Kochi – 683 562 on Wednesday, the 30th May, 2012 at 10 a. m. to transact the following business:-

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Directors' Report for the year ended 31st March 2012, 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 consider declaration of dividend for the year.
- 3) To appoint a Director in the place of the Director retiring by rotation. Prof. E M Paulose, who was appointed in the vacancy caused by the death of Mr. M C Jacob, retires by rotation and, being eligible, offers himself for reappointment.
- 4) To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration. The retiring Auditors, M/s. Kolath & Co, Chartered Accountants are eligible for re-appointment and have given a written certificate to the effect that the re-appointment, if made, will be in accordance with the limits specified in Section 224(1B) of the Companies Act, 1956.

SPECIAL BUSINESS

- 5) Re-appointment of Mr. Sabu M Jacob as Managing Director

To consider, and if thought fit, to pass, with or without modification, the following as an ORDINARY RESOLUTION:

“RESOLVED THAT, pursuant to the provisions of Section 198,269,309, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the Company hereby approves the re-appointment of Mr. Sabu M Jacob as Managing Director of the Company for a period of three years with effect from 16th August, 2012 on the following remuneration.

1. Salary and allowances Rs 6,00,000/- p.m
2. Perquisites
 - a) Contribution to provident fund, Superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service, and
 - c) Encashment of leave at the end of the tenure.
3. Commission, subject to the condition that the total remuneration consisting of salary, allowances, perquisites and commission shall not exceed 5% of the net profit of the company for any financial year computed in accordance with the provisions of the Companies Act.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter or vary the terms and conditions of the said re-appointment including remuneration, so long as it does not exceed the limit specified under Schedule XIII of the Companies Act, 1956 or any modification or re-enactment thereof for the time being in force and also to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution”.

6) Appointment of Mr. C Mohan as Director – Finance:

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

ORDINARY RESOLUTION:

“RESOLVED THAT the Company hereby approves the appointment of Mr. C Mohan as Director - Finance effective from 4th July, 2011 for a period of two years or till he retires by rotation, whichever is earlier, on the following remuneration:

(1) Salary, Allowances and Perquisites:

Rs. 1,50,000 Per month for the first 12 months and

Rs. 1,60,000 Per month for the remaining period of his tenure

(2) Bonus: Not exceeding Rs. 6,00,000 Per year, as decided by the Managing Director

The above remuneration shall be payable to him as minimum remuneration in the event of absence or inadequacy of net profit in any financial year.

Provided that the above appointment and remuneration shall be subject to the provisions of Section 198,269,309, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force)

By Order of the Board of Directors
For KITEX GARMENTS LIMITED

Kizhakkambalam
20th April, 2012

Sd/-
SABU M JACOB
Chairman & Managing Director

Notes:-

- 1) Explanatory statement u/s 173 (2) of the Companies Act is annexed hereto in respect of the Special Business mentioned above.
- 2) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself 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 /proxies should bring the attendance slips duly filled in and PHOTO ID Proof for attending the meeting.
- 5) 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 25th May, 2012.
- 6) The Share Transfer Books and the Register of Members shall remain closed from 24th May, 2012 to 30th May, 2012 both days inclusive.
- 7) The Board of Directors have recommended a dividend at 60% (60Ps per Share of Re1/-) of the paid up capital for the year. If declared at the Annual General Meeting, the same will be paid to the share holders, whose names are on the Register of Members as on 30th May, 2012.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

RE-APPOINTMENT OF MR. SABU M JACOB AS MANAGING DIRECTOR

The tenure of Mr. Sabu M Jacob as Managing Director expires on 15th August, 2012. Taking into consideration the valuable services rendered by him during the past twenty years for the growth of the company, the Board of Directors at their meeting held on 20th April, 2012 re-appointed him as Managing Director for a further period of three years effective from 16th August, 2012 on a remuneration set out in the resolution.

The above remuneration has been recommended by the remuneration committee.

Names of companies in which he holds directorship and membership of committees of the Board:	He is also the Managing Director of Kitex Childrenswear Limited. He draws no remuneration from that company
Shares held by him (both own or held/for other persons on a beneficial basis):	73,11,581 shares (15.39% of the total number of shares)
Relationship with other directors:	Nil

As required under Sch XIII of the Companies Act, 1956 his appointment and remuneration shall be approved by the share holders in general meeting.

No Director other than Mr. Sabu M Jacob is concerned or interested in this resolution.

APPOINTMENT OF MR. C MOHAN AS DIRECTOR - FINANCE:

Mr. C Mohan is a Graduate in commerce and Fellow Member of the Institute of Company Secretaries of India as well as the Institute of Cost Accountants of India. He has industrial experience in reputed companies for 25 years and professional experience as a practicing Cost Accountant for 15 years. He was an Independent Director of the Company and also Chairman of the Audit Committee since August, 2002.

Considering his long and wide experience in the fields of finance management, costing, taxation and corporate laws, the Board of Directors, as recommended by the Audit Committee and Remuneration Committee, appointed Mr C Mohan as Director - Finance effective from 4th July, 2011 for a period of two years or till he retires by rotation, whichever is earlier, on the remuneration set out in the resolution.

Names of companies in which he holds directorship and membership of committees of the Board	: 1. Karl Kubel Foundation for Child and Family 2. RNS Techno Solutions Pvt. Ltd.
Shares held by him (both own or held/for other persons on a beneficial basis)	: Nil
Relationship with other directors	: Nil

As required under Schedule XIII of the Companies Act, 1956 his appointment and remuneration shall be approved by the share holders in general meeting.

No Director other than Mr. C Mohan is concerned or interested in this resolution.

Details of Director seeking re-appointment at the Annual General Meeting (In pursuance of Clause 49 of the listing agreement)

- a) Brief resume of the director : Prof. E M Paulose is a Post Graduate. He was Principal, M A College, Kothamangalam and Director of U C College, Aluva. He was appointed as Director in the vacancy caused by the death of Mr. M C Jacob with effect from 4th July, 2011. He is an independent Director and member of the Audit committee.

- b) Nature of his expertise in specific functional areas : Management
 c) Names of companies in which he holds directorship and membership of committees of the Board : Nil
 d) Shares held by him (both own or held/ for other persons on a beneficial basis) : 100
 e) Relationship with other directors : Nil

**By Order of the Board of Directors
For KITEX GARMENTS LIMITED**

Kizhakkambalam
20th April, 2012

Sd/-
SABU M JACOB
Chairman & Managing Director

FOR THE ATTENTION OF THE MEMBERS:

- Members are requested to send intimations of any changes in their addresses, applications for demat of shares, applications for transfer of shares and any related correspondence to the Company's share transfer agents M/s Cameo Corporate Services Limited, Subramanian Building, No. 1, Club House Road, Chennai - 600002. Ph: 044-28460390 (5 Lines) Email: investor@cameoindia.com

- Sending notices and documents to shareholders through email:

As a part of "Green Initiative" in Corporate Governance, the Ministry of Corporate Affairs has allowed sending communication to the shareholders through electronic mode. Accordingly, we propose to send documents like notices convening general meetings, Annual Reports, etc to the email addresses of the shareholders. For this purpose, shareholders holding shares in physical form are requested to register their email addresses and any changes therein from time to time with the Share Transfer Agents of the Company M/s. Cameo Corporate Services Limited at their postal / email address given above. Please give the details in the attached format for registering your email ID. Those holding shares in demat form are requested to register their email IDs with their Depository Participants.

- Making payment of dividend through NECS / NEFT:

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 demat form are requested to update their records with DPs in this respect.

- Payment of unpaid dividends of previous years.

The company has so far declared dividends and issued warrants to the shareholders as below:

Year	% of share paidup value	Year	% of share paidup value
2005-06	10	2008-09	25
2006-07	15	2009-10	30
2007-08	20	2010-11	40

Those shareholders who have not encashed their warrants so far are requested to send their claims for payment, by giving the details in the attached format to the Company:

Please note that any dividend amount for 2005-06 remaining unclaimed / unpaid as on 26/11/2012 shall be transferred to the Investor Education and Protection Fund account of the Central Government.