

**Kitex Garments Limited**

A decorative graphic featuring two horizontal strings of baby clothes, including onesies and bibs, hanging from clothespins. The clothes are in various colors like blue, pink, and green, some with patterns. The strings are positioned above and below the main title text.

# **Growth by Design**

**Annual Report 2014 - 2015**

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### 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.



# Overview

## 02 - 10



**Mr. M.C. Jacob**  
(22.4.1933 – 5.8.2011)

Illustrious Founder – Chairman of Kitex Group of Companies

"....Caring is being conscious about what is good for the stakeholders and trying to deliver it as much as possible. At Kitex we would continue to believe that winning is by caring..."

**M.C Jacob**

## 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.



# Kitex Corporate Profile

**CIN : L18101KL1992PLC006528**

## Board of Directors

**Mr. Sabu M Jacob** Chairman & Managing Director  
**Prof E.M Paulose** – Independent Director  
**Mr. Benni Joseph** – Independent Director  
**Mr. C.Mohan**  
**Mr. K.L.V Narayanan**  
**Mrs.Sindhu Chandrasekhar**-Woman Director  
 (Whole-time Director) (since 16/3/2015)

## Audit Risk Management and Vigil Committee

**Mr.Benni Joseph** – Chairman & Independent Director  
**Prof. E.M.Paulose** Independent Director  
**Mr.C Mohan**

## Nomination & Remuneration Committee

**Prof. E.M. Paulose** –Chairman & Independent Director  
**Mr. Benni Joseph** – Independent Director  
**Mr. K.L.V Narayanan**

## Stakeholders Relationship Committee

**Mr.K.L.V Narayanan** - Chairman  
**Mr. Sabu M Jacob**

## Corporate Social Responsibility Committee

**Mr.Sabu M Jacob** – Chairman  
**Mr.C.Mohan**  
**Mr.K.L.V Narayanan**  
**Mr. Benni Joseph** – Independent Director  
 (since 12.01.2015)

## Independent Auditors

**M/s.Kolath & Co**  
 Chartered Accountants  
 41/3951 A O R S Road  
 Kacheripady, Kochi 682 018

## Internal Auditors

**M/s.Ernst & Young LLP**  
 9<sup>th</sup> Floor, ABAD Nucleus, NH – 49,  
 Maradu PO Kochi Kerala 682 304

## Banker

State Bank Of India

## Key Managerial Personnel

**Mr.Sabu M Jacob** – Managing Director  
**Mr.Boby Michael** – Chief Financial Officer  
**Mr.A.Babu** - Company Secretary

## Share Transfer Agents

**M/s. Cameo Corporate Services Limited**  
 Subramanian Building No. 1, Club House Road  
 Chennai 600 002 Tel: 044- 28460390  
 Fax:044 – 28460129 E.Mail: Cameo@cameoindia.com

## Legal Advisors

**M/s.Dhandapani Associates**  
 Advocates,  
 Thirupathi, T D Road, North End  
 Kochi 682 035

## Income Tax Consultants

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

## Cost Auditors

**M/s. Rajendran, Mani & Varier,**  
 Cost Accountants,  
 Ravipuram,  
 Kochi 682 016

## Secretarial Auditors

**Ms. SVJS & Associates**  
 Company Secretaries  
 Ravipuram, Kochi - 682016

## Listed in Stock Exchanges:

Bombay Stock Exchange, Mumbai  
 National Stock Exchange, Mumbai

## Registered Office

Building No. 9/536 A,  
 Kizhakkambalam, Aluva, Kochi 683 562  
 Tel: 0484- 4142000 Fax : 0484 2680604  
 Mobile: 09496036096 (Compliance Officer)  
 E.mail : sect@kitexgarments.com

## Growth by design

At Kitex our focus is on organic growth through product improvisation, global market reach, improving efficiencies & shared values - all woven together for performance optimisation.

Over the years we have set our priorities on strategic growth and have been aligning our resources for optimal returns. Focus on product improvisation with respect to matching stringent global standards and building customer relations have resulted in increased brand equity for Kitex in the infant wear segment (0 to 2 years) from across the globe.

Today as the third largest global player in infant wear manufacturing our pursuit is to become No.1 player in this sector by meticulously designing our growth.



# Financial Highlights

The company has registered a 72 per cent increase in its net profit at Rs. 99 crore in FY 2014-15 against Rs. 57 crore in the previous fiscal. The company has achieved an all time high performance both in turnover and its profits with the net revenue recorded Rs. 511 crore, a 15 per cent growth over last year and the profit before interest depreciation and taxes registering Rs. 182 crore, a growth of 68 per cent. The earnings per share of Rs. 1 during the year were Rs. 20.74 against Rs. 12.08. The directors have recommended a dividend of 125 per cent (Rs. 1.25 per equity share of Rs. 1) for this year.

Revenue +

15%

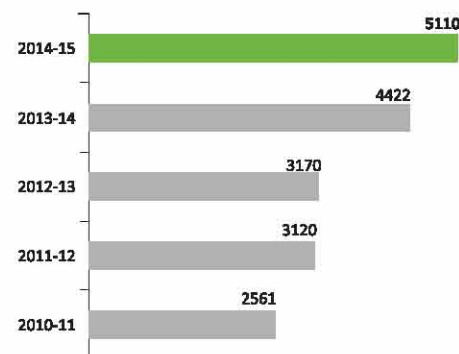
EBIDTA +

69%

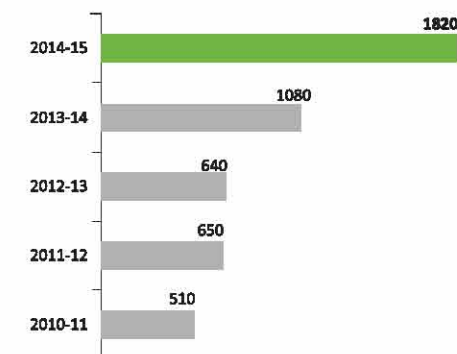
PAT +

72%

Net Revenue in Million (Rs.)



EBITDA in Million (Rs.)



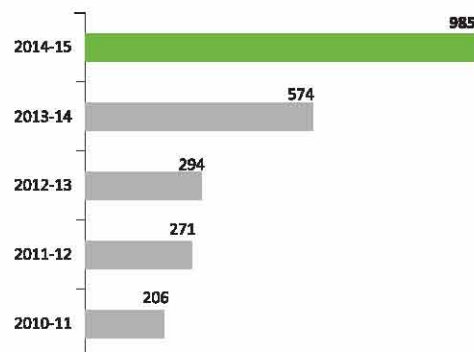
EPS +

72%

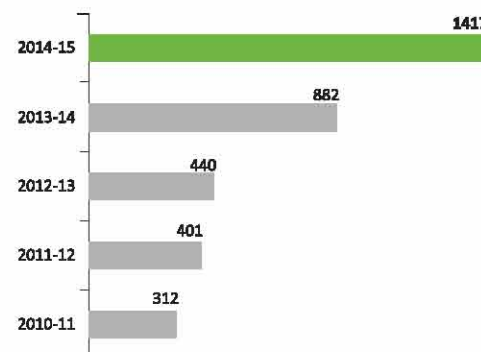
PBT +

61%

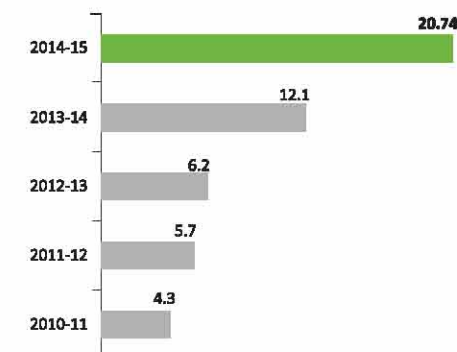
PAT in Million (Rs.)



PBT in Million (Rs.)



EPS in (Rs.)





# About Kitex Garments Ltd

Established in 1991 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.

## Global Footprints

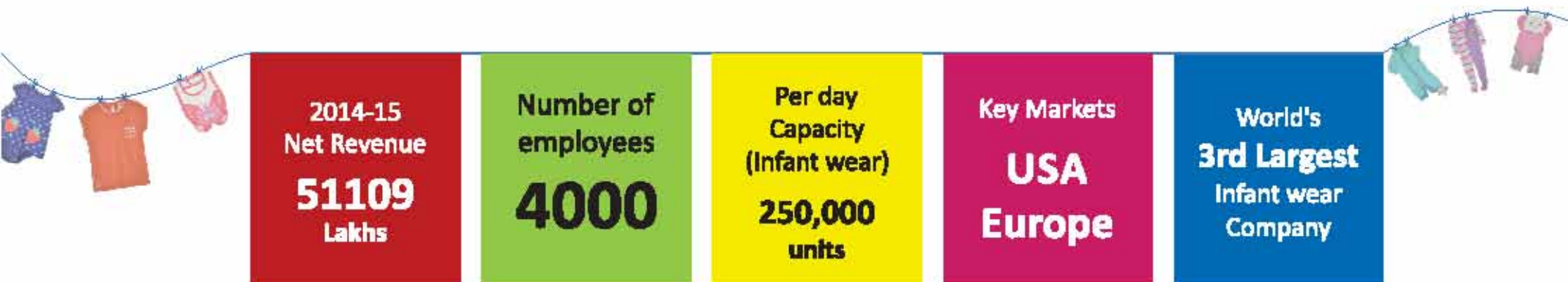


## Products

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







## Chairman's Message



**".....While the turnover touched 524.51 crores which was up by 15% and the PAT went up to 98.51 crores which was 72% higher compared to previous year....."**

### Dear Shareholder,

I have the privilege to address you as the Chairman of one of the most successful Garment manufacturing Companies in the World which is into Infantswear and focuses on efficiency in operations, reliability for buyers and continuous thrust on sustainable development. 2014 - 15 was a significant year for KiteX Garments Ltd. We managed to achieve an all time high performance on account of both Revenue and Profits. While the turnover touched 524.51 crores which was up by 15% and the PAT went up to 98.51 crores which was 72% higher compared to previous year.

These achievements were possible by implementation of higher levels of modernization, selection of appropriate technology, right product mix combined with efforts put in by the whole team in the Management hand in hand with a team of 4000 dedicated employees. We have been receiving unrelenting support from our Bankers, other financial institutions, esteemed customers and suppliers.

The Board joins me in expressing our deep appreciation for the interest shown by various stakeholders and this is predominantly depicted by the growth in numbers of our Shareholders from 6000 to about 16100 shareholders as on the close of this financial year. The value of shares in the stock exchanges have grown from Rs.89 in the beginning of the year to Rs.534 by this year end with a market capitalization of Rs. 2500 crores. Some of the leading foreign investors including mutual funds have shown interest in your company.

As an effect of our prudent financial performance ICRA Limited, the credit rating agency, has upgraded the long term rating for Rs. 167 crores bank facilities from ICRA A minus to ICRA A Plus one with an observation that the outlook on the long term rating is stable.

Simultaneously, we made considerable advancement towards our corporate goal for KiteX:

to be a worldwide leader in infant apparels and a global supplier of choice. Today with an ability to manufacture 5.5 lakh pieces of infant wear per day, globally, we stand as the third largest player in our segment.

KiteX Garments has all the capabilities and strengths to navigate through the challenges presented by dynamic and evolving environment and take advantage of the opportunities it presents. The company will continue to be a responsible corporate citizen wherever it operates and is committed to delivering long-term value creation for all its stakeholders.

### KiteX strategy against trends in key global markets

It's a known fact that parents across the globe take utmost care and are expressively involved while selecting garments for their infants. Apart from the design and brand the key factors in selection of infant garments are the safety and quality. KiteX over the years have adopted the most advanced quality and safety standards in infant garments manufacturing.

The global childrenswear market is estimated to hit a value of US \$ 155 to 170 billion by 2017 unhampered by the global economic meltdown. USA remains as our key market. As per the recent report by Euromonitor, baby and toddler wear in USA showed its strongest growth in the post-recessionary era. Consumers who were finally gaining comfort in their financial position increased the variety of clothing they purchased for their babies, rather than sticking to a few key apparel items. The report projects that in USA the population of children aged 0-3 will increase by a CAGR of less than 1%, amounting to 2% overall growth by 2018. Baby and toddler wear is expected to grow at a slightly faster rate, increasing by 4% in terms of volume.

As an outcome of improved economic conditions most of our leading clients in USA and UK improved their performance significantly in 2014. Beyond USA leading brands like