

**Committed
to the future**





Mr. M.C. Jacob

(22.4.1933 - 5.6.2011)

Illustrious Founder - Chairman
of Kitex Group of Companies

“Our businesses are deeply aligned with our corporate ethos and innovation. We constantly endeavour to operate at the forefront of new technologies. We at Kitex have been unceasingly investing in developing new products, technology and modernisation.”

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.

Our founder Late Mr. Meckamkunnel Chacko Jacob (M.C.Jacob) was moved by the plight of the farmers who worked in his father's fields. That's when he decided to set up an aluminium-based unit in 1968 with an employee strength of eight. This was the first baby step to put Kizhakkambalam, then a remote village in Kerala into a hub of industrial activities.

The Anna-Kitex group of companies he founded, since then took wings and grew multifold. By the time he departed from this world in 2011, the group had become a diversified business conglomerate having interests in Aluminium, Spices, Textiles and Apparels. The group provided scores of people livelihood by giving employment as well as through its regular social interventions.

Table of Contents

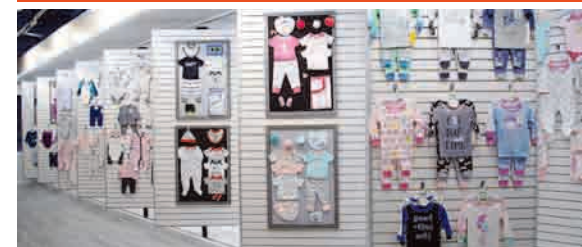
About Kitex	02	Corporate Information	30
Chairman's Statement	03	Directors' Report	32
Economic Value Added	04	Corporate Governance Report	69
Financial Highlights	05	Independent Auditor's Report	80
Kitex Value Chain	06	Balance Sheet	84
Review of Operations	08	Profit and Loss	85
Product Safety Certifications	09	Notes on Accounts	86
Our People Responsibility	10	Cash Flow Statement	114
Employee Welfare	11	Independent Auditor's Report	115
Energy & Environment	12	Consolidated Balance Sheet	118
Energy & Water Conservation	13	Consolidated Profit and Loss	119
Integrated Skill Development Scheme	14	Notes on Consolidated	120
Corporate Social Responsibility	15	Consolidated Cash Flow	147
Management Discussion & Analysis	18	Proxy Form	149
Notice	21	Attendance Slip	151

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.

Key Highlights

Opened Design Studio in New Jersey



Award 2017



Financial Express - Corporate Financial Operation (FE-CFO) of the Year Award 2017

About **Kitex**

Established in 1992 **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.

Products

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



Number of
employees

4,402

Per day Capacity
(Infant wear) units

3.3 lakhs

Built up
area sq.ft.

6 lakhs

Textile capacity
per day

50 Tons

Chairman's Statement

Dear Shareholders

Our performance in FY16-17 has not been encouraging as we had a subdued topline due to delayed dispatches, foreign exchange fluctuations and delay in implementing our manufacturing automation. Our margins were impacted primarily due to increase in employee costs.



Despite these unanticipated events impacting our performance, our initiatives to move to the next level is intact as most of our operational initiatives to enhance our process competence and efforts to expand our markets are progressing in line with our strategic goals.

Our Performance

During the year under review, your Company has recorded its revenue from operations as Rs. 54,590.13 lakhs which is at par with Rs. 54,581.67 in the previous year. Profit before taxation is Rs. 14,270.11 lakhs. against last year's figure of Rs. 17,105.50. Net profit after tax is Rs. 9254.08 lakhs. The Basic Earnings per Equity Share (of face value of Re.1/-) is Rs. 19.48 compared to Rs. 23.60 in the previous year.

Review of operations

Our associate firm Kitex USA LLC has posted a initial turnover of around Rs. 80 lakhs (\$ 1,28,818.41) and gross profit of around Rs. 5.5 Lakhs (\$ 8,815.41) for the year ended March 31, 2017. Your Company has consigned its product worth Rs. 20.01 Crores to its associate during the year. Going forward to increase our brand equity in US markets, we opened a world class design studio in New Jersey in the month of April 2017. Major US Clients are investing considerable amounts on designing. The newly inaugurated Studio gives designing services based on their unique requirements purely as a value addition. This value addition enables your company's clients in cost saving and thereby better our business relations with them. Further we have started direct business with WALMART & TARGET.

In the previous annual report I had mentioned about our initiatives to upgrade and increase our manufacturing capacity. While our goal was to commission this upgraded facility in FY16-17, we were not able to achieve this milestone due to more time required for customization of the automation process. This was unforeseen however our automation partner along with our technical team has successfully completed major part of the trials and its almost ready for commissioning. We have increased our skilled work force during the year under review and the new financial year also comes with this people advantage.

Sustainability

During the year we carried out our sustainability initiatives related to energy and environment with more vigour. We continue with our corporate social responsibility initiatives and during the year have taken up many new initiatives touching upon food security, education, health, drinking water and livelihood.

I take this opportunity to thank our employees, customers, bankers, investors suppliers and Government for reposing their trust in the management. We assure you our commitment for continued growth.

Regards

Sabu M. Jacob

Chairman & Managing Director

Economic Value Added

Revenue

54,590

lakhs

PBT

14,270

lakhs

PAT

9,254

lakhs

Taxes

5,016

lakhs

Salaries Paid

9183

lakhs

CSR Spend

609

lakhs

Dividend per share

1.50

Rupees

Total Dividend

712

lakhs

Market Capitalisation

203,561

lakhs

EPS

19.48

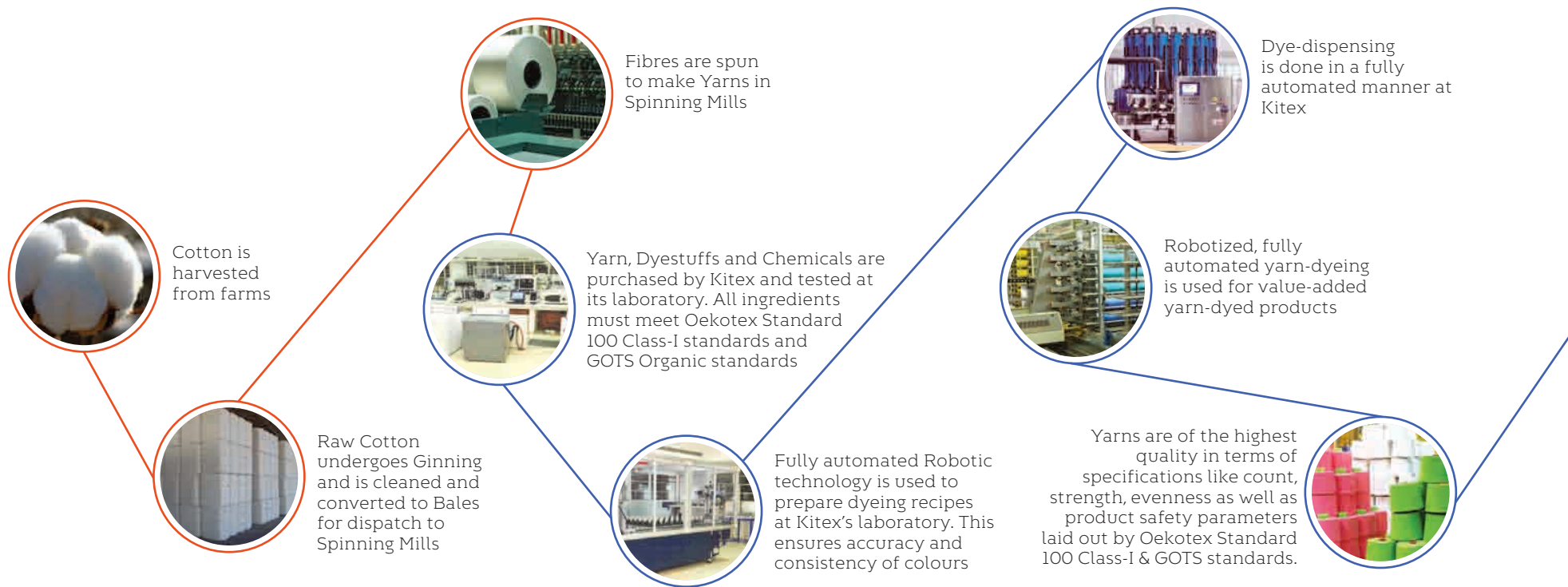
Rupees

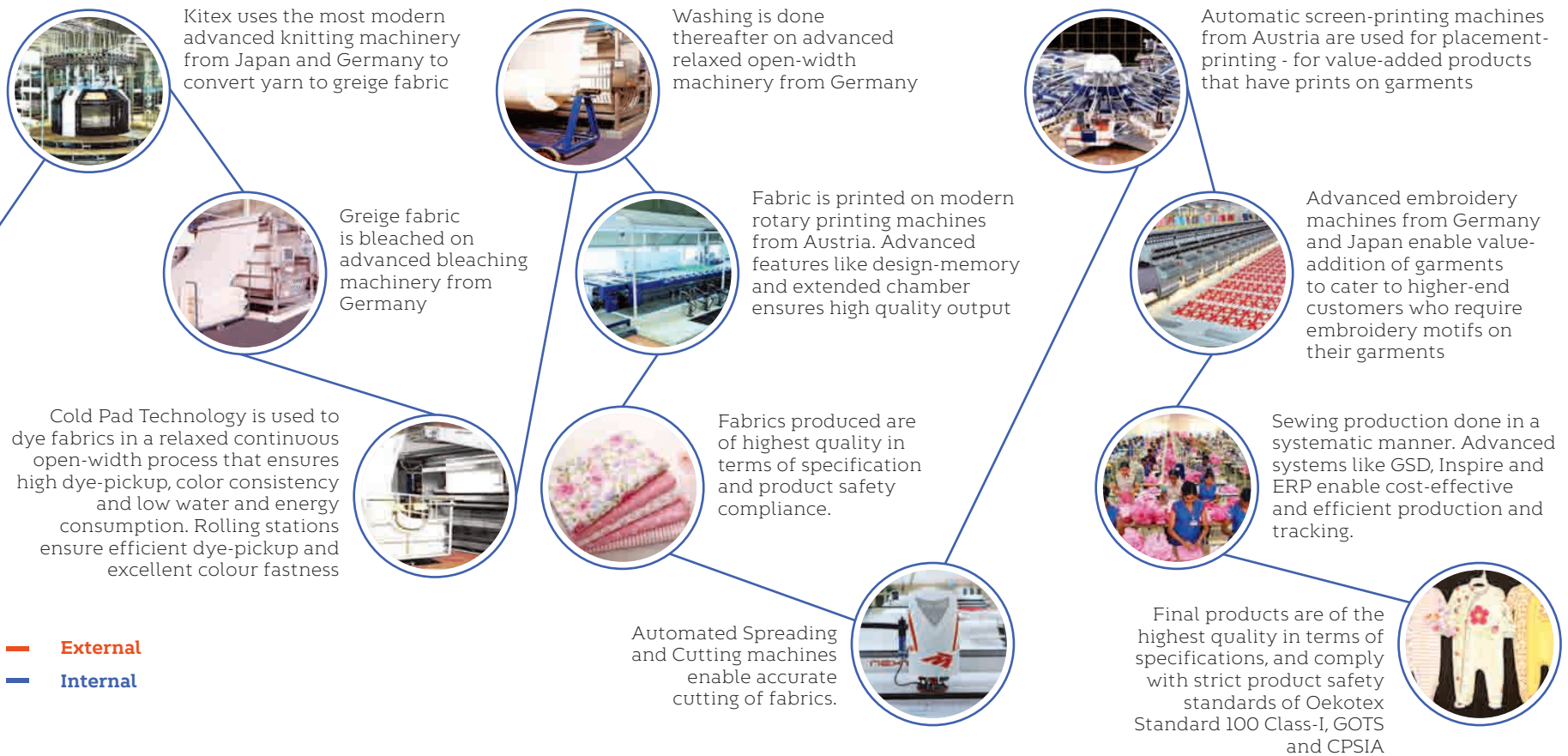
Financial Highlights

(Rupees in Lakhs)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Income						
Sales	31,199.88	31,698.33	44,221.00	51,109.59	54,581.67	54,590.13
Other Income	634.82	402.51	1,334.36	1,342.34	1,981.66	199.77
Total	31,834.69	32,100.85	45,555.36	52,451.94	56,563.33	54,789.90
Expenditure						
Cost of Raw Materials Consumed	17,491.24	16,126.71	23,477.44	20,978.53	20,976.48	21,096.16
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(265.83)	389.11	118.23	(21.54)	29.72	(1,575.74)
Employees Benefits Expense	3,780.74	4,376.44	5,697.16	7,450.07	8,361.72	9,182.86
Finance Costs	1,760.69	1,147.20	1,061.59	1,916.41	1,375.67	926.68
Depreciation and amortization expense	686.64	862.13	968.00	2,132.94	2,127.31	2,036.28
Other Expenses	4,370.40	4,795.17	5,414.40	5,828.78	6,586.93	8,853.55
Total	27,823.88	27,696.76	36,736.83	38,285.19	39,457.83	40,519.79
PBT	4,010.82	4,404.08	8,818.53	14,166.75	17,105.50	14,270.11
Current Tax	1,235.00	1,485.00	2,536.00	4,217.00	6,094.00	5,312.70
Deferred Tax	64.26	(18.60)	545.65	98.00	(198.00)	(296.67)
PAT	2,711.56	2,937.68	5,736.88	9,851.75	11,209.50	9,254.08
Capital	475.00	475.00	475.00	475.00	475.00	475.00
Earnings per equity share	5.71	6.18	12.08	20.74	23.60	19.48

Kitex Value Chain





Review of Operations

The company has been allotting regular capex for improvement of technology and infrastructure and is in the process of upgrading its current facilities so as to expand its capacity. It is a vertical set-up with knitting and processing of fabrics, until finished garments are done in-house.

The facility is a 240 meters long and 70 meters wide that covers an area of 180,768 sq. ft, one of the largest in the world under one roof. The

process line is equipped with digital dispenser system for error-free, automatic and computer-controlled preparation of color guidelines, high quality knitting machines, most modern dyeing, printing and finishing machines that use cutting-edge technology. Its garmenting unit uses latest machinery for pattern Computer-Aided-Design (CAD), plotting and grading. It has Automatic spreader machines which enhance the speed of spreading and Automated cutting

machines that enable faster & precision cutting. The factory is equipped with latest sewing machinery ensures stain-free, quality sewing and state-of-the-art spectrophotometer ensures electronic color reading & transmission.

The plant produces knitted fabrics that are of exceptional quality, and is well appreciated and recognized by reputed childrenwear apparel brands in the United States and Europe.

