



**OVERCOMING BARRIERS
ENSURING PROGRESS**

KITEX GARMENTS LIMITED
Integrated Annual Report 2021-22



Human Capital

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Environmental Capital

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Manufactured Capital

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Financial Capital

(Rupees in Lakhs)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Revenue										
Sales	10,088.00	44,221.89	51,189.59	54,391.07	54,709.13	53,172.41	61,580.40	73,621.04	45,578.31	78,811.81
Other Income	460.23	1,524.09	1,242.24	1,287.00	1,097.17	1,217.77	2,240.01	4,443.25	1,014.84	1,094.62
Total	10,548.23	45,745.98	52,431.83	55,678.07	55,806.30	54,390.18	63,820.41	78,021.29	46,593.15	79,906.43
Expenses										
Cost of Raw Materials Consumed	76,126.73	21,477.48	20,979.03	20,979.03	21,206.14	20,465.50	20,285.53	17,754.18	19,024.50	21,681.80
Change in movement of finished goods, work-in-progress and inventory	389.11	718.27	127.84	194.72	11,371.76	13,771.76	13,694.54	829.69	108.03	688.13
Depreciation including indirect	4,739.44	5,887.19	5,450.07	6,367.70	6,103.89	5,881.27	70,089.83	15,108.57	2,732.77	17,424.42
Finance Costs	1,147.28	1,081.29	1,054.41	1,215.45	844.68	581.10	880.80	742.48	233.49	361.41
Depreciation and amortisation expense	862.72	988.89	8,134.89	3,121.37	8,038.28	8,090.14	8,704.25	8,843.23	2,176.44	2,143.77
Other expenses	4,760.17	1,404.49	1,845.70	1,869.23	8,875.29	10,003.12	11,426.19	10,289.65	8,435.27	12,272.21
Total	87,095.75	30,769.85	38,284.93	33,462.58	46,073.55	43,826.37	95,597.45	66,894.42	28,044.84	54,251.61
Profit Before Tax	1,852.48	15,006.13	14,151.90	22,215.49	9,732.75	10,563.81	32,922.96	11,126.87	18,548.31	25,654.82
Current Tax	1,852.48	1,545.60	1,217.89	1,694.09	9,732.75	10,563.81	4,817.41	2,744.77	1,041.77	2,859.00
Deferred Tax	1,852.48	1,545.60	1,217.89	1,694.09	9,732.75	10,563.81	4,817.41	2,744.77	1,041.77	2,859.00
Profit After Tax	0.00	1,914.93	2,716.12	3,827.31	0.00	0.00	23,105.55	8,382.10	7,464.77	22,795.82
Minority	475.00	475.00	475.00	475.00	475.00	475.00	475.00	475.00	475.00	475.00
Earnings per equity share	6.18	33.88	35.79	33.88	19.81	12.22	56.22	9.40	9.20	30.20

81,829 equity
Revenue

17,578 equity
Profit Before Tax

12,828 equity
Profit After Tax

Kite Group Limited

Financial Capital

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Intellectual Capital

How We Create Intellectual Value

Kite Group is a leading global player in the kitchenware business. The Company's state-of-the-art manufacturing facility in Kerala with world leading manufacturing quality standards. The Company's sales and marketing planning and manufacturing capabilities allow it to manufacture a wide variety of kitchenware products. The Company's effective supply chain management ensures that the product reaches the customer in the shortest time possible, supporting a large number of SME retail and direct garment brands in the world.

Key Drivers

- Technological / automation of garment manufacturing
- Lean approach / increased control on the value chain for improved quality and cost efficiency
- Ever increasing demand for product quality, timely delivery, and reliability
- Customer expert design / process agility since USA being the dominant market

Key Initiatives / Strategy

- Before entering the market, the Company works with garment technology companies to understand the automated machinery to make proper garments
- Created a world class design studio in New Jersey in the month of April 2017
- Global experts as part of the Company's manufacturing and design team
- Enterprise IT backbone

Brand and Innovation

Apex from the corporate brand, Kite with its global brand reputation, the Company launched its own brand 'Little Star' in the US market two years ago.

The Company is in partnership with Lomaze Organic Baby Wipes, offering a full range of styles including babywipes, towels, pants, socks, hoodies and accessories.

UN SDG Linkages

8. Decent Work and Economic Growth
9. Industry, Innovation and Infrastructure
10. Reduced Inequalities
12. Responsible Consumption and Production
13. Climate Action

Kite Group Limited

Intellectual Capital

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Social Capital

KGL initiated Twenty20 as a development initiative of Kite Group for sustained and sustainable inputs to community growth through long-term commitments to specific issues and for initiating strategic alliances and source funds from philanthropic budgets. It also aims to develop Kizhakkambalam as a pilot model of sustainable growth, a model that is both scalable and replicable.

A team of highly qualified and experienced social workers, engineers, doctors, nurses, project managers, veterinary and agriculture experts see that the projects are implemented in a systematic and scientific manner. To ensure that the programmes and initiatives reach everyone and none of the deserving is left out the population is categorized on the basis of economic status. Red cards are issued to the extremely poor and vulnerable, yellow to those from below poverty line, green to the middle class and blue for the upper middle class.

CSR Vision

The development of a village in a systematic and scientific manner through sustainable programmes that uplift and enrich every aspect of an individual's life while not in the long run ensure the progress of the entire village as a whole.

CSR Mission

Twenty20 provides the leadership in catalyzing action to create vibrant programmes from grassroots level onwards.

UN SDG Linkages

1. No Poverty
2. Zero Hunger
3. Good Health and Well-being
4. Quality Education
5. Gender Equality
6. Clean Water and Sanitation
7. Affordable and Clean Energy
8. Decent Work and Economic Growth
9. Industry, Innovation and Infrastructure
10. Reduced Inequalities
11. Sustainable Cities and Communities
12. Responsible Consumption and Production
13. Climate Action
14. Life Below Water
15. Life on Land
16. Peace, Justice and Strong Institutions
17. Partnerships for the Goals

Kite Group Limited

Social Capital

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Our Founder & His Vision

At Kite, enriching people through caring is inherent in our business model. Since the inception of the company our founder M.C Jacob had implemented the concept 'caring' as its 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, the 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-Kite group of companies which 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.

Shri. M.C.Jacob
(22.04.1933 – 05.06.2011)



About Us

Kitex Garments Ltd. (KGL) is the world's second largest manufacturer of cotton and organic cotton ready-to-wear garments for infants and children in the age group of 0-24 months.



Kitex Garments Ltd. (KGL) is the world's second largest manufacturer of cotton and organic cotton ready-to-wear garments for infants and children in the age group of 0-24 months. The company was established in 1992 and has, since then, grown exponentially and currently enjoys unmatched global connections.

Within 3 years of inception, the company was listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in 1995.

Steering the track of 'Yarn to Garments' since its inception, KGL is a 100% export-oriented unit, which caters to prominent and renowned conglomerates in USA and Europe markets like Gerber Childrenswear LLC, Carters, Carters brands, H & O Fashions, Buy-Buy Baby, Ross Stores, Amazon, Target, Sam's Club and Walmart.

Sustainable Business Model

The company has an end-to-end sustainable business model with a strong focus on viable sourcing, manufacturing processes, marketing, its workforce and socially responsible initiatives. The company's operations are in alignment with the world's renowned quality, human, social and environment sustainability certification standards like WRAP (Platinum), GSV (C-TPAT), SQP, Product Safety Compliance – CPSIA, Oekotex Standard 100 Class I, GOTS - Certified for Organic Products.

The Company is managed under the leadership of Sri Sabu M Jacob, CMD, and the company employs 5000+ employees at its facility, where food and accommodation is provided free of cost along with the best in the industry salaries.

Marque Clients

The world's leading apparel and retail brands outsource manufacturing to KGL. With limited players in the specialised infant garment manufacturing sector in the world, KGL is among the global leaders and the apparels manufactured by the company are available for sale in the world's leading retail outlets as well as through various online retail platforms in Australia, Austria, Brazil, Canada, China, France, Germany, Liberia, India, Indonesia, Israel, Japan, Mexico, Poland, Saudi Arabia, Switzerland, UAE and USA.

It has a licensee for Lamaze Organic brand of Childrenswear in USA, and has also registered its own brand "Little Star" in USA.

State-of-the-art Manufacturing Facilities

Kitex Garments is well known for its state-of-the-art manufacturing facilities with latest and automatic machineries such as Automatic Mixing & Dispensing of Dyes, Chemicals & Printing Pastes, Cold Pad Dyeing, Fully automatic Robotized Yarn Dyeing, Digital Light Exposing - Screen Engraving System, Computerized Precision Cutting, Modern Sewing Machines, EDI capabilities, Bar coded tracking of garments & Biological ETP & Waste Management.

Preferred Global Vendor

Kitex won the "Vendor of the Year" Award for the years 2011 and 2012 from Toys'R'Us. Kitex has also won the "Vendor of the Year Award" from Gerber Childrenswear in 2008 and 2012. Jockey has awarded Kitex Garments with "Great Partnership Award" in 2015.

Kitex Garments has also been rated as one among the 200 "Best under a Billion Dollar" company in 2015 by Forbes.

The company has its primary manufacturing plant at Kizhakkambalam near Kochi, Kerala, which offers it a logistical advantage, opening doors for direct sea and air connectivity with major international locations.

The Kochi International Container Transshipment Terminal (ICTT or Vallarpadam Terminal) is the first transshipment terminal in India and South Asia as well and is the best positioned Indian port with regard to proximity to international sea routes. Kochi also has direct flights to South Asian and European nations. Thus, KGL harnesses the dual benefits of its strategic location.

Expanding

The company's second manufacturing facility is being set up in Warangal, Telangana and a third one at Sitamampur, Telangana is in the pipeline, thus in the process of establishing two more integrated manufacturing facilities.

Corporate Information

Board Of Directors

Mr. Sabu M. Jacob – Chairman & Managing Director
CA. Benni Joseph – Independent Director
Mr. C. P. Philipose – Independent Director
Mr. K. L. V. Narayanan – Non Executive Director
Prof. E. M. Paulose – Independent Director[#]
Mrs. Sindhu Chandrasekharan - Executive Director
Mrs. Sumi Francis – Independent Director

[#] ceased w.e.f May 30, 2022

Board Committees

Audit Committee

CA. Benni Joseph, Chairman
Prof. E. M. Paulose, Member[#]
Mr. C. P. Philipose, Member
Mrs. Sumi Francis – Independent Director[§]

[#] ceased w.e.f May 30, 2022

[§] inducted w.e.f. June 22, 2022

Nomination and Remuneration Committee

Prof. E.M Paulose – Chairman[#]
CA. Benni Joseph – Chairman[§]
Mr. K. L. V. Narayanan – Member
Mrs. Sumi Francis – Member[§]

[#] ceased w.e.f May 30, 2022

[§] inducted w.e.f. June 22, 2022

Stakeholders Relationship Committee

Mr. K. L. V. Narayanan - Chairman
Mr. Sabu M Jacob - Member
Mrs. Sindhu Chandrasekharan – Member
CA. Benni Joseph – Member

CSR Committee

Mr. Sabu M Jacob - Chairman
CA. Benni Joseph - Member
Mr. K L V Narayanan - Member
Mr. C. P. Philipose, Member

Share Transfer Committee

Mr. Sabu M Jacob - Chairman
Mr. C. P. Philipose - Member
Mrs. Sindhu Chandrasekharan - Member

Chief Financial Officer

CA. Bobby Michael

Company Secretary & Compliance Officer

CS. Mithun Balagopala Shenoy

Management Team

Mr. Sabu M. Jacob – Chairman & Managing Director
Mr. Donnie Hodge – President and COO, Kitex USA LLC
Mr. Christian Strahm – Vice President (Manufacturing)
Mr. Harkishan Singh Sodhi – Vice President (Business Operations)
CA. Bobby Michael – Chief Financial Officer

Independent Statutory Auditors

M/s. MSKA & Associates,
Chartered Accountants, Chennai

Internal Auditors

M/s. K. Venkitachalam & Aiyer & Co.,
Chartered Accountants Kochi

Secretarial Auditors

M/s. SVJS & Associates,
Company Secretaries, Kochi

Income Tax Consultants

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



Banker

State Bank of India
ICICI Bank
HDFC Bank

Share Transfer Agents

M/s. Cameo Corporate Services Limited
Subramanian Building No. 1, Club House Road,
Chennai 600002, Tamil Nadu
Tel: 044-28460390, Fax: 044-28460129
E-mail: investor@cameoindia.com

Registered Office & Factory

Kitex Garments Limited
(CIN: L18101KL1992PLC006528)
P. B. No. 5, Kizhakkambalam - 683562, Alwaye, Kochi, Kerala
Phone: 91 0484 4142000, Fax: 91 484 2680604
Website: www.kitexgarments.com
E-mail: sect@kitexgarments.com
Grievance Redressal Division: investor@kitexgarments.com

Listed In Stock Exchanges

BSE Limited, Mumbai
The National Stock Exchange of India Limited, Mumbai



5500+

Employees

100%

Export-oriented unit - caters to prominent and renowned conglomerates in USA and Europe markets like Gerber Childrenswear LLC, Carters, Carters brands, H & O Fashions, Buy-Buy Baby, Ross Stores, Amazon, Target, Sam's Club and Walm



4,32,000

Units manufactured daily at kizhakkambalam unit in Kochi, Kerala

3,50,000

Built up Area (in sq.ft.)



New
Subsidiary

incorporated Kitex Apparel Parks Limited (KAPL), with the registered office in Warangal, Telangana as part of the expansion plans.

₹7,883

million

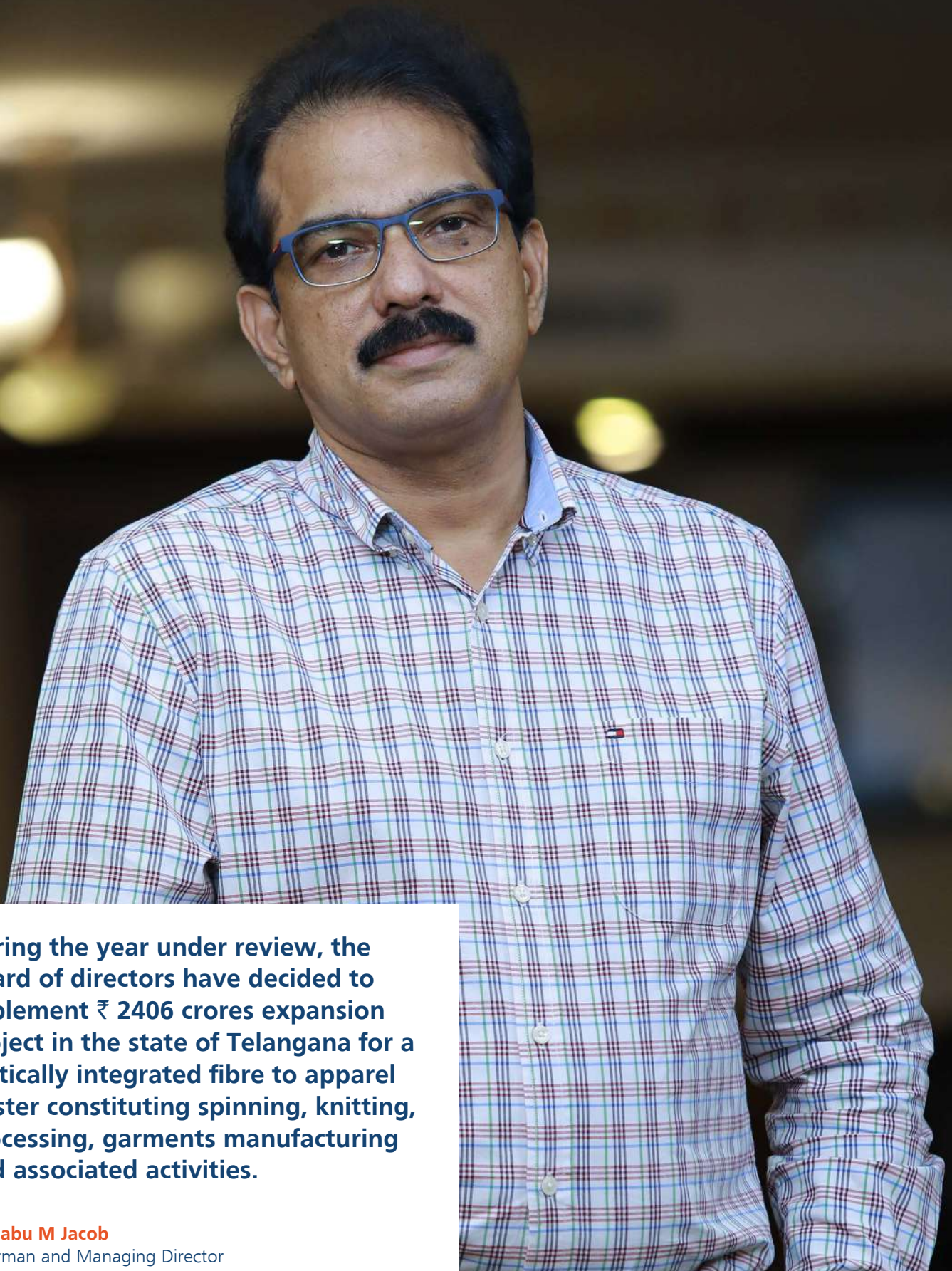
Operating revenue in FY22
an increase of 73% YoY



End-to-end sustainable
business model

1992

Year of Establishment



During the year under review, the board of directors have decided to implement ₹ 2406 crores expansion project in the state of Telangana for a vertically integrated fibre to apparel cluster constituting spinning, knitting, processing, garments manufacturing and associated activities.

Mr Sabu M Jacob
Chairman and Managing Director

Chairman's Letter

Dear Shareholders,

As always, it is my privilege to present to you the Integrated Annual Report of Kitex Garments Ltd. Join me in the journey, as I walk you through the financial year 2021-22, which has been a testimony to the pandemic as well as the geo-political skirmishes, evaluating productive and economically viable alternatives and redefining ways in which businesses are conducted in the coming decades.

Sneak peek at history

As the Greek philosopher Epictetus says "The trials you encounter will introduce you to your strengths. Remain steadfast...and one day you will build something that endures."

The saga of Kitex is undeniably an expression of this quote, as the company has gradually evolved to today's state-of-the-art 5500 plus employees manufacturing plant, having a global influence. Kizhakkambalam, a small Village near Kochi, where we are located, has endorsed our progression, in terms of both economic growth as well as social responsibility. Encountering various impediments with a tough stance has been our forte and we have always dealt with challenges with a bottom-up approach.

Business - Excellence in Execution

Kitex Garments Ltd. has earned the title of being the world's second largest manufacturer of cotton and organic cotton garments for infants and children, with one major principle – Excellence in Execution. And with excellence comes a holistic approach towards business. Our fully vertically integrated unit, which exemplifies the phrase 'Yarn to garments', is equipped to cater to the demand from international retail brands, traversing across the globe.

We have always invested in robotic technology which has raised the bar for accuracy and quality, as well as efficiency and higher output. Some of the salient features of our products include the use of chemical free, hypoallergenic and sustainable materials, use of stain resistance materials and child safe dyes. The company imports majority of its chemical requirements and manufactures all fabric requirements in-house to adhere to stringent safety norms.

As a step further, we have gained grounds in forward integration, by having our products available for the customers of USA, on the company's own e-commerce

website through our own brands like Little Star, Lamaze apart from other retail giants like Gerber Childrenswear LLC, Carters, Carters brands, H & O Fashions, Buy-Buy Baby, Ross Stores, Amazon, Target, Sam's Club and Walmart.

Business - Expansion project

During the year under review, board of directors have decided to implement ₹ 2406 crores expansion project in the state of Telangana, for which your company has floated a subsidiary company with joint investment by company with its sister concern ie., Kitex Childrenswear Ltd in the ratio of 70:30. The said expansion project will be at Kakatiya Mega Textile Park, Warangal District and at Integrated Textile Cluster, Sitarampur, Rangareddy District which involves setting up of a vertically integrated fibre to apparel cluster constituting manufacturing unit related to spinning, knitting, processing, garments manufacturing, packing and associated activities. I expect that first phase of expansion would be completed by June 2023. For more details, you may please refer our Director's Report under head "future prospects".

Quality defines us

Since our production is focussed on new-borns and tiny tots, quality standards are uncompromised unconditionally. The yarn and other raw materials are sourced keeping in mind the quality sensitive nature of the products. There is massive emphasis on cleanliness, hygiene and efficiency, adhering to world standards. Complying with stringent safety standards, all our products pass the 'saliva test' in any international lab. Comfort is another feature that we factor in our products, considering the end users.

Care in the DNA

With the concept of "care" embedded in our DNA, care for its workforce, care for the environment and care for the society are the driving forces behind our business model, which is clearly the secret ingredient for success in our endeavour.

Care for our people - Vision without people is irrelevant

Infant garment manufacturing business is an extremely people-intensive process, hence managing our human capital effectively is of prime importance. The company has had a realistic and sensitive approach towards people issues and believes that the comfort of each