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AUDITORS' REPORT

To the Members of KITEX GARMENTS LIMITED.

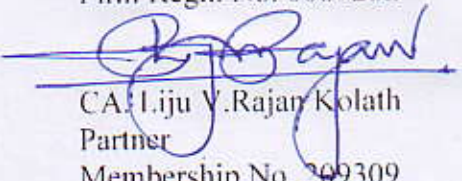
1. We have audited the attached Balance Sheet of KITEX GARMENTS LIMITED, as at 31st March, 2012, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.



4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the Directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For KOLATH & CO
Chartered Accountants
Firm Regn. No. 008926S


CA Liju V. Rajan Kolath
Partner
Membership No. 209309



Ernakulam
20.04.2012

Annexure to Auditors' Report

Referred to in Paragraph 3 of our Report of even date

- (i)
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such physical verification.
 - (c) During the year, the Company has not disposed off a substantial part of its fixed assets, which affect the going concern status of the Company.
- (ii)
 - (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion, the Company has maintained proper records of inventories. As explained to us, no material discrepancies were noticed on physical verification of inventories as compared to the book records.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and also with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.



- (v)
- (a) In our opinion and according to the information and explanations given to us, we are of the opinion that the transactions made in pursuance of contracts or arrangements, that need to be entered in the Register maintained under Section 301 of the Companies Act, 1956, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956, and exceeding the value of Rs. 5 Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. Therefore, the provisions of clause 4 (vi) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.
- (ix)
- (a) The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and any other material statutory dues applicable to the Company.

According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears, as at 31.03.2012 for a period of more than six months from the date they became payable.



- (b) According to the information and explanations given to us, the following dues demanded by the relevant authority have not been deposited on account of pending disputes:

Name of Statute	Nature of Dues	Amount (Rs.)	Period to which it Relates	Forum where Dispute is Pending
Customs Act	Customs Duty	3,25,20,531/- (out of which Rs.1,21,29,942/- has been paid)	1997-98	Honourable High Court of Kerala
Income Tax Act	Income Tax	6,29,406/-	AY 2003-04 & 2004-05	Honourable High court of Kerala
Income Tax Act	Income Tax	38,32,909/- (Out of which Rs.31,50,000/- has been deposited)	AY 2006-07	Commissioner of Income Tax (Appeals)
Income Tax Act	Income Tax	23,93,497/-	AY 2007-08	Deputy Commissioner of Income Tax
Income Tax Act	Income Tax	3,16,22,680/- (Out of which Rs.1,56,06,500 has been deposited)	AY 2008-09	Commissioner of Income Tax (Appeals)
Provident Fund Act	Provident Fund	1,31,86,588/- (Out of which Rs.52,74,636/- has been deposited)	2001-02 to 2005-06	Honourable High Court of Kerala
Employees State Insurance Act	Employee State Insurance	3.66 Lakhs (Out of which Rs.75,000/- has been deposited)	1996 - 1997 and 1997-98	ESI Inspector
Employees State Insurance Act	Employee State Insurance	5.62 Lakhs (Out of which Rs.50,000/- has been deposited)	1998 -99 to 2001-02.	Honourable High Court of Kerala
Employees State Insurance Act	Employee State Insurance	57,72,341/- (Out of which Rs.15,00,000/- has been deposited)	2003 to 2009	Honourable ESI Court

- (x) In our opinion, the Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.




- (xi) Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders. There were no debenture holders at any time during the year.
- (xii) Based on our examination of documents and records and according to the information and explanations given by the Management, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. The investment made in equity shares is held in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion, the term loans have been applied for the purposes for which they were raised.
- (xvii) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debenture during the year. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.



(xx) The Company has not raised money by public issues during the year and hence the question of disclosure and verification of the end use of such money does not arise.

(xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company during the year was noticed or reported, nor have we been informed of such case by the management.

For KOLATH & CO
Chartered Accountants
Firm Regn. No. 008926S


CA. Liju V. Rajan Kolath
Partner
Membership No. 209309



Ernakulam
20.04.2012



KITEK GARMENTS LIMITED
Regd. Office : P B NO.5, KIZHAKKAMBALAM, ALWAYE, KERALA
AUDITED FINANCIAL RESULTS FOR THE QUARTER/YEAR ENDED 31ST MARCH 2012

(Rs. in Lakhs)

Particulars	Quarter ended 31.03.2012	Quarter ended 31.12-2011	Quarter ended 31.03.2011	Year Ended 31.03.2012	Year Ended 31.03.2011
	Unaudited	Unaudited	Unaudited	Audited	Audited
1 (a) Net Sales/Income from Operations	7,619.70	7,865.22	8,214.90	29,628.94	24,199.98
(b) Other Operating Income	463.59	423.03	384.09	1,570.93	1,410.65
Total	8,083.29	8,288.25	8,598.99	31,199.87	25,610.63
2 Expenditure	-	-	-	-	-
a. Increase/decrease in stock in trade and work in progress	(36.92)	1,132.85	407.42	(265.83)	36.56
b. Consumption of Raw Materials	3,980.66	3,777.89	2,797.87	17,491.24	13,049.60
c. Purchase of Traded Goods	-	-	-	-	-
d. Employees Cost	987.80	1,024.38	952.45	3,780.74	3,683.31
e. Power & Fuel	-	-	-	-	-
f. Depreciation /Amortisation	126.34	186.04	183.91	686.64	688.60
g. Other Expenditure	328.82	1,064.66	2,917.87	4,370.40	4,304.34
h. Total	6,412.94	7,185.82	7,259.52	26,063.19	21,762.41
(Any item exceeding 10% of the total expenditure to be shown separately)	-	-	-	-	-
3 Profit from Operations before Other Income, Interest and Exceptional Items (1-2)	1,670.35	1,102.43	1,339.47	5,136.68	3,848.22
4 Other Income	74.75	139.36	308.85	634.82	523.33
5 Profit before Interest and Exceptional Items (3+4)	1,745.10	1,241.79	1,648.32	5,771.50	4,371.55
6 Interest & Finance charges	338.66	461.14	240.16	1,760.69	1,247.25
7 Profit after Interest but before Exceptional Items (5-6)	1,406.44	780.65	1,408.16	4,010.81	3,124.30
8 Exceptional items	-	-	-	-	-
9 Profit (+)/ Loss (-) from Ordinary Activities before tax (7+8)	1,406.44	780.65	1,408.16	4,010.81	3,124.30
10 Tax expense	475.89	217.50	477.72	1,299.26	1,061.03
11 Net Profit (+)/ Loss (-) from Ordinary Activities after tax	930.55	563.15	930.44	2,711.55	2,063.27
12 Extraordinary Item (net of tax expense Rs.)	-	-	-	-	-
13 Net Profit(+)/ Loss(-) for the period	930.55	563.15	930.44	2,711.55	2,063.27
14 Paid-up equity share capital (Face Value : Re 1/- per share)	475.00	475.00	475.00	475.00	475.00
15 Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	9,267.67	6,887.35
16 Earnings Per Share (EPS)					
a) Basic and diluted EPS before Extraordinary items for the period, for the year to date and for the previous year (not to be annualized)	1.96	1.19	1.96	5.71	4.34


For KITEK GARMENTS LTD.


SABU M JACOB
MANAGING DIRECTOR



	b) Basic and diluted EPS after Extraordinary items for the period, for the year to date and for the previous year (not to be annualized)	1.96	1.19	1.96	5.71	4.34
17	Public Shareholding					
	- No. of shares	22,178,550	22,178,550	21,444,445	21,755,890	21,444,445
	- Percentage of shareholding	46.69	46.69	45.15	45.80	45.15
18	Promoters and promoter group					
	Shareholding **					
	a) Pledged/Encumbered					
	- Number of shares	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	23.70	23.70	23.03	23.31	23.03
	- Percentage of shares (as a % of the total share capital of the company)	12.63	12.63	12.63	12.63	12.63
	b) Non-encumbered					
	- Number of Shares	19,321,450	19,321,450	20,055,555	19,744,110	20,055,555
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	76.30	76.30	76.97	76.69	76.97
	- Percentage of shares (as a % of the total share capital of the company)	40.68	40.68	42.22	41.57	42.22

For KITEK GARMENTS LTD.


SABU M JACOB
MANAGING DIRECTOR

(Rs.in Lakhs)

Capital employed (Segment Assets-Segment liabilities)

Segment Results	Quarter ended	Quarter ended	Year Ended	AS at 31.03.2012	
	31.03.2012	31.12.2011	31.03.2012	Segments	Total
1 Segment Revenue					
a) Garments	6456.65	6651.91	23250.87	1. Garments	7,471.10
b) Fabrics	1626.64	1636.34	7949.00	2. Fabrics	6,822.36
Net Sales/Income from operations	8083.29	8288.25	31199.87	3. Unallocable	(4,570.79)
2 Segment Results					9722.67
a) Garments	1733.37	1573.13	5580.60		
b) Fabrics	109.21	102.51	719.68		
TOTAL	1842.58	1675.64	6300.28		
Less: Interest	338.66	461.14	1760.69		
Unallocable Expenses / Income	97.47	433.85	528.77		
Profit Before Tax	1406.45	780.65	4010.82		

For KITEX GARMENTS LTD.

SABU M JACOB
MANAGING DIRECTOR





Particulars	Year Ended	Year Ended
	31.03.2012	31.03.2011
	Audited	Audited
I. EQUITY AND LIABILITIES		
(1) Shareholder's Funds		
a) Share Capital	475.00	475.00
b) Reserves and Surplus	9,267.67	6,887.35
c) Money received against share warrants	-	-
	9,742.67	7,362.35
(2) Share application money		
Pending against allotment.		
(3) Non-Current Liabilities		
a) Long-term borrowings	685.54	2,249.92
b) Deferred tax liabilities (Net)	1,633.60	1,569.34
c) Other Long term liabilities	-	-
d) Long-term provisions	161.52	128.01
	2,480.66	3,947.27
(4) Current Liabilities		
a) Short-term borrowings	8,151.37	6,545.90
b) Trade Payables	2,682.07	3,197.22
c) Other current liabilities	2,109.84	2,779.98
d) Short-term provisions	1,580.13	1,158.74
	14,523.41	13,681.84
TOTAL	26,746.74	24,991.46
II. ASSETS		
(1) Non-current assets		
(a) Fixed assets		
i) Tangible assets	12,203.37	12,123.01
ii) Intangible assets	76.05	108.19
iii) Capital Work-in-Progress	35.30	94.30
iv) Intangible assets under development	-	-
(b) Non-current investments	0.43	0.43
(c) Deferred Tax assets (net)	-	-
(d) Long term loans and advances	313.19	306.16
(e) Other non-current assets	69.50	74.00
	12,697.84	12,706.10
(2) Current assets		
a) Current investments	-	-
b) Inventories	5,196.21	5,658.64
c) Trade receivables	3,182.51	3,929.38
d) Cash and cash equivalents	3,652.36	639.45
e) Short Term Loans and Advances	1,834.86	1,336.96
f) Other Current Assets	182.96	720.93
	14,048.90	12,285.36
TOTAL	26,746.74	24,991.46


Notes:

- The above results have been reviewed by the Audit Committee and taken on record by the Board of Directors on 20th April, 2012.
- The above Financial results have been prepared based on the Revised Schedule-VI notified under the Companies Act, 1956. Previous year figures have been reclassified in the current year, in accordance with the requirements applicable as per the Revised Schedule VI notified under the Companies Act, 1956.
- Income and expenses for the Quarter ended 31/3/2012 represents the difference between the Audited results for the year ended 31/3/2012 and the unaudited results for the nine months ended 31/12/2011.
- The Company's Statutory Auditors have audited the above financial results for the year ended 31/3/2012 and 31/3/2011; and issued an unqualified Audit Report on the same. The Audit reports have been filed with the Stock Exchanges.
- The Board of Directors have recommended a dividend of 60% (60 paise per Equity share of Re.1/-).
- Investor Complaints :
Opening Pending : 1 Received :2 Disposed :3 Closing Pending : Nil.

Place : Kochi
Date : 20.04 .2012


SABU M JACOB
MANAGING DIRECTOR

FOR KOLATHI & CO
Chartered Accountants
Firm Regn. No. 008926S


C.A. Liju V Rajan Kolath
Partner
Membership No. 209309