

K G DENIM LIMITED

REGD. OFFICE: THEN THIRUMALAI
METTUPALAYAM - 641 302.
COIMBATORE DISTRICT
TAMILNADU, INDIA.

kg
Denim

Phone : 0091-4254-304000
Fax : 0091-4254-304400
Email : accounts@kgdenim.in
finance@kgdenim.in

CIN : L17115TZ1992PLC003798



NABL
Certificate No: T1605/T1607



KGDL/SECTL/AGM/2014

14.08.2014

**Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001**

Dear Sirs,

Sub : Annual Report – 2013-14 – Reg.

We are forwarding herewith the six copies of the Statutory and Directors' Annual Reports along with Form A for the year ended 31.03.2014 for your reference and records.

Kindly acknowledge the receipt.

Thanking you,

Yours Faithfully,
For **K G DENIM LIMITED**

DIRECTOR AND COMPANY SECRETARY

Encl: As above

K G DENIM LIMITED

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NABL
Certificate No: T1606/T1607




14.08.2014

To

Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001.

Dear Sirs,

FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH THE STOCK EXCHANGE

1.	Name of the Company	K G Denim Limited
2.	Annual Financial Statements for the year ended	31 st March 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by - CEO/Managing Director - CFO - Auditor of the Company - Audit Committee Chairman	Signed by CFO: For K G DENIM LIMITED  Director and Company Secretary



ANNUAL REPORT
2013-2014

K G DENIM LIMITED



K G DENIM LIMITED

BOARD OF DIRECTORS

Executive Chairman Shri KG Baal Krishnan

Managing Directors Shri B Sriramulu
Shri B Srihari

Directors Shri G V S Desikan
Shri G P Muniappan
Shri K N V Ramani
Shri V Jagadisan
Smt T Anandhi
Shri M J Vijayaraaghavan
Shri Surinder Chhibber
Shri A Velusamy
Shri S Muthuswamy
Director & Company Secretary

Registered Office

Then Thirumalai
Jadayampalayam, Coimbatore - 641 302
Phone : (04254) 304300 / 235300
Website : www.kgdenim.com
E-mail : cskgdl@kgdenim.in
CIN : L17115TZ1992PLC003798
Registrar and Share Transfer Agent
Cameo Corporate Services Ltd
"Subramanian Building"
No.1, Club House Road
Chennai - 600 002
Phone : (044) 28460390 (6 lines)

Auditors M/s Gopalaiyer and Subramanian
Chartered Accountants
Coimbatore

Bankers Indian Bank
Bank of India
Allahabad Bank
State Bank of India
State Bank of Hyderabad
Indian Overseas Bank
The South Indian Bank Limited

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K G DENIM LIMITED

DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

We have pleasure in presenting the Twenty-Second Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2014.

FINANCIAL RESULTS

(Rs. in lakhs)

PARTICULARS	For the year ended 31 st March 2014	For the year ended 31 st March 2013
Gross Profit	5149	6115
Less : Finance Cost	2805	2576
Profit prior to Depreciation and write off	2344	3539
Less : Depreciation	1335	1192
Net Profit	1009	2347
Current, Deferred & earlier year tax	350	794
Net Profit for the year	659	1553
Balance Brought forward	1762	433
Proposed Dividend & Tax thereon	224	224
Balance Carried Forward	2197	1762

PERFORMANCE OF THE COMPANY

During the year ended 31.03.2014, the Company achieved an overall production of 316 lakh meters of fabrics against the previous year's production of 296 lakh meters. The revenue for the year was Rs.59186 lakhs as against revenue of Rs.51483 lakhs during the previous year, representing a growth of 15 %. The Company has three main product groups Denim and Apparel Fabrics, Home Textiles and Sale of Apparel. Denim Sales have increased marginally but profitability was affected on account of increase in input costs.

In the Home Textiles category, Company has registered significant growth rate in sales compared to the previous year.

In the Ready Made Garments group also the Company has registered significant growth in sales and profit.

The Board of Directors recommends a dividend of 7.50 % (i.e. Rs.0.75) per equity share of the Company for the year 2013-14. The Dividend tax payable amounts to Rs.31 lakhs.

INDUSTRY STRUCTURE & DEVELOPMENT

The Indian denim industry is showing steady growth in domestic and international markets.

Our focus remains on sales to leading domestic and international brands in India and also to large exporters of readymade garments. We are concentrating on the Far East Countries of Vietnam, LaosPDR and China besides direct sales to North America. Products are being developed to cater to both retailers and fashion brands thereby gaining advantage in both segments and increasing volumes. Sale of home textiles and apparels improved during the year.

OPPORTUNITIES AND THREATS

The Company is targeting higher production and sales volume for denim in the next year. Sale of Home Textiles and Apparel are also expected to achieve higher volumes.

The Company is subjected to risks of volatility in the prices of raw materials and fashion changes.

High interest rates and exchange rate volatility are areas of serious concern for the Company. The Company has taken steps to increase the exports and is actively managing the exchange risk by suitable forward cover.

FINANCE

Your Directors acknowledge with gratitude, the valuable assistance and support extended by our Bankers for term loans and working capital i.e., Indian Bank, Bank of India, Allahabad Bank, State Bank of India, State Bank of Hyderabad, Indian Overseas Bank and The South Indian Bank Limited.

PERSONNEL

The Directors wish to place on record their appreciation for the co-operation extended by all sections of the employees.

K G DENIM LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed.
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for that period.
- c) Company's Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and irregularities.
- d) The annual accounts have been prepared on a going concern basis.

CONSOLIDATED ACCOUNTS

In accordance with the requirements of Accounting Standard (AS-21) prescribed by The Institute of Chartered Accountants of India, the Consolidated Accounts of the Company and its subsidiaries are annexed to this Report.

SUBSIDIARIES

During the year, the gross turnover in Trigger Apparels Limited was to Rs.39.22 crores against Rs.38.20 crores during the previous year. The subsidiary has been able to register a profit of Rs.15.44 lakhs compared to profit of Rs.31.95 lakhs in the previous year. No activity has taken place at KG Denim (USA) Inc. during the year.

CEO/CFO CERTIFICATION

The Managing Directors and Director & Company Secretary of the Company have submitted a Certificate to the Board as required under Clause 49 of the Listing Agreement for the year ended 31st March, 2014.

CORPORATE GOVERNANCE

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, forms part of the Annual Report.

LISTING

The Company's shares are listed in the Bombay Stock Exchange Limited, Mumbai.

CAPITAL EXPENDITURE

The Company incurred a Capital Expenditure of Rs.2202.75 lakhs during the year.

DIRECTORS

Section 149 of the Companies Act, 2013 provides for the appointment of Independent Directors on non-rotational basis. Accordingly, Shri K N V Ramani, Shri V Jagadisan and Shri Surinder Chhibber, Independent Directors who are retiring at the ensuing Annual General Meeting are now being reappointed on non-rotational basis for a period of 5 years till 31st March, 2019.

Further, Shri G V S Desikan, Shri M J Vijayaraaghavan and Shri G P Muniappan, Independent Directors who are liable to retire by rotation are now being re-appointed on non-rotational basis for a period of 5 years till 31st March, 2019.

AUDITORS

The present Auditors M/s Gopalaiyer and Subramanian retire at the ensuing Annual General Meeting and are eligible for re-appointment. Cost Audit Report for the financial year ending 31st March 2014 will be submitted to the Central Government in accordance with Cost Audit Report Rules, 2011.

CORPORATE SOCIAL RESPONSIBILITY

The Company is fully aware of its Corporate Social Responsibilities to various stakeholders and has taken appropriate steps to meet the same. With the enactment of Companies Act, 2013, Corporate Social Responsibility has acquired statutory recognition. The Company had already initiated several steps to meet its Corporate Social Responsibilities.

ENVIRONMENT

The Company holds due certification under ISO 14001 : 2004 which is primarily focused on environmental management system. It ensures that the manufacturing of products is carried on without affecting the environment in the working area and surroundings. The Company is a member of Sustainable Apparel Coalition (SAC). SAC provides credible, practical and industry wide guidelines and provides tools to define, measure and evaluate industry's product environmental and social performance support.

The Company has achieved one of the best scores in the apparel industry as verified by a leading brand assessor.

During the current year, the Company has implemented various environmental measures and reduction program like Green House Gas inventory measurement, replacement of fluoras gas air conditioners, increasing the area of plantation etc.

The Company has improved effluent water treatment system conforming to the Pollution Control Board parameters. A new plant has been added which has increased the Biological treatment capacity by 60%. An advanced technology of Biological Diffuser Aeration system has been introduced which has resulted in reduction in chemicals usage. Consequently, reduction in sludge, improvement in outlet water quality and consistence and improvement in RO recovery were achieved.

K G DENIM LIMITED

HEALTH AND SAFETY

The Company has obtained certification under OHSAS 18001 : 2007 (Occupational Health and Safety Management Assessment Standard) which is an Integrated Management System focusing on an organization's occupational health and safety management system. This standard guides us to identify and control the conditions and factors that affect the well-being of employees, contractors, visitors and any other person in the work place.

The Company is implementing various health and safety practices in continuous manner as per OHSAS-18001 standards and legal requirements.

LEGAL REQUIREMENTS

The Company is conscious of improving the occupational and personal health of its employees. In addition to free medical camps, the Company also organizes employees' health check up in outside hospitals on an annual basis.

The Company provides a safer work environment for its employees, basic equipments are provided to ensure safety from fire. Awareness classes are being conducted periodically with the help of external agencies about the basic safety, fire fighting, mock drills, mass evacuation first aid etc.,

SOCIAL RESPONSIBILITIES

The Company is maintaining a hospital for serving the community including supply of medicines at subsidised costs. As a part of social environmental protection, agro forestry has been developed with a demo plant with the technical support of Forest College, Coimbatore.

CAUTIONARY STATEMENT

The statement in this Directors' Report & Management Discussion and Analysis contain forward looking statements regarding Company's projections & expectations and the actual results could differ materially from those expressed on account of various factors like raw material prices, change in demand, government regulation etc., and the readers are cautioned against placing undue reliance on the same.

STATUTORY INFORMATION

During the year there were no employees in receipt of remuneration covered by Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended vide GSR 289 (E) dated March 31, 2011 [Companies (Particulars of Employees) Amendments Rules, 2011].

Information pursuant to sub-section 1 (e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure to this Report.

The Company has presented in this Report, the consolidated financial statements of the holding company and all its subsidiaries, duly audited by the Statutory Auditors. The Company has also disclosed in the Consolidated Balance Sheet the information required to be provided as per the aforesaid Notification dated February 8, 2011. The Company will make available the audited annual accounts and related information of its subsidiaries, upon request by any of its shareholders. The annual accounts of the subsidiary companies will also be kept for inspection by any member at the Registered Office of the Company and its subsidiary companies.

Our humble prayers to **Sri Venkateswaraswamy Vari of Then Thirumalai** for the continued prosperity of the Company.

Coimbatore
24.05.2014

On behalf of the Board
KG Baalakrishnan
Executive Chairman

ANNEXURE TO DIRECTORS' REPORT

Conservation of energy, technology absorption and foreign exchange earnings and outgo required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31st March, 2014.

CONSERVATION OF ENERGY :

a) Energy conservation measures taken :

The Company has set up a steam-driven co-generation power unit with use of biomass fuel. Other measures are :

- i) Installed a caustic recovery plant with heat exchanger for energy saving.
- ii) Installed a new singeing machine to reduce the gas consumption.
- iii) Replacement of copper choke fittings to electronic chokes on 300 tube light fittings resulting in 6 watts saving.
- iv) Instead of 3 Nos (500 CFM each) reciprocating compressors installed screw compressor of 1600 CFM to reduce power consumption.
- v) Installed energy monitoring systems for effective utilisation of electrical energy.

b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy: Energy audit has been done and various proposals are under implementation.

The Company is in the process of setting up a 9.9 MW cogeneration power plant to meet its increasing power and steam requirements.

c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods : During the year the fuel input costs had reduced. Hence there is a marginal decrease in costs.

d) Total energy consumption and energy consumption per unit of production:

K G DENIM LIMITED

FORM - A

A. POWER AND FUEL CONSUMPTION

	31.03.2014	31.03.2013
I Electricity		
(a) Purchased		
Units in lakhs	88.17	54.84
Value in lakhs (Rs.)	713.00	350.98
Cost/Unit (Rs.)	8.09	6.40
Excludes fixed demand charges		
(b) Own Generation		
(i) Through Diesel Generator		
Units in lakhs	22.77	31.71
Units / Ltr.	3.20	3.01
Cost/Unit (Rs.)	16.55	15.16
(ii) Through steam turbine/generator		
Units in lakhs	181.56	176.45
Units/Ton of fuel mix	385.00	397.00
Cost/Unit (Rs.)	7.48	7.31
II Coal		
Quantity (Tonnes)	34580	28743
Total Cost (Rs. in lakhs)	1633.00	1420.00
Average Rate (Rs.)	4724.00	4940.00
III Saw Dust etc.,		
Quantity (Tonnes)	28130	33685
Total Cost (Rs. in lakhs)	735.00	936.00
Average Rate (Rs.)	2613.00	2777.00
IV LPG		
LPG - Qty kg in lakhs	2.58	2.31
LPG - Value in lakhs	188.34	156.58
B. CONSUMPTION / UNIT OF PRODUCTION		
Electricity Unit/ Mtr. of Fabric	1.34	1.38

FORM - B

C. TECHNOLOGY ABSORPTION

I. Research and Development (R & D) :

1. Specific areas where R&D is carried out by the Company.

The R&D efforts of the Company are directed towards quality control improvement of existing methods and product developments/diversifications.

2. Benefits derived as a result of the above R&D :

Cost reduction and improved quality and new product development enhanced performance in Export and Domestic Market.

3. Future plan and action :

The R&D efforts will continue to meet the present and future needs of the end-users.

4. Expenditure on R & D :

	Rs.Lakhs
a) Capital	-
b) Recurring	70.00
c) Total	70.00
d) R & D Expenditure as % of Total Turnover	0.09

II. Technology absorption, adaptation and innovation :

Continuous efforts are made towards technology innovation.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Efforts : The Company will continue to push up its volume of exports and maintain its price realization.

b) Total Foreign exchange used and earned :

Foreign Exchange : Used	Rs. 3087 Lakhs
Earned	Rs. 23154 Lakhs

Coimbatore
24.05.2014

On behalf of the Board
KG Baalakrishnan
Executive Chairman

K G DENIM LIMITED

CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY

Your Company is committed to building long term shareholders' value with full emphasis on Corporate Governance. Your Company communicates corporate, financial and product information on line on its website - www.kgdenim.com. Your Company believes that all its operations and actions must serve the goal of enhancing overall shareholder value, over a sustained period of time. Company's philosophy envisages transparency, accountability and equitable benefits of highest level in its maximum possible operating fields, interaction with all its related stake holders including esteemed Shareholders, Workmen, Officers, Governments, Banks and other lenders.

2. BOARD OF DIRECTORS

The current financial year of the Company covers a period of 12 months from 1st April 2013 to 31st March 2014. The present strength of the Board is 12 Directors, out of which 6 are independent directors.

4 (Four) Board Meetings were held during the year, as against the minimum requirement of 4 meetings. The dates on which the meetings held were as follows: 29th May 2013, 05th August 2013, 05th November 2013 and 13th February 2014. The Annual General Meeting was held on 11th September 2013. The table below gives the particulars of attendance of each Director at the Board Meetings held during the financial year and during their respective tenure of Directorship and at the last AGM, as also the number of Directorships in other Companies and membership in other Board Committees.

Name of the Director	No. of Board Meetings held during the tenure of Directorship	No. of Board Meetings attended	Attendance of Last AGM	No. of Directorship in other Companies	No. of Membership in Board Committees of other Companies as	
					Chairman	Member
Shri KG Baalakrishnan	4	4	Present	8	-	-
Shri B Sriramulu	4	4	Present	10	-	2
Shri B Srihari	4	3	Present	11	-	1
Shri G V S Desikan	4	4	Present	6	-	2
Shri V Jagadisan	4	4	Present	2	-	5
Shri K N V Ramani	4	4	Not Present	8	5	2
Shri G P Muniappan	4	4	Present	1	-	1
Smt T Anandhi	4	3	Present	3	-	-
Shri M J Vijayaraaghavan	4	3	Present	1	1	1
Shri Surinder Chhibber	4	2	Not Present	1	-	-
Shri A Velusamy	4	4	Present	8	-	4
Shri S Muthuswamy	4	4	Present	-	-	-

Shri B Sriramulu and Shri B Srihari are sons of and Smt T Anandhi, daughter of Shri KG Baalakrishnan. None of the other directors is related to any other.

Profile of Directors to be reappointed as Independent Directors on non-rotational basis

Shri K N V Ramani, M.A., B.L., aged 82 years is a leading Advocate specializing in Corporate Laws. He has rich experience in Corporate Laws of more than four decades and has been on the Board of several Companies. M/s Ramani & Shankar, firm of Advocates headed by him consists of panel of Advocates specialized in different fields of law.

Shri V Jagadisan, B.Com., FCA., aged 81 years is Senior Partner of M/s V Jagadisan & Co., Chennai, one of the leading CA firms in South India. He was elected as Central Council Member of the Institute of Chartered Accountants of India for 3 terms (1976 to 1985) and is a Director on the Board of two other companies.

Shri Surinder Chhibber, aged 63 years is a post graduate in industrial engineering and operations research and has over 36 years of work experience in various capacities in foreign and Indian companies dealing in textiles and apparels.

Shri G V S Desikan, a B.Sc., B.Sc.(Tech) graduate, aged 81 years has rich experience in the management of textile industry. He was formerly Technical Advisor for National Textile Corporation, New Delhi, Chairman and Managing Director of Kerala State Textile Corporation Ltd., Trivandrum and Managing Director of Binny Limited.

Shri M J Vijayaraaghavan, aged 81 years is a practicing Chartered Accountant and a Fellow Member of the Institute of Chartered Accountants of India having over 5 decades of rich and varied experience in Auditing, Taxation and Finance.

Shri G P Muniappan, aged 73 years is a post graduate in Economics, is former Deputy Governor of the Reserve Bank of India.

Code of Conduct

In pursuance of Clause 49 of the listing agreement, the Board has approved the Code of Conduct for Board of Directors and Senior Management and the same has been circulated and posted on the Company's website. The Board of Directors and the Senior Management staff have given their declarations confirming compliance of the provisions of the above code of conduct.

K G DENIM LIMITED

3. COMMITTEES OF THE BOARD

a. Audit Committee

The terms of reference of the Audit Committee include the matters specified in Clause 49 of the Listing Agreement with the Stock Exchange and in Section 292A of the Companies Act, 1956 as follows:-

- ♣ Oversight of the Company's financial reporting process and the disclosure of its financial information.
- ♣ Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- ♣ Reviewing with management the quarterly, half-yearly and annual financial statements before submission to the Board, focussing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgment by management, (iii) qualifications in draft audit report, (iv) significant adjustments arising out of audit, (v) the going concern assumption, (vi) compliance with accounting standards, (vii) compliance with Stock Exchange and legal requirements concerning financial statements and (viii) related party transactions i.e., transactions of the Company of material nature, with promoters or with the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of Company at large.
- ♣ Reviewing with the management, external and internal auditors, the adequacy and compliance of internal control systems.
- ♣ Reviewing the adequacy of internal audit functions.
- ♣ Discussion with internal auditors any significant findings and follow up thereon.
- ♣ Reviewing the findings of internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- ♣ Discussion with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- ♣ Reviewing the Company's financial and risk management policies.

During the year, the Committee has met four times, as against the minimum requirement of 3 meetings and the Audit Committee meetings were held on 29.05.2013, 05.08.2013, 05.11.2013 and 13.02.2014.

Composition of the Audit Committee as on 31st March, 2014 and the attendance during the year are as under:

Name of the Director	Position	Category	No. of Meetings held	No. of Meetings Attended
Shri V Jagadisan	Chairman	Independent, Non - Executive	4	4
Shri G V S Desikan	Member	Independent, Non - Executive	4	4
Shri K N V Ramani	Member	Independent, Non - Executive	4	4

All the members of the Audit Committee are financially literate with knowledge in finance and accounts.

The head of finance function, head of internal audit and the representative of the Statutory Auditors were invited to be present at the Audit Committee meetings.

The Cost Auditors appointed by the Company under Section 233B of the Companies Act, 1956 were also invited to attend the Audit Committee Meetings.

The Director and Company Secretary acts as the Secretary to the Committee.

b. Nomination and Remuneration Committee

Arising out of enactment of Companies Act, 2013 the Remuneration Committee constituted earlier is hereby renamed as Nomination and Remuneration Committee.

The said Committee comprises of 3 Independent, Non-Executive Directors namely Shri K N V Ramani, Chairman with Shri G V S Desikan and Shri V Jagadisan as members.

The details of remuneration to Directors for the year is furnished in paragraph 7.

K G DENIM LIMITED

c. Stakeholders Relationship Committee

Arising out of enactment of Companies Act, 2013 the Shareholders'/Investors' Grievance Committee constituted earlier is hereby renamed as Stakeholders Relationship Committee.

The said Committee comprises of Shri G P Muniappan, Chairman with Shri G V S Desikan and Shri K N V Ramani as members. The Committee look into redressal of Shareholders' complaints like transfer of shares, non-receipt of balance sheet, etc.

The Committee oversees the performance of the Registrar and Transfer Agents and recommend measures for overall improvement in the quality of investor services.

During the year, the Stakeholders Relationship Committee met four times and meetings were held on 27.05.2013, 02.08.2013, 01.11.2013 and 11.02.2014.

Shri R K Sridhar, Asst. General Manager is the Compliance Officer for complying with the requirements of the Securities and Exchange Board of India and requirements of the Listing Agreement with the Stock Exchange.

The total number of complaints received and replied to the satisfaction of Shareholders during the year under review was 21. Outstanding complaints as on 31st March 2014 were 'Nil'.

4. GENERAL MEETINGS

Location and date/time of the last three Annual General Meetings.

21 st AGM	11 th September 2013	9.30 a.m.	Registered Office premises, Then Thirumalai, Jadayampalayam, Coimbatore 641 302
20 th AGM	28 th September 2012	9.30 a.m.	- do -
19 th AGM	12 th August 2011	9.30 a.m.	- do -

No postal ballots were required to be used for voting at these meetings.

5. DISCLOSURES

There are no materially significant related party transactions that would have potential conflict with the interest of the Company at large. Details of related party transactions are given elsewhere in the Annual Report. The Register of Contracts containing the transactions in which the Directors are interested is placed before the Board regularly.

No penalty or strictures has been imposed on the Company by any regulatory authority for non-compliance of any laws.

The Company has complied with the Accounting Standards prescribed by the Institute of Chartered Accountants of India and as referred u/s 211 (3C) of the Companies Act, 1956.

6. MEANS OF COMMUNICATION

The Quarterly and Half yearly results are published in local dailies such as "Dinamani" and "The Financial Express" and on the Company's website.

7. REMUNERATION TO DIRECTORS

For the financial year ended 31st March 2014, the remuneration paid to the Directors is as indicated below:-

Name of the Director & Designation	Salary Amount (Rs.)	Perquisites and other benefits (Rs.)	Total (Rs.)
Shri KG Baal Krishnan, Executive Chairman	27,97,706	-	27,97,706
Shri B Sriramulu, Managing Director	35,87,706	-	35,87,706
Shri B Srihari, Managing Director	35,87,706	-	35,87,706
Smt T Anandhi, Non-Executive Director	11,95,902	-	11,95,902
Shri A Velusamy, Director	10,17,500	82,500	11,00,000
Shri S Muthuswamy, Director & Company Secretary	11,17,500	82,500	12,00,000

The details of sitting fees paid to Non-Executive Directors for attending the Board or Committee Meetings during the financial year ended 31st March 2014 were as follows :-

Name of the Directors	Sitting Fee (Rs.)	No. of Shares held
Shri G V S Desikan	100000	200
Shri V Jagadisan	100000	Nil
Shri K N V Ramani	100000	10000
Shri G P Muniappan	20000	Nil
Shri M J Vijayaraaghavan	15000	Nil

K G DENIM LIMITED

8. GENERAL SHAREHOLDER INFORMATION

1. 22 nd AGM to be held on :	08.09.2014
at :	3.00 p.m.
venue :	Registered Office Premises, Then Thirumalai, Jadayampalayam, Coimbatore 641 302
2. Financial Calendar-Board Meetings (Tentative)	First Quarter - Second week of August 2014 Second Quarter - Second week of November 2014 Third Quarter - Second week of February 2015 Results for the year ending 31 st March 2015 last week of May 2015
3. Date of Book Closure	02.09.2014 to 08.09.2014 (Both days inclusive)
4. Listing of Equity Shares	Listed in Bombay Stock Exchange. The Company has paid the listing fees for the year 2014 - 2015.
5. Registrar and Share Transfer Agents	In accordance with SEBI's Circular dated 4th January 2003 directing that the work related to share registry, in physical & electronic modes, be maintained at a single point, as from 1st April 2003, both the above segments of share registry operations are now being handled by the SEBI Registered R & T Agent M/s Cameo Corporate Services Limited, at 'Subramanian Building', No.1 Club House Road, Chennai 600 002
6. Stock Code	Bombay Stock Exchange Limited - 500239
7. Demat ISIN No. for NSDL & CDSL	INE104A01012
8. Share Transfer System	The Company's shares are traded in the stock exchange compulsorily in demat mode. Both the physical and demat modes of share transfers are being handled by company's Share Transfer Agent M/s Cameo Corporate Services Limited, 'Subramanian Building', No.1 Club House Road, Chennai 600 002 The share transfer committee, which is a Board Committee, approves the transfer of shares.
9. Dematerialisation of Shares	92.41% of the total equity shares (23706341 Shares) were held in the dematerialised form as on 31 st March 2014. Trading in equity shares of the company is permitted only in dematerialised form w.e.f 26.06.2000, as per the notification of SEBI.
10. i. Details of Public Funding obtained in the last three years.	No capital from public was raised during the last three years.
ii. Outstanding GDRS/ADRS/Warrants or any convertible instrument	None
11. Plant Location	K G DENIM LIMITED, Then Thirumalai, Jadayampalayam, Coimbatore 641 302
12. Address for communication	K G DENIM LIMITED, Then Thirumalai, Jadayampalayam, Coimbatore 641 302
13. Website	www.kgdenim.com

9. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2014

Category	No. of Shareholders	%	No. of Shares	%
Upto 5,000	13640	84.80	2486309	9.69
5,001 - 10,000	1218	7.57	1063620	4.15
10,001 - 20,000	517	3.21	837783	3.27
20,001 - 30,000	212	1.32	552498	2.15
30,001 - 40,000	82	0.51	305181	1.19
40,001 - 50,000	114	0.71	550417	2.15
50,001 - 1,00,000	156	0.97	1187296	4.63
1,00,001 and above	146	0.91	18670801	72.77
Total	16085	100.00	25653905	100.00

K G DENIM LIMITED

10. CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2014

Sl.No.	Category	No.of Shares held	%
1	Shareholding of Promoter and Promoter Group	14655303	57.13
2	Public Shareholding		
A	Institutions		
(a)	Mutual Funds / UTI / Financial Institutions / Banks	8000	0.03
(b)	Foreign Institutional Investors	-	-
	Sub Total (A)	8000	0.03
B	Non-Institutions		
(a)	Bodies Corporate & Trusts	547703	2.13
(b)	Individuals	10442899	40.71
	Sub Total (B)	10990602	42.84
	Grand Total	25653905	100.00

11. SHARE PRICE DATA

Market price data of the company's equity shares in Bombay Stock Exchange for the period from April 2013 to March 2014 is as below:

Month	BSE Price	
	High	Low
April 2013	16.00	13.81
May 2013	17.10	13.01
June 2013	16.25	12.65
July 2013	15.45	10.98
August 2013	15.00	10.50
September 2013	16.69	12.66
October 2013	18.75	12.45
November 2013	18.80	12.85
December 2013	16.80	13.60
January 2014	18.10	14.50
February 2014	16.95	12.85
March 2014	16.00	12.90

12. COMPLIANCE WITH NON MANDATORY REQUIREMENT

- As the Company communicates corporate, financial and product information online on the web site www.kgdenim.com individual communication of half yearly results is not sent to the shareholders.
- The Company has not passed any resolution requiring approval of the shareholders by postal ballot.

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To the Members/Board of Directors of **M/s K G DENIM LIMITED, COIMBATORE**

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of Corporate Governance by **M/s K G Denim Limited** for the year ended March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was conducted in the manner described in the Guidance Note on certification of Corporate Governance issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and on the basis of our examination described above, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants
CA. R MAHADEVAN
Partner
Membership No.27497
Firm Regn. No.000960S

Coimbatore
24.05.2014

K G DENIM LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF K G DENIM LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **K G DENIM LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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, 2014;
- b. in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. 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.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - e. On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **GOPALAIYER AND SUBRAMANIAN**

Chartered Accountants

CA. R MAHADEVAN

Partner

Membership No.27497

Firm Regn. No.000960S

Coimbatore
24.05.2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

I. IN RESPECT OF ITS FIXED ASSETS

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year, discrepancies noticed on such physical verification were not material and have been properly dealt with in books of accounts.
- (c) There were no disposal of substantial part of fixed assets during the year and hence the going concern status of the Company is not affected.

II. IN RESPECT OF ITS INVENTORIES

- (a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventories. As explained to us there were no material discrepancies noticed on physical verification of inventories as compared to book records.

III. IN RESPECT OF LOANS, SECURED OR UNSECURED, GRANTED OR TAKEN BY THE COMPANY

The Company has neither taken any loans secured or unsecured, nor has granted any loans secured or unsecured to parties covered in the Register maintained under Section 301 of the Companies Act, 1956 and hence sub-clauses (a) to (g) of Clause (iii) are not applicable.

IV. In our opinion and according to the explanations and information given to us, there is adequate internal control system commensurate with the size of the Company and the nature of business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit no major weakness has been noticed in the internal control system.

V. IN RESPECT OF TRANSACTIONS COVERED UNDER SECTION 301 OF THE COMPANIES ACT, 1956

- (a) In our opinion and according to the information and explanations given to us the transactions made in pursuance of contracts or arrangements, that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been so entered in the register maintained for the purpose.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the Register maintained under Section 301 of the Act and exceeding the value of Rupees five 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. During the year the Company has not accepted any deposits from the public and hence the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies [Acceptances of Deposit Rules, 1975] and other relevant provisions of the Companies Act, 1956 are not applicable.

VII. In our opinion, the Company's present internal audit system is commensurate with its size and nature of business.

VIII. We have broadly reviewed the books of accounts maintained by the Company pursuant to the Order made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

K G DENIM LIMITED

IX. IN RESPECT OF STATUTORY DUES:-

- (a) According to the information and explanations given to us and records examined by us, the Company is regular in depositing 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 other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2014 for a period of more than six months from the date they became payable.
- (b) The following amounts have not been deposited on account of dispute.

Name of Statute	Nature of Dues	Amount under dispute not yet deposited as on 31.3.2014 (Rs.lakhs)	Forum Where dispute is pending
The Central Excise Act, 1944	Customs, Excise & Service Tax	2.63	Commissioner of Central Excise Appeals, Salem
The Customs Act, 1962		978.62	Customs Excise and Service Tax Appellate Tribunal, Chennai. Out of this, demand of Rs.583.49 lakhs was stayed by CESTAT, Chennai.

- X. The Company does not have any accumulated losses as at 31st March 2014. The Company has not incurred any cash loss during the financial year covered by our audit and the immediately preceding financial year.
- XI. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debentureholders.
- XII. During the year, the Company has not granted loans and advances on the basis of the 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, clause (xiii) of the Companies (Auditors Report) (Amendment) Order 2004 is not applicable to the Company.
- XIV. In our opinion and according to the information and explanations given to us, proper records have been maintained by the Company in respect of dealing in securities and other investments and timely entries have been made therein in respect of transactions and contracts. The securities and other investments have been held by the Company in its own name. The Company has not undertaken any trading in shares and debentures.
- XV. According to the information and explanations given to us and the representation made by the management, the Company has given guarantee for loans taken by its subsidiary, Trigger Apparels Limited from Bank for Rs.651 lakhs and its associate, KG Fabriks Limited from bank for Rs.300.00 lakhs. However, the terms and conditions of the guarantee are not prima facie prejudicial to the interest of the Company.
- XVI. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- 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 the company has utilized the funds raised on short term basis for long term investments to the extent of Rs.1790.97 lakhs.
- XVIII. 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 raised any debentures during the financial year and hence creation of security in respect of debentures does not arise.
- XX. The Company has not raised any money through a public issue during the year.
- XXI. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

CA. R MAHADEVAN
Partner
Membership No.27497
Firm Regn. No.000960S

Coimbatore
24.05.2014

K G DENIM LIMITED

BALANCE SHEET AS AT 31st MARCH 2014

PARTICULARS	NOTE NO.	AS AT 31.03.2014	AS AT 31.03.2013
(Rs.in lakhs)			
I. EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS			
(a) Share Capital	1	2566.51	2566.51
(b) Reserves and Surplus	2	4197.02	3762.04
(c) Money received against share warrants		-	-
2 SHARE APPLICATION MONEY PENDING ALLOTMENT			
3 NON-CURRENT LIABILITIES			
(a) Long-term Borrowings	3	3891.13	4216.45
(b) Deferred Tax Liabilities (Net)	4	1272.81	1302.00
(c) Other Long-term Liabilities	5	240.00	254.96
(d) Long-term Provisions	6	222.64	226.22
4 CURRENT LIABILITIES			
(a) Short-term Borrowings	7	6561.91	5638.23
(b) Trade Payables	8	12314.45	10664.55
(c) Other Current Liabilities	9	2763.52	2411.64
(d) Short-term Provisions	10	239.64	238.80
TOTAL		34269.63	31281.40
II. ASSETS			
1 NON-CURRENT ASSETS			
(a) Fixed Assets	11		
(i) Tangible Assets		12041.35	11198.64
(ii) Capital Work-in-Progress		715.05	479.41
(b) Non-Current Investments	12	536.84	553.27
(c) Long-term Loans and Advances	13	1152.13	361.17
2 CURRENT ASSETS			
(a) Inventories	14	11238.98	11037.53
(b) Trade Receivables	15	4244.06	3785.81
(c) Cash and Cash Equivalents	16	894.62	837.07
(d) Short-term Loans and Advances	17	1793.59	1863.22
(e) Other Current Assets	18	1653.01	1165.28
TOTAL		34269.63	31281.40

The notes form an integral part of these financial statements

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

CA. R MAHADEVAN
Partner

Coimbatore
24th May, 2014

Membership No.27497
Firm Regn. No.000960S

KG BAALAKRISHNAN
Executive Chairman

S MUTHUSWAMY
Director & Company Secretary

B SRIRAMULU
Managing Director

B SRIHARI
Managing Director

K G DENIM LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2014

PARTICULARS	NOTE NO.	31.03.2014	31.03.2013
(Rs.in lakhs)			
I. Revenue from operations	19	59186.46	51482.77
II. Other Income	20	309.05	363.15
III. Total Revenue (I+II)		59495.51	51845.92
IV. Expenses:			
Cost of materials consumed	21	36917.61	30208.77
Purchases of Stock-in-Trade	22	3.97	0.06
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	(787.65)	(653.71)
Other Manufacturing Expenses	24	12728.60	11387.68
Employee Benefits Expenses	25	2698.25	2331.07
Finance Costs	26	2805.15	2576.30
Depreciation and Amortization Expense		1334.60	1191.70
Other Expenses	27	2786.16	2457.33
Total Expenses		58486.69	49499.20
V. Profit before exceptional and extraordinary items and tax (III-IV)		1008.82	2346.72
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V-VI)		1008.82	2346.72
VIII. Extraordinary Items:		-	-
IX. Profit before tax (VII-VIII)		1008.82	2346.72
X. Tax Expense :			
(1) Current Tax		379.43	779.91
(2) MAT Credit Entitlement		-	10.66
(3) Deferred Tax		(29.20)	3.36
		350.23	793.93
XI. Profit for the period from continuing operations (IX-X)		658.59	1552.79
XII. Profit from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit from discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit for the period (XI + XIV)		658.59	1552.79
XVI. Earnings per equity share			
(1) Basic		2.57	6.05
(2) Diluted		2.57	6.05
Weighted Number of Equity Shares		25653905	25653905

The notes form an integral part of these financial statements

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

CA. R MAHADEVAN
Partner

Coimbatore
24th May, 2014

Membership No.27497
Firm Regn. No.000960S

KG BAALAKRISHNAN
Executive Chairman

S MUTHUSWAMY
Director & Company Secretary

B SRIRAMULU
Managing Director

B SRIHARI
Managing Director

K G DENIM LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014

PARTICULARS	31.03.2014	31.03.2013
	(Rs. in lakhs)	
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax and extraordinary items	1008.82	2346.72
Adjustments for:		
Depreciation	1334.60	1191.70
Profit on sale of assets	9.81	0.27
Dividend Received	-0.45	-0.32
Interest Charges	2805.15	2576.30
Operating Profit before working capital changes	5157.93	6114.67
Adjustments for:		
Trade and other receivables	-458.25	-1410.87
Inventories	-201.45	-855.09
Loans & Advances	-721.33	-315.56
Other Current Assets	-487.73	-257.36
Trade and other payables	1984.08	2485.93
Cash generated from operations	5273.25	5761.72
Cash flow before extraordinary items	5273.25	5761.72
Extraordinary items	-	-
Cash flow after extraordinary items	5273.25	5761.72
Income Tax	-379.43	-790.57
Net cash from operating activities	4893.82	4971.15
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Withdrawn / Sale of fixed assets	15.63	7.22
Acquisitions of fixed assets	-2438.38	-2868.07
Dividend received	0.45	0.32
Investments	16.43	20.04
Net cash used in investing activities	-2405.87	-2840.49
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Provision for Equity Dividend	-192.40	-192.40
Distribution Tax on Equity Dividend	-31.21	-31.21
Long Term Borrowings from Banks	-325.32	-220.28
Short Term Borrowings from Banks	923.68	1061.34
Interest paid	-2805.15	-2576.30
Net cash used in financing activities	-2430.40	-1958.85
Net Increase in cash and cash equivalents	57.55	171.81
Cash and cash equivalents as at 1st April, 2013 (Opening Balance)	837.07	665.26
Cash and cash equivalents as at 31st March, 2014 (Closing Balance)	894.62	837.07

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

CA. R MAHADEVAN
Partner

Coimbatore
24th May, 2014

Membership No.27497
Firm Regn. No.000960S

KG BAALAKRISHNAN
Executive Chairman

S MUTHUSWAMY
Director & Company Secretary

B SRIRAMULU
Managing Director

B SRIHARI
Managing Director

K G DENIM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
Note 1 - Share Capital (Rs.in lakhs)		
Authorised		
31000000 Equity Shares of Rs.10 each	3100.00	3100.00
1000000 10% Cumulative Redeemable Preference Shares of Rs.100 each	1000.00	1000.00
Issued		
25691305 Equity Shares of Rs.10 each	2569.13	2569.13
Subscribed & Paid up		
25653905 Equity Shares of Rs.10 each, fully paid	2565.39	2565.39
Forfeited Shares		
(Amount originally paid up)	1.12	1.12
	<u>2566.51</u>	<u>2566.51</u>

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	31.03.2014	31.03.2013
Shares outstanding at the beginning of the year 25653905 Number	2565.39	2565.39
Shares outstanding at the end of the year 25653905 Number	2565.39	2565.39

Shares in the company held by each shareholder holding more than 5 percent shares

Name of the Shareholder	31.03.2014		31.03.2013	
	No.of Shares held	% of Holding	No.of Shares held	% of Holding
Sri Kannapiran Mills Limited	3065183	11.95	3065183	11.95
Shri KG Baalakrishnan	2578560	10.05	2578560	10.05
Shri B Srihari	2231859	8.70	2231859	8.70
Shri B Sriramulu	2208659	8.61	2208659	8.61
Smt B Sathyabama	1886500	7.35	1886500	7.35

Terms and Conditions of Equity Shares :

The Company has only one class of Equity Shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share.

In the event of liquidation the Equity Shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion of their shareholding.

There are no shares allotted as fully paid without payments being received in cash, bonus shares or shares bought back.

Note 2 - Reserves and Surplus

a. Securities Premium Reserves		
Opening Balance	444.44	444.44
Add : Addition / Deletion	-	-
Closing Balance	<u>444.44</u>	<u>444.44</u>
b. Other Reserves		
General Reserve		
Opening Balance	1555.71	1555.71
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<u>1555.71</u>	<u>1555.71</u>
c. Surplus		
Opening Balance	1761.89	432.71
(+) Net Profit for the current year	658.59	1552.79
(+) Transfer from Reserves	-	-
(-) Proposed Equity Dividend	192.40	192.40
(-) Tax on Proposed Equity Dividend	31.21	31.21
(-) Transfer to Reserves	-	-
Closing Balance	<u>2196.87</u>	<u>1761.89</u>
Total	<u>4197.02</u>	<u>3762.04</u>

Dividend proposed to be distributed to Equity Shareholders is Rs.0.75 (Previous Year - Rs.0.75) per Equity Share.

K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
(Rs.in lakhs)		
Note 3 - Long-Term Borrowings		
Secured		
(a) Term Loans		
Indian Rupee Loan	-	-
From Banks (Secured)	3624.33	4193.24
From Others-House property loan from HDFC Limited	221.40	-
(b) Long term maturities of finance lease obligations (Secured by Vehicles on Hire Purchase Loan)	45.40	23.21
There is no case of continuing default as on the Balance Sheet date in repayment of loans and interest		
Total	3891.13	4216.45

Security Clause

Bank borrowings of Term Loan

Term loans from Indian Bank (IB), Bank of India (BOI) and Indian Overseas Bank (IOB) are secured by first pari passu charge on (a) all immovable properties situated in (i) 102.1897 acres of land at Jadayampalayam, Alangombu and Karamadai villages in Mettupalayam Taluk, Coimbatore District, Tamil Nadu and (ii) 2155.62 sq. meters of land at Amdha Village, Dharampur Taluk, Valsad District, Gujarat through equitable mortgage created with Indian Bank and (b) all plant and machineries including machineries and other movable fixed assets (excluding vehicles charged to financiers) acquired for the Expansion cum Diversification Scheme (ECDS) and New Capex Plan through Deed of Hypothecation.

Term loan from State Bank of Hyderabad and Term loan I from State Bank of India are secured by a first pari passu charge on (a) immovable properties in 48.5872 acres of land at Jadayampalayam, Alangombu and Karamadai Village in Mettupalayam Taluk, Coimbatore District, Tamilnadu and (b) all plant and machineries and other movable assets (excluding vehicles charged to financiers) acquired for the Expansion cum Diversification Scheme (ECDS) through Deed of Hypothecation.

Term loan II from State Bank of India is secured by a first pari passu charge on all plant and machineries acquired for the Modernisation cum Expansion Scheme (MCES) through Deed of Hypothecation.

Power Plant Term Loan from Indian Bank Rs.1480 lakhs, Bank of India Rs.1480 lakhs & The South Indian Bank Limited Rs.1470 lakhs are secured by pari passu first charges on Assets relating to power plant project and pari passu second charges on current assets of the companies.

Indian Bank is holding the original title deeds on its own behalf and on behalf of other Banks. Term loans are also guaranteed by Shri KG Baalakrishnan, Executive Chairman.

The company has availed four Term loans from Indian Bank and loan outstanding is - Term loan I Rs.Nil, Term loan II Rs. Nil Term Loan III Rs.770.07 Lakhs and Term Loan IV Rs.226.73 lakhs (Previous year 375.46 lakhs, Rs.122.54 lakhs Rs.145.55 lakhs & Nil). Term Loan I is repayable in 32 quarterly installments commencing from 05.04.2007. Last Installment is due on 05.01.2015. Rate of Interest 13.00% p.a. as at year end.(Previous year 13.25% P.a.). Term Loan II is repayable in 90 monthly installments commencing from 15.10.2007. Last Installment is due on 15.03.2015. Rate of Interest 13.50% p.a. as at year end.(Previous year 13.75% p.a). Term Loan III is repayable in 60 monthly installments commencing from 01.09.2013. Last installment is due on 01.08.2018. Rate of Interest 13.50% p.a.as at year end. (Previous year 14.00% p.a). Term Loan IV is repayable 72 monthly installments commencing from 03.10.2015. Last installment is due on 03.10.2021. Rate of Interest 12.25% p.a as at year end.

The company has availed four term loans from Bank of India and loan outstanding is - Term Loan I Rs.Nil, Term Loan II Rs Nil Term Loan III Rs.908.56 lakhs & Term Loan IV Rs.238.28 lakhs (Previous year Rs.317.90 lakhs, Rs.92.39 lakhs Rs.974.53 lakhs & Nil). Term Loan I is repayable in 32 quarterly installments commencing from 07.04.2007. Last Installment is due on 07.01.2015. Rate of Interest 13.50% p.a. as at year end.(Previous year 14.50% p.a.). Term Loan II is repayable in 87 monthly installments commencing from 15.10.2007. Last Installment is due on 15.12.2014. Rate of Interest 13.50% p.a. as at year end.(Previous year 14.50% p.a). Term Loan III is repayable in 60 monthly installments commencing from 01.07.2014. Last installment is due on 01.06.2019. Rate of Interest 13.50% p.a as at year end.(Previous year 14.50% p.a). Term Loan IV is repayable 96 monthly installments commencing from 25.12.2015.Last installment is due on 25.12.2023. Rate of Interest 12.25% p.a as at year end.

The company has availed two term loans from State Bank of India and loan outstanding is - Term Loan I for Rs.Nil & Term Loan II for Rs.849.34 lakhs (Previous year Rs.269.43 lakhs & Rs.949.33 lakhs). Term Loan I is repayable in 31 quarterly installments commencing from 08.09.2007. Last Installment is due on 08.03.2015. Rate of Interest 13.5% p.a. as at year end.(Previous year 14.50% p.a.).Term Loan II is repayable in 60 monthly installments commencing from 01.04.2013. Last Installment is due on 01.03.2018. Rate of Interest 13.35% p.a. as at year end.(Previous year 14.40% p.a)

The company has availed a term loan from State Bank of Hyderabad and loan outstanding is Rs.Nil (Previous year Rs.249.05 lakhs). Term Loan is repayable in 29 quarterly installments commencing from 21.09.2007. Last Installment is due on 21.03.2015. Rate of Interest 13.95% p.a. as at year end.(Previous year 14.25% p.a.).

The company has availed two term loans from Indian Overseas Bank and loan outstanding is- Term loan I Rs.187.54 lakhs (Previous year Rs.295.36 lakhs) is repayable in 20 quarterly installments commencing from 19.06.2012. Last Installment is due on 19.03.2017. Rate of Interest 14.00% p.a. as at year end.(Previous year 14.50% p.a.) and Term loan II Rs.256.43 lakhs (Previous year Rs.401.69 lakhs) is repayable in 60 monthly installments commencing from 28.04.2012. Last Installment is due on 28.03.2017. Rate of Interest 14.25% p.a. as at year end.(Previous year 14.75% p.a.)

The company has availed a term loan from The South Indian Bank Ltd and loan outstanding is- Rs.238.30 lakhs (Previous year Rs.Nil). Term Loan is repayable in 84 quarterly installments commencing from 25.12.2015. Last Installment is due on 25.12.2022. Rate of Interest 12.25% p.a. as at year end.

Term Loan from others :

HDFC Ltd Loan Rs. 230 lakhs for Mumbai Office Premises - mortgage of the property - Office space in mumbai.

The company has availed a term Loan from HDFC Ltd and loan outstanding is Rs.170.43 lakhs (Previous year Rs.Nil). Term Loan is repayable in 84 quarterly installments commencing from 20.11.2014. Last Installment is due on 20.11.2021. Rate of Interest 13.50% p.a. as at year end.

K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
	(Rs. in lakhs)	
Note 4 - Deferred Tax Liabilities (Net)		
Value of Depreciation as per books of accounts & IT purpose (DT Liability)	1272.81	1302.00
Less: Carried forward loss (Deferred Tax Assets)	-	-
Net Deferred Tax Liability	<u>1272.81</u>	<u>1302.00</u>
Note 5 - Other Long -Term Liabilities		
(a) Trade Payables	-	-
(b) Others	-	-
(i) Buyer's Credit for Capital Goods	-	254.96
(ii) Unsecured Loan from Promoter Director	240.00	-
Total	<u>240.00</u>	<u>254.96</u>
Note 6 - Long-Term Provisions		
(a) Provision for employee benefits Gratuity (unfunded)	222.64	226.22
(b) Others	-	-
Total	<u>222.64</u>	<u>226.22</u>
Note 7 - Short-Term Borrowings		
Secured		
(a) Loans repayable on demand Working Capital Loan from Banks (Secured)	6561.91	5638.23
There are no cases of default in repayment of loan and interest as on date of Balance Sheet		
Total	<u>6561.91</u>	<u>5638.23</u>
<p>Working capital facilities from Indian Bank Consortium (Indian Bank, Bank of India, Allahabad Bank and State Bank of India) are secured by a first pari passu charge on the whole of the current assets through Deed of Hypothecation and second pari passu charge on (a) all the immovable properties situated in (i) 102.1897 acres of land at Jadayampalayam, Alangombu and Karamadai Villages in Mettupalayam Taluk, Coimbatore District, Tamil Nadu and (ii) 2155.62 sq. meters of land at Amdha Village, Dharampur Taluk, Valsad District, Gujarat through equitable mortgage created with Indian Bank and (b) all plant and machineries (excluding vehicles charged to financiers) through Deed of Hypothecation. The entire working capital facilities are also guaranteed by Shri KG Baalakrishnan, Executive Chairman.</p>		
Note 8 - Trade Payables		
For Goods Purchased	10528.09	9323.91
For Services Received	1786.36	1340.64
Total	<u>12314.45</u>	<u>10664.55</u>
Note 9 - Other Current Liabilities		
(a) Current maturities of long-term debt-Secured (See Note 3)	2002.21	1828.28
(b) Current maturities of finance lease obligations	70.85	47.79
(c) Interest accrued and due on borrowings	42.76	55.42
(d) Customer Credit Balance	33.45	147.54
(e) Security Deposits	3.30	3.30
(f) Duties and Taxes	59.34	77.91
(g) Creditors for Capital Goods	532.66	176.55
(h) Unpaid (Unclaimed) Equity Dividend	18.95	10.12
(i) Credit Balance in Scheduled Banks(Current Account)	-	64.73
Total	<u>2763.52</u>	<u>2411.64</u>
Note 10 - Short-Term Provisions		
(a) Provision for employee benefits Gratuity (unfunded)	13.42	12.49
(b) Others		
Income Tax Provision (Net of Advance Tax)	-	-
Wealth Tax Provision	2.61	2.70
Proposed Equity Dividend	192.40	192.40
Tax on Proposed Equity Dividend	31.21	31.21
Total	<u>239.64</u>	<u>238.80</u>

K G DENIM LIMITED

Note 11 - Fixed Assets

(Rs. in lakhs)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION					NET BLOCK		
	Balance as at 1st April, 2013	Additions	Disposals	Brought into use	Balance as at 31st March, 2014	Balance as at 1st April, 2013	Depreciation charge for the year	Adjustment due to revaluations	On Disposals	Balance as at 31st March, 2014	Balance as at 31st March, 2014	Balance as at 31st March, 2013
(a) Tangible Assets												
Land	390.69	-	-	-	390.69	-	-	-	-	-	390.69	390.69
Buildings	3404.49	816.54	-	-	4221.03	908.00	111.12	-	-	1019.12	3201.91	2496.49
Plant & Equipment	19419.13	1261.19	56.72	-	20623.60	11918.96	1112.48	-	39.92	12991.52	7632.08	7500.17
Electrical Machinery	977.06	8.92	-	-	985.98	612.44	46.29	-	-	658.73	327.25	364.62
Furniture & Fixtures	141.51	8.34	-	-	149.85	68.43	7.73	-	-	76.16	73.69	73.08
Vehicles	399.59	82.29	24.36	-	457.52	166.47	37.96	-	15.72	188.71	268.81	233.12
Office Equipment	516.84	25.47	-	-	542.31	376.37	19.02	-	-	395.39	146.92	140.47
Others (specify nature)	-	-	-	-	-	-	-	-	-	-	-	-
Total	25249.31	2202.75	81.08	-	27370.98	14050.67	1334.60	-	55.64	15329.63	12041.35	11198.64
Previous Year	22221.65	3052.46	24.80	-	25249.31	12876.28	1191.70	-	17.31	14050.67	11198.64	9345.37
(b) Intangible Assets												
Total	-	-	-	-	-	-	-	-	-	-	-	-
(c) Capital work in Progress												
Total	479.41	1543.77	-	1308.13	715.05	-	-	-	-	-	715.05	479.41
Previous Year	663.81	1300.62	-	1485.02	479.41	-	-	-	-	-	479.41	663.81
Grand Total	25728.72	3746.52	81.08	1308.13	28086.03	14050.67	1334.60	-	55.64	15329.63	12756.40	11678.05
Previous Year	22885.46	4353.08	24.80	1485.02	25728.72	12876.28	1191.70	-	17.31	14050.67	11678.05	10009.18

Note: Building includes Prayer Hall and Gold Plating thereon of Rs. 132.69 lakhs in Gross Block, Rs. 16.22 lakhs in Depreciation Block and Rs. 116.46 lakhs in Net Block (Previous Year Rs. 132.69 lakhs in Gross Block, Rs. 14.06 lakhs in Depreciation Block and Rs. 118.63 lakhs in Net Block).

Furniture & Fittings includes Prayer Hall of Rs. 13.89 lakhs in Gross Block, Rs. 5.38 lakhs in Depreciation Block and Rs. 8.51 lakhs in Net Block (Previous Year Rs. 13.89 lakhs in Gross Block, Rs. 4.50 lakhs in Depreciation Block and Rs. 9.39 lakhs in Net Block)

Note 12 - Non-Current Investments

31.03.2014

Rs. in lakhs

31.03.2013

A Non-Trade Investments

Equity (Quoted)

- i Allahabad Bank - 5,265 Equity Shares of Rs.10/- each

4.32

4.32

Total-A

4.32

4.32

B Equity Investments

I Trade Investments (Subsidiary Companies)

- i Trigger Apparels Limited-Wholly Owned Subsidiary
20,00,000 Equity Shares of Rs.10/- each-Un quoted

200.00

200.00

- ii KG Denim (USA) Inc.-Wholly Owned Subsidiary-Un quoted

0.42

0.38

Sub-total

200.42

200.38

II Trade Investments (Associates)

- i KG Fabriks Limited
32,70,000 Equity Shares of Rs.10/- each-Un quoted

327.00

327.00

- ii Sri Kannapiran Mills Limited
4,588 Equity Shares of Rs.10/- each-Quoted

0.46

0.46

Sub-total

327.46

327.46

III Trade Investments (Others)

- i Clover Energy Private Limited
1,64,750 Equity Shares of Rs.10/- each-Un quoted
(Previous Year 3,81,700 Equity Shares of Rs.10/-)

-

16.47

- ii TVH Energy Resource Pvt. Limited
30,000 Equity Shares of Rs.10/- each-Un quoted

3.00

3.00

- iii Prakash Power Pvt. Limited
4,420 Equity Shares of Rs.10/- each-Un quoted

0.44

0.44

- iv I Energy Winds Farms (Theni) P Limited
2,003 Equity Shares of Rs.10/- each-Un quoted

0.20

0.20

- v Cotton Sourcing Company Limited
10,000 Equity Shares of Rs.10/- each-Un quoted

1.00

1.00

Sub-total

4.64

21.11

Total (B - I+II+III)

532.52

548.95

Grand Total (A+B)

536.84

553.27

Less : Provision for diminution in the value of investments

-

-

Total

536.84

553.27

Aggregate amount of quoted investments

4.78

4.78

Market value of quoted investments

6.86

7.12

Aggregate amount of unquoted investments

532.06

548.49

K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
(Rs. in lakhs)		
Note 13 - Long-Term Loans and Advances		
a. Capital Advances		
Advance for Capital Goods-Un secured considered good	1115.20	296.17
Others	-	-
	<u>1115.20</u>	<u>296.17</u>
b. Security Deposits		
Security Deposits - Un secured considered good	32.73	61.62
	<u>32.73</u>	<u>61.62</u>
c. Loans and advances to related parties		
Advance to Subsidiary company-KG Denim (USA) Inc.	4.20	3.38
- Un secured considered good	-	-
	<u>4.20</u>	<u>3.38</u>
Total	<u>1152.13</u>	<u>361.17</u>

Note 14 - Inventories

a. Raw Materials and components	3658.19	4141.34
Goods-in transit-Grey Fabrics	-	-
	<u>3658.19</u>	<u>4141.34</u>
b. Work-in-progress	1522.29	1629.44
Goods-in transit	-	-
	<u>1522.29</u>	<u>1629.44</u>
c. Finished Goods	5480.64	4156.46
Goods-in transit-Fabrics	153.00	582.38
	<u>5633.64</u>	<u>4738.84</u>
d. Stock-in-trade	-	-
Goods-in transit	-	-
	<u>-</u>	<u>-</u>
e. Stores and Spares	414.03	517.88
Goods-in transit	-	-
	<u>414.03</u>	<u>517.88</u>
f. Others (Specify nature)		
Stock of Waste	10.83	10.03
	<u>10.83</u>	<u>10.03</u>
Total	<u>11238.98</u>	<u>11037.53</u>

Mode of Valuation : Refer Note 28.2 in Significant Accounting Policies

Details of Raw Materials

Cotton	101.43	160.30
Yarn	1616.90	1542.66
Grey Fabric / Fabric	1133.95	1221.03
Fibre	472.40	801.54
Chemicals	288.75	341.27
Accessories	44.76	74.54
Total	<u>3658.19</u>	<u>4141.34</u>

K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
(Rs. in lakhs)		
Details of Work-in-process		
Cotton Yarn and Processed Fabric	1189.32	1522.10
Fibre Yarn and Processed Fabric	332.97	107.34
Total	<u>1522.29</u>	<u>1629.44</u>
Details of Finished Goods		
Fabric	4356.32	2928.61
Garments	521.63	687.10
Home Textiles	516.18	449.79
Terry Towels	86.51	90.96
Total	<u>5480.64</u>	<u>4156.46</u>
Note 15 - Trade Receivables		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	35.59	95.26
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	4208.47	3690.55
Total	<u>4244.06</u>	<u>3785.81</u>
Note 16 - Cash and Cash Equivalents		
a. Balances with banks	180.43	160.58
b. Cheques, drafts on hand	8.83	-
c. Cash on hand	28.33	7.31
d. Other Bank Balances		
Unclaimed Dividend Account	18.95	10.12
e. Others		
EEFC Deposits	0.88	0.80
Margin Money Deposits	657.20	658.26
Total	<u>894.62</u>	<u>837.07</u>

K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
	(Rs.in lakhs)	
Note 17 - Short-term loans and advances		
Unsecured, considered good		
Advance Recoverable in Cash or in kind or for value to be received		
For Material Purchase	1318.59	1378.25
For Expenses / Others	134.41	144.57
For Duties & Taxes	208.69	186.67
Prepaid Expenses	131.90	153.73
Total	<u>1793.59</u>	<u>1863.22</u>
Note 18 - Other Current Assets		
Export Incentives Receivable	1347.29	1011.91
Excise Claim Receivable	34.19	34.19
Interest Subsidy from Govt. Agencies	253.53	112.21
Interest Receivable	18.00	6.97
Total	<u>1653.01</u>	<u>1165.28</u>
	31.03.2014	31.03.2013
	(Rs.in lakhs)	
Note 19 - Revenue from Operations		
Sale of Products	58185.63	50492.71
Sale of Services - Job Work (TDS Rs. 12,07,456/-)	621.19	560.78
Other Operating Revenues : Waste Cotton / Yarn / Accessories Sales	379.64	433.79
<u>Less:</u>		
Excise Duty	-	4.51
Total	<u>59186.46</u>	<u>51482.77</u>
Details of Sale of Products		
Fabrics	40853.82	38578.00
Garments	5756.41	4396.43
Home Textiles	11105.28	6343.42
Terry Towel	470.12	1174.86
Total	<u>58185.63</u>	<u>50492.71</u>
Note 20 - Other Income		
Interest Income (TDS Rs.5,23,123/-)	53.67	59.23
Interest Subsidy received	231.82	221.05
Dividend Income	0.45	0.32
Lease Rent Receipts (TDS Rs.9,600/-)	0.96	3.84
Insurance Claim Received	3.27	20.24
Exchange Gain on Export Sales	13.06	23.92
Other non-operating income (net of expenses directly attributable to such income)	5.82	34.55
Total	<u>309.05</u>	<u>363.15</u>

K G DENIM LIMITED

PARTICULARS	31.03.2014	31.03.2013
(Rs. in lakhs)		
Note 21 - Cost of Materials Consumed		
Opening Stock	4141.34	3860.06
Purchases	<u>36434.46</u>	<u>30490.05</u>
Sub-total	40575.80	34350.11
Less : Closing Stock	<u>3658.19</u>	<u>4141.34</u>
Raw Materials Consumed	<u>36917.61</u>	<u>30208.77</u>
Imported and Indigenous Raw Materials consumed		
Imported	2340.26	2988.20
Indigenous	<u>34577.35</u>	<u>27220.57</u>
Total	<u>36917.61</u>	<u>30208.77</u>
Details of Raw Material Consumed		
Cotton	4887.34	3313.81
Yarn	13184.58	13083.59
Fibre	2224.34	1198.23
Fabrics	10228.21	7431.21
Chemicals	4470.28	3734.78
Accessories	<u>1922.86</u>	<u>1447.15</u>
Total	<u>36917.61</u>	<u>30208.77</u>
Note 22 - Purchases of Stock-in-Trade		
Garments Purchase	<u>3.97</u>	<u>0.06</u>
Total	<u>3.97</u>	<u>0.06</u>
Note 23 - Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade		
Opening Stock :		
Work-in-Process	1629.44	1176.34
Finished Goods	4738.84	4538.23
Traded Items	-	-
	<u>6368.28</u>	<u>5714.57</u>
Closing Stock :		
Work-in-Process	1522.29	1629.44
Finished Goods	5633.64	4738.84
Traded Items	-	-
	<u>7155.93</u>	<u>6368.28</u>
Total	<u>(787.65)</u>	<u>(653.71)</u>
Note 24 - Other Manufacturing Expenses		
(a) Power & Fuel	4443.46	3989.10
(b) Consumptions of Stores & Spare Parts	264.88	217.07
(c) Processing Charges	6317.92	5599.66
(d) Repairs & Maintenance		
For Plant & Machinery	1176.14	1122.26
For Buildings	171.60	164.52
For Others	<u>354.60</u>	<u>295.07</u>
Total	<u>12728.60</u>	<u>11387.68</u>
Imported and Indigenous Stores & Spare Parts Consumed		
Imported	174.95	163.47
Indigenous	<u>89.93</u>	<u>53.60</u>
Total	<u>264.88</u>	<u>217.07</u>

K G DENIM LIMITED

PARTICULARS	31.03.2014	31.03.2013
Note 25 - Employee Benefits Expenses (Rs.in lakhs)		
(a) Salaries and Wages	2285.60	1922.79
(b) Salaries-Managing Directors/Whole Time Directors	132.89	156.76
(c) Contributions to Provident Fund and Other Funds	95.75	83.18
(d) Gratuity as per Actuarial Valuation	5.39	46.69
(e) Staff Welfare Expenses	178.62	121.65
Total	<u>2698.25</u>	<u>2331.07</u>
Note 26 - Finance Costs		
Interest Expense	2405.62	2238.96
Other Borrowing Costs	399.53	333.67
Applicable Net Gain/Loss on Foreign Currency Transactions and Translation	-	3.67
Total	<u>2805.15</u>	<u>2576.30</u>
Note 27 - Other Expenses		
Rent	63.20	56.10
Insurance	119.19	83.97
Rates and Taxes, excluding, Taxes on Income	113.33	75.63
Payments to the Auditor as		
a) As Statutory Auditor	2.53	2.25
b) For Taxation Matters	1.40	0.67
c) For Other Services	0.09	1.28
Legal, Professional & Consultancy Charges	49.86	30.60
Printing and Stationery	46.30	58.70
Postage, Telegrams and Telephones	125.21	120.28
Travelling Expenses and Maintenance of Vehicles	374.08	314.55
Director Sitting Fees	3.35	3.40
Software Maintenance Expenses	39.78	42.90
Brokerage	37.11	17.51
Commission on Sales	533.14	411.64
Discount on Sales	230.39	271.52
Selling Expenses	313.41	352.74
Freight Outwards	489.37	400.83
Exchange Loss on Export Sales	9.75	21.50
Prayer Hall Repairs and Maintenance	20.90	33.67
Bad Debts Written Off	44.38	12.78
Miscellaneous Expenses	159.58	144.54
Loss on Sale of Fixed Assets	9.81	0.27
Total	<u>2786.16</u>	<u>2457.33</u>

NOTE 28

SIGNIFICANT ACCOUNTING POLICIES

28.1 DISCLOSURE AND BASIS OF ACCOUNTING

- a) The financial statements have been prepared under the historical cost convention which is in accordance with the generally accepted accounting principles and provisions of the Companies Act, 1956. The Company has complied with the Accounting Standards prescribed by the Institute of Chartered Accountants of India and as referred u/s 211 (3C) of the Companies Act, 1956.
- b) The Company has been consistently following the accrual basis of accounting in respect of its Income and Expenditure.
- c) The Accounts are prepared on the basis of going concern concept.
- d) The presentation of financial statements require estimates and assumptions to be made which affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenue and expenditure during the reporting period.

28.2 VALUATION OF INVENTORIES

Inventories are valued at the lower of cost and net realizable value. Waste stock is valued at net realizable value. The cost formula used for different inventories are as follows.

- | | | |
|--|---|----------------------------------|
| i) Cotton | - | On specific identification basis |
| ii) Grey Fabrics, Chemicals, Stores & Spares | - | At weighted average cost. |
| iii) Yarn, Finished Goods & Process Stock | - | At average cost. |

28.3 CASH FLOW STATEMENT

The Cash Flow Statement is prepared under indirect method as per the Institute of Chartered Accountants of India guidelines.

28.4 CONTINGENT LIABILITY

- a) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.
- b) Contingent liability in respect of show cause notice received are considered only when they are converted into demand.

28.5 NET PROFIT FOR THE PERIOD AND PRIOR PERIOD ITEMS

- a) All items of income and expenses pertaining to the year are included in arriving at the net profit for the period unless specifically mentioned elsewhere in the financial statement or as required by Accounting Standards.
- b) Prior period items are disclosed separately in the Statement of Profit & Loss .

28.6 DEPRECIATION ACCOUNTING

Depreciation on fixed assets has been provided under straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956. The Company uses both continuous process machines and general plant & machinery and other assets for which the respective applicable rates of depreciation as prescribed under Schedule XIV have been adopted.

28.7 RESEARCH AND DEVELOPMENT

Revenue expenditure, including overheads on Research and Development is charged out as an expense through the natural heads of account in the year in which incurred.

28.8 REVENUE RECOGNITION

- a) Revenue from sale transactions is recognized as and when the property in the goods sold is transferred to the buyer for a definite consideration and there is no uncertainty regarding the amount of consideration or collectability.
- b) Sales are reported at net of Sales Tax and Cess.
- c) Export sales are accounted inclusive of export benefits.
- d) Export incentives under DEPB license are accounted on accrual basis.
- e) Other incomes are also accounted on accrual basis.

28.9 ACCOUNTING FOR FIXED ASSETS

Fixed Assets are stated at cost of acquisition and / or construction. All costs relating to acquisition and installation of fixed assets are capitalized.

28.10 FOREIGN CURRENCY / CONVERSION / TRANSACTIONS

The export sales are converted at rates prevailing on the date of transaction, on the date of negotiation of export bills which approximates the actual rate prevailing on the date of the transaction and/or at forward contract rate, as the case may be. Foreign Currency liabilities are converted at the exchange rate prevailing on the last working day of the accounting year and/or on the forward Contractual rate, if so applicable. The net variation arising on account of such conversion in case of liabilities incurred for acquisition of fixed assets and other variations are charged to the statement of profit and loss. Monetary assets are converted at the exchange rate prevailing on the last day of the accounting year.

28.11 ACCOUNTING FOR INVESTMENTS

Long term investments are shown at cost. Permanent diminution in value, if any, will be written off in the year of diminution.

28.12 ACCOUNTING FOR EMPLOYEE RETIREMENT BENEFITS

- a) Contribution to Provident Fund has been made to the respective authorities.
- b) Short term employee benefits (other than termination benefits) which are payable within 12 months after the end of the period in which the employees render service are accounted on accrual basis. Company's contributions paid / payable during the year to Provident Fund and ESIC are recognized in the statement of profit and loss. All leave encashment dues for the year are settled within the same year.
- c) Gratuity liability as per the Actuarial Valuation has been provided in the accounts as at the year end.

28.13 BORROWING COSTS

Borrowing costs that are attributable to the acquisition of construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

K G DENIM LIMITED

28.14 RELATED PARTY DISCLOSURES

The related party transactions are disclosed in the notes on accounts as per the Institute of Chartered Accountants of India guidelines.

28.15 EARNING PER SHARE

The Earnings considered in ascertaining the Company's earnings per share comprises of Net Profit after tax and includes post tax adjustments, prior period and extra-ordinary items.

28.16 ACCOUNTING FOR TAXES ON INCOME

Deferred tax arising out of timing differences between book and tax profits is accounted under liability method at current rate of tax to the extent the timing difference is to be crystallized.

28.17 RECOGNITION OF IMPAIRMENT OF ASSETS

The company recognises impairment losses in the year in which the assets are identified as impaired. Impairment losses are measured as the excess of carrying amount of an asset over its recoverable amount. The recoverable amount of an asset is the higher of an asset's net selling price and its value in use.

NOTE 29

CONTINGENT LIABILITY

	2013 - 2014	2012 - 2013
	(Rs.in Lakhs)	
a) Bills discounted with banks	4228.74	4047.88
b) Estimated amount of contracts remaining to be executed in capital account and not provided for	2089.74	958.48
c) Disputed Excise / Customs Duties	981.25	631.05
d) Disputed Income Tax	154.00	154.00
e) Guarantees given to Bank for loan to subsidiary	651.00	651.00
f) Guarantees given on behalf of Associates for fulfillment of their Export obligation under EPCG Scheme	300.00	300.00

NOTE 30

The Company has investment of Rs.200 lakhs in the shares of M/s Trigger Apparels Limited (TAL), a wholly owned subsidiary of the company. Further the company has receivables to the extent of Rs.1459 lakhs recoverable from TAL. The networth of TAL has eroded due to trading losses, However, considering the fact that the investment is strategic in nature and steps being taken by the company to improve the performance of TAL, no provision is considered necessary by the management for both diminution in value of shares and receivable.

K G DENIM LIMITED

NOTE 31 : GRATUITY

In accordance with the revised Accounting Standard AS - 15, details of actuarial provision are given below which is certified by the actuary and relied upon by the auditors though the company has provided the liability in accounts, to meet its liability from internal generation.

I. Principal Actuarial Assumptions	31.03.2014	31.03.2013
(Expressed as weighted averages)		
Discount Rate	9.10 %	8.10 %
Salary Escalation Rate	8.00 %	8.00 %
Attrition Rate	5.00 %	5.00 %
Expected Rate of Return on Plan Assets	0.00 %	0.00 %
II. Changes in the present value of the obligation (PVO) -	(Rs.lakhs)	(Rs.lakhs)
Reconciliation of Opening and Closing Balances		
PVO as at the beginning of the period	238.71	199.66
Interest Cost	19.01	16.84
Current Service Cost	33.88	45.74
Past Service Cost - (Non Vested Benefits)	0	0
Past Service Cost - (Vested Benefits)	0	0
Benefits Paid	(8.04)	(7.64)
Actuarial Loss / (Gain) on obligation (Balancing Figure)	(47.51)	(15.89)
PVO as at the end of the period	236.06	238.71
III. Changes in the fair value of plan assets -	(Rs.lakhs)	(Rs.lakhs)
Reconciliation of Opening and Closing Balances	0	0
Fair Value of plan assets as at the beginning of the period	0	0
Expected return on plan assets	0	0
Contributions	8.04	7.64
Benefits Paid	(8.04)	(7.64)
Actuarial Gain / (Loss) on plan assets (Balancing Figure)	0	0
Fair Value of plan assets as at the end of the period	0	0
IV. Actual return on plan assets	(Rs.lakhs)	(Rs.lakhs)
Expected return on plan assets	0	0
Actuarial Gain / (Loss) on plan assets	0	0
Actual return on plan assets	0	0
V. Actuarial Gain / Loss recognised	(Rs.lakhs)	(Rs.lakhs)
Actuarial Gain / (Loss) for the period - Obligation	47.51	15.89
Actuarial Gain / (Loss) for the period - plan assets	0	0
Total Gain / (Loss) for the period	(47.51)	(15.89)
Actuarial Gain / (Loss) recognised in the period	(47.51)	(15.89)
Unrecognised actuarial (Gain) / Loss at the end of the year	0	0
VI. Amounts recognised in the balance sheet and related analysis	(Rs.lakhs)	(Rs.lakhs)
Present Value of the obligation	236.06	238.71
Fair Value of plan assets	0	0
Difference	236.06	238.71
Unrecognised transitional liability	0	0
Unrecognised past service cost-non vested benefits	0	0
Liability recognised in the balance sheet	236.06	238.71
VII. Expenses recognised in the statement of profit and loss	(Rs.lakhs)	(Rs.lakhs)
Current Service Cost	33.88	45.74
Interest Cost	19.01	16.84
Expected return on plan assets	0	0
Net actuarial (Gain) / Loss recognised in the year	(47.51)	(15.89)
Transitional Liability recognised in the year	0	0
Past Service Cost - Non-Vested Benefits	0	0
Past Service Cost - Vested Benefits	0	0
Expenses recognised in the statement of profit and loss	5.39	46.69
VIII. Movements in the Liability recognised in the balance sheet	(Rs.lakhs)	(Rs.lakhs)
Opening net liability	238.71	199.66
Expense as above	5.39	46.69
Contribution paid	(8.04)	(7.64)
Closing net liability	236.06	238.71

K G DENIM LIMITED

Annexure to Notes on Accounts :

	31.03.2014	31.03.2013
	(Rs.in lakhs)	
32 Value of Imports on CIF basis		
I Raw Materials	1146.87	1433.26
II Chemicals	1161.50	1054.90
III Spares & Components	206.84	700.51
IV Capital Goods	524.58	1051.61
	3039.79	4240.28
33 Expenditure in Foreign Currency		
Commission	460.18	314.22
Advertisement and Trade Fair	59.61	46.58
Traveling etc.,	64.66	58.65
Testing Charges	6.75	4.39
Office Rent	17.70	14.24
	608.90	438.08
34 Earnings in Foreign Currency (FOB)		
Export of goods on Direct Export	23154.79	18331.42

35.1 Accounting Standard AS - 18 on "Related Party Disclosure"

(Rs.in lakhs)

Particulars	2013-2014				2012-2013			
	Subsidiary	Other Related Party	Key Management Personnel	Relative of Key Management Personnel	Subsidiary	Other Related Party	Key Management Personnel	Relative of key Management Personnel
Purchase of goods	3.83	84.34	-	-	6.93	14.80	-	-
Sale of goods	1501.72	115.69	-	-	1555.26	68.26	-	-
Processing Charges paid	-	2554.80	-	-	-	1733.82	-	-
Service Charges paid	-	39.77	-	-	-	42.87	-	-
Processing Charges Received	183.09	46.63	-	-	178.49	32.05	-	-
Rent Received	-	0.96	-	-	-	-	-	-
Loans and advances paid	0.82	-	-	-	0.51	-	-	-
Managerial Remuneration	-	-	120.93	11.96	-	-	142.40	14.36

35.2 Balance outstanding as on 31.03.2014

(Rs.in lakhs)

Particulars	2013-14				2012-2013			
	Subsidiary	Other Related Party	Key Management Personnel	Relative of Key Management Personnel	Subsidiary	Other Related Party	Key Management Personnel	Relative of key Management Personnel
Debtors	1458.84	43.99	-	-	1397.65	45.93	-	-
Creditors	-	673.89	-	-	-	173.13	-	-
Investments	200.42	327.46	-	-	200.38	327.46	-	-
Loans and advances	4.20	-	-	-	3.37	-	-	-

K G DENIM LIMITED

35.3 Note :

Subsidiary	Trigger Apparels Limited KG Denim (USA) Inc
Other Related Party	Sri Kannapiran Mills Limited Sri Balamurugan Textile Processing Limited KG Fabriks Limited
Key Management Personnel	Enterprise Telesys Limited Shri KG Baalakrishnan Shri B Sriramulu Shri B Srihari Shri S Muthuswamy Shri A Velusamy
Relative of Key Management Personnel	Smt T Anandhi (Daughter of Shri KG Baalakrishnan)

36 Segment Reporting: The Company operates as single reportable segment as Textiles. Hence, no separate segment reporting arises.

37 Pursuant to the Accounting Standard (AS-29) - Provisions, Contingent Liabilities and Contingent Assets, the disclosure relating to provisions made in the accounts for the year ended 31st March 2014 is as follows:

(Rs.in lakhs)

Particulars	Provision for Income Tax		Provision for Wealth Tax		Provision for Gratuity	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Opening Balance	-	25.66	2.70	2.52	238.71	199.65
Additions	379.43	779.91	2.61	2.70	5.39	46.69
Utilisation/Adv Tax						
Adjustments	379.43	805.57	-	-	8.05	7.63
Reversals	-	-	2.70	2.52	-	-
Closing Balance	-	-	2.61	2.70	236.05	238.71
Provided as Long Term Liability	-	-	-	-	222.64	226.22
Provided as Short Term Liability	-	-	-	-	13.42	12.49

38 a. Trade payables referred under Current Liability to Small Scale Industrial Units is complied on the information made available to the Company. (includes dues of Rs.96.08 lakhs of more than 30 days and exceeding Rs.1 lakh to the following parties: Sri Abirami Tubes Rs.22.11 lakhs, Nava Bharath Packaging Rs.9.73 lakhs, Acme Textiles Rs.7.23 lakhs, Asmaco Inds Rs.28.00 lakhs, Shree Traders Rs.1.53 lakhs, Coimbatore Sewing Machine Rs.1.51 Lakhs, Harini Packs Rs.4.59 Lakhs, Sri Guhan Packs Rs.19.35 Lakhs and Thirumalai & Co.Rs.2.03 lakhs).

b. In the absence of necessary information with the company, relating to the registration status of suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 the information required under the said Act could not be complied and disclosed.

39 The Company has assessed the recoverable value of its assets and which is higher than the carrying value, hence provision for impairment does not arise for the period.

40 The company has opted for full excise duty exemption on its products. Hence no liability for duty arises and no Cenvat benefit claimed on inputs for such goods. The opening and closing stock consequently does not bear any liability for excise duty for such goods.

41 Previous year's figures have been regrouped wherever necessary.

42 Figures have been rounded off to the nearest Lakhs.

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

CA. R MAHADEVAN
Partner

Coimbatore
24th May, 2014

Membership No.27497
Firm Regn. No.000960S

KG BAALAKRISHNAN
Executive Chairman

S MUTHUSWAMY
Director & Company Secretary

B SRIRAMULU
Managing Director

B SRIHARI
Managing Director

K G DENIM LIMITED

Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Company

1	Name of Subsidiary Company	Trigger Apparels Ltd.	KG Denim (USA) Inc.	
2	The Financial Year of the Subsidiary Companies ended on	31.03.2014	31.03.2014	
3	Date from which they became Subsidiary Companies	07.09.2005	06.07.2005	
4	a	Number of shares held by K G Denim Ltd. in the Subsidiary as at the end of the financial year of the Subsidiary	2000000 Equity Shares @ Rs.10/- each	700 Nos shares of Common Stock with no par value
	b	Extent of Interest of holding Company at the end of the financial year of the Subsidiary Companies	100%	100%
5	Net Aggregate amount, so far as it concerns members of K G Denim Ltd and is not dealt with in the Company's accounts, of the Subsidiary's Profit\Losses			
	a	Profit for the Subsidiary's Financial Year ended 31st March, 2014	Rs.15.46 Lakhs	Nil
	b	Loss for the previous years of the Subsidiary since it became the Subsidiary of K G Denim Ltd	Rs.437.49 Lakhs	Nil
6	Net aggregate amount of the profits \losses of the Subsidiary, so far as those profits\losses are dealt with, or provision is made for those losses in K G Denim Ltd's account			
	a	For the Subsidiary's financial year ended on 31st March, 2014	Nil	Nil
	b	For its previous financial years since it became the Subsidiary of K G Denim Ltd	Nil	Nil

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

CONSOLIDATED INDEPENDENT AUDITORS' REPORT

1 We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of K G Denim Limited ("the Company") and its subsidiaries, its jointly controlled entities and associate companies; hereinafter referred to as the "Group" (refer Note 1 to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at March 31, 2014, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

Management's Responsibility for the Consolidated Financial Statements.

2 The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3 Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

5 Out of the two subsidiary companies, we have conducted the audit of Trigger Apparels Limited. As regards KG Denim (USA) Inc. the another subsidiary, which was incorporated in Delaware USA was not audited. We have been provided with Unaudited Financial affairs of the KG Denim (USA) Inc. In so far as it relates to the amounts included in respect of the said unaudited subsidiary is based solely on the financial affairs produced by the directors.

6 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

7 We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements notified under Section 211(3C) of the Companies Act, 1956.

8 Based on our audit and on the other financial information of the components of the Group as referred to in paragraph 5 above, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date

For **GOPALAIYER AND SUBRAMANIAN**

Chartered Accountants

CA. R MAHADEVAN

Partner

Coimbatore

24.05.2014

Membership No.27497

Firm Regn. No.000960S

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2014

PARTICULARS	NOTE NO.	AS AT 31.03.2014	AS AT 31.03.2013
I. EQUITY AND LIABILITIES		(Rs.in lakhs)	
1 SHAREHOLDERS' FUNDS			
(a) Share Capital	1	2566.51	2566.51
(b) Reserves and Surplus	2	3774.99	3324.55
(c) Money received against share warrants		-	-
2 SHARE APPLICATION MONEY PENDING ALLOTMENT			
3 NON-CURRENT LIABILITIES			
(a) Long-term Borrowings	3	3891.13	4216.45
(b) Deferred Tax Liabilities (Net)	4	1128.55	1124.90
(c) Other Long-term Liabilities	5	491.46	471.77
(d) Long-term Provisions	6	248.13	251.35
4 CURRENT LIABILITIES			
(a) Short-term Borrowings	7	6960.91	6192.20
(b) Trade Payables	8	12566.50	11117.16
(c) Other Current Liabilities	9	2826.36	2472.31
(d) Short-term Provisions	10	249.15	239.93
TOTAL		34703.69	31977.13
II. ASSETS			
1 NON-CURRENT ASSETS			
(a) Fixed Assets	11		
(i) Tangible Assets		12111.85	11275.97
(ii) Capital Work-in-Progress		715.05	479.41
(b) Non-Current Investments	12	336.42	352.89
(c) Long-term Loans and Advances	13	1149.92	358.39
2 CURRENT ASSETS			
(a) Inventories	14	12161.47	12170.69
(b) Trade Receivables	15	3688.55	3247.60
(c) Cash and Cash Equivalents	16	954.99	898.49
(d) Short-term Loans and Advances	17	1929.62	2026.03
(e) Other Current Assets	18	1655.82	1167.66
TOTAL		34703.69	31977.13

The notes form an integral part of these consolidated financial statements

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

KG BAALAKRISHNAN
Executive Chairman

B SRIRAMULU
Managing Director

CA. R MAHADEVAN
Partner

S MUTHUSWAMY
Director & Company Secretary

B SRIHARI
Managing Director

Coimbatore
24th May, 2014

Membership No.27497
Firm Regn. No.000960S

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2014

PARTICULARS	NOTE NO.	31.03.2014	31.03.2013
		(Rs.in lakhs)	
I. Revenue from operations	19	63108.85	55302.41
II. Other Income	20	330.56	378.48
III. Total Revenue (I+II)		63439.41	55680.89
IV. Expenses:			
Cost of materials consumed	21	38076.35	31274.77
Purchases of Stock-in-Trade	22	1104.63	1130.87
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	(711.33)	(722.05)
Other Manufacturing Expenses	24	13330.52	12014.37
Employee Benefits Expenses	25	2858.93	2496.93
Finance Costs	26	2887.51	2664.47
Depreciation and Amortization Expense		1342.31	1199.33
Other Expenses	27	3485.05	3242.98
Total Expenses		62373.97	53301.67
V. Profit before exceptional and extraordinary items and tax (III-IV)		1065.44	2379.22
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V-VI)		1065.44	2379.22
VIII. Extraordinary Items:			
Prior Year Expenses		-	-
IX. Profit before tax (VII-VIII)		1065.44	2379.22
X. Tax Expense :			
(1) Current Tax		387.75	785.10
(2) MAT Credit Entitlement		-	5.62
(3) Deferred Tax		3.64	1.40
(4) Prior Year Taxes		-	2.36
		391.39	794.48
XI. Profit for the period from continuing operations (IX-X)		674.05	1584.74
XII. Profit from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit from discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit for the period (XI + XIV)		674.05	1584.74
XVI. Earnings per equity share			
(1) Basic		2.63	6.18
(2) Diluted		2.63	6.18
Weighted Number of Equity Shares		25653905	25653905

The notes form an integral part of these consolidated financial statements

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

CA. R MAHADEVAN
Partner

Coimbatore
24th May, 2014

Membership No.27497
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Executive Chairman

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Director & Company Secretary

B SRIRAMULU
Managing Director

B SRIHARI
Managing Director

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014

PARTICULARS	31.03.2014	31.03.2013
	(Rs.in lakhs)	
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax and extraordinary items	1065.44	2379.22
Adjustments for:		
Depreciation	1342.31	1199.33
Profit on sale of assets	9.81	0.27
Dividend Received	-0.45	-0.32
Interest Charges	2887.51	2664.47
Operating Profit before working capital changes	5304.62	6242.97
Adjustments for:		
Trade and other receivables	-502.14	-1448.81
Inventories	9.23	-1019.67
Loans & Advances	-695.95	-324.64
Other Current Assets	-487.73	-257.36
Current Liabilities	1890.26	2693.09
Cash generated from operations	5518.29	5885.58
Cash flow before extraordinary items	5518.29	5885.58
Extraordinary items	-0.80	-0.46
Cash flow after extraordinary items	5517.49	5885.12
Income Tax	-387.75	-793.09
Net cash from operating activities	5129.74	5092.03
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Withdrawn / Sale of fixed assets	15.63	7.22
Acquisitions of fixed assets	-2439.25	-2869.16
Dividend received	0.45	0.32
Investments	16.43	20.04
Net cash used in investing activities	-2406.74	-2841.58
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Provision for Equity Dividend	-192.40	-192.40
Distribution Tax on Equity Dividend	-31.21	-31.21
Provision for arrear of Preference Dividend	-	-
Distribution Tax on Preference Dividend	-	-
Long Term Borrowings from Banks	-325.32	-220.28
Short Term Borrowings from Banks	768.71	1062.74
Other Loans	1.23	0.52
Interest paid	-2887.51	-2664.47
Net cash used in financing activities	-2666.50	-2045.09
Net Increase in cash and cash equivalents	56.50	205.36
Cash and cash equivalents as at 1st April, 2013 (Opening Balance)	898.49	693.13
Cash and cash equivalents as at 31st March, 2014 (Closing Balance)	954.99	898.49

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

CA. R MAHADEVAN
Partner

Coimbatore
24th May, 2014

Membership No.27497
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KG BAALAKRISHNAN
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B SRIRAMULU
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B SRIHARI
Managing Director

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
(Rs. in lakhs)		
Note 1 - Share Capital		
Authorised		
31000000 Equity Shares of Rs.10 each	3100.00	3100.00
1000000 10% Cumulative Redeemable Preference Shares of Rs.100 each	1000.00	1000.00
Issued		
25691305 Equity Shares of Rs.10 each	2569.13	2569.13
Subscribed & Paid up		
25653905 Equity Shares of Rs.10 each, fully paid	2565.39	2565.39
Forfeited Shares		
(Amount originally paid up)	1.12	1.12
	2566.51	2566.51

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	31.03.2014	31.03.2013
Shares outstanding at the beginning of the year 25653905 Number	2565.39	2565.39
Shares outstanding at the end of the year 25653905 Number	2565.39	2565.39

Shares in the company held by each shareholder holding more than 5 percent shares

Name of the Shareholder	31.03.2014		31.03.2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sri Kannapiran Mills Limited	3065183	11.95	3065183	11.95
Shri KG Baalakrishnan	2578560	10.05	2578560	10.05
Shri B Srihari	2231859	8.70	2231859	8.70
Shri B Sriramulu	2208659	8.61	2208659	8.61
Smt B Sathyabama	1886500	7.35	1886500	7.35

Terms and Conditions of Equity Shares :

The Company has only one class of Equity Shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share.

In the event of liquidation the Equity Shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion of their shareholding.

There are no shares allotted as fully paid without payments being received in cash, bonus shares or shares bought back.

Note 2 - Reserves and Surplus

a. Securities Premium Reserves		
Opening Balance	444.44	444.44
Add : Addition / Deletions	-	-
Closing Balance	444.44	444.44
b. Other Reserves		
General Reserve		
Opening Balance	1555.71	1555.71
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	1555.71	1555.71
c. Surplus		
Opening Balance	1324.40	(36.73)
(+) Net Profit for the current year	674.05	1584.74
(+) Transfer from Reserves	-	-
(-) Proposed Equity Dividend	192.40	192.40
(-) Tax on Proposed Equity Dividend	31.21	31.21
(-) Arrears of Preference Dividend *	-	-
(-) Tax on Preference Dividend	-	-
(-) Transfer to Reserves	-	-
Closing Balance	1774.84	1324.40
Total	3774.99	3324.55

Dividend proposed to be distributed to Equity Shareholders is Rs.0.75 (Previous Year - Rs.0.75) per Equity Share.

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
(Rs.in lakhs)		
Note 3 - Long-Term Borrowings		
Secured		
(a) Term Loans		
Indian Rupee Loan	-	-
From Banks (Secured)	3624.33	4193.24
From Others-House property loan from HDFC Limited	221.40	-
(b) Long term maturities of finance lease obligations (Secured by Vehicles on Hire Purchase Loan)	45.40	23.21
There is no case of continuing default as on the Balance Sheet date in repayment of loans and interest		
Total	3891.13	4216.45

Security Clause

Bank borrowings of Term Loan

Term loans from Indian Bank (IB), Bank of India (BOI) and Indian Overseas Bank (IOB) are secured by first pari passu charge on (a) all immovable properties situated in (i) 102.1897 acres of land at Jadayampalayam, Alangombu and Karamadai villages in Mettupalayam Taluk, Coimbatore District, Tamil Nadu and (ii) 2155.62 sq. meters of land at Amdha Village, Dharampur Taluk, Valsad District, Gujarat through equitable mortgage created with Indian Bank and (b) all plant and machineries including machineries and other movable fixed assets (excluding vehicles charged to financiers) acquired for the Expansion cum Diversification Scheme (ECDS) and New Capex Plan through Deed of Hypothecation.

Term loan from State Bank of Hyderabad and Term loan I from State Bank of India are secured by a first pari passu charge on (a) immovable properties in 48.5872 acres of land at Jadayampalayam, Alangombu and Karamadai Village in Mettupalayam Taluk, Coimbatore District, Tamilnadu and (b) all plant and machineries and other movable assets (excluding vehicles charged to financiers) acquired for the Expansion cum Diversification Scheme (ECDS) through Deed of Hypothecation.

Term loan II from State Bank of India is secured by a first pari passu charge on all plant and machineries acquired for the Modernisation cum Expansion Scheme (MCES) through Deed of Hypothecation.

Power Plant Term Loan from Indian Bank Rs.1480 lakhs, Bank of India Rs.1480 lakhs & The South Indian Bank Limited Rs.1470 lakhs are secured by pari passu first charges on Assets relating to power plant project and pari passu second charges on current assets of the companies.

Indian Bank is holding the original title deeds on its own behalf and on behalf of other Banks. Term loans are also guaranteed by Shri KG Baalakrishnan, Executive Chairman.

The company has availed four Term loans from Indian Bank and loan outstanding is - Term loan I Rs.Nil, Term loan II Rs. Nil Term Loan III Rs.770.07 Lakhs and Term Loan IV Rs.226.73 lakhs (Previous year 375.46 lakhs, Rs.122.54 lakhs Rs.145.55 lakhs & Nil). Term Loan I is repayable in 32 quarterly installments commencing from 05.04.2007. Last Installment is due on 05.01.2015. Rate of Interest 13.00% p.a. as at year end.(Previous year 13.25% P.a.). Term Loan II is repayable in 90 monthly installments commencing from 15.10.2007. Last Installment is due on 15.03.2015. Rate of Interest 13.50% p.a. as at year end.(Previous year 13.75% p.a). Term Loan III is repayable in 60 monthly installments commencing from 01.09.2013.Last installment is due on 01.08.2018. Rate of Interest 13.50% p.a.as at year end. (Previous year 14.00% p.a). Term Loan IV is repayable 72 monthly installments commencing from 03.10.2015. Last installment is due on 03.10.2021. Rate of Interest 12.25% p.a as at year end.

The company has availed four term loans from Bank of India and loan outstanding is - Term Loan I Rs.Nil, Term Loan II Rs Nil Term Loan III Rs.908.56 Lakhs & Term Loan IV Rs.238.28 lakhs (Previous year Rs.317.90 lakhs, Rs.92.39 lakhs Rs.974.53 lakhs & Nil). Term Loan I is repayable in 32 quarterly installments commencing from 07.04.2007. Last Installment is due on 07.01.2015. Rate of Interest 13.50% p.a. as at year end.(Previous year 14.50% p.a.). Term Loan II is repayable in 87 monthly installments commencing from 15.10.2007. Last Installment is due on 15.12.2014. Rate of Interest 13.50% p.a. as at year end.(Previous year 14.50% p.a). Term Loan III is repayable in 60 monthly installments commencing from 01.07.2014. Last installment is due on 01.06.2019. Rate of Interest 13.50% p.a as at year end.(Previous year 14.50% p.a). Term Loan IV is repayable 96 monthly installments commencing from 25.12.2015.Last installment is due on 25.12.2023. Rate of Interest 12.25% p.a as at year end.

The company has availed two term loans from State Bank of India and loan outstanding is - Term Loan I for Rs.Nil & Term Loan II for Rs.849.34 Lakhs (Previous year Rs.269.43 lakhs & Rs.949.33 lakhs). Term Loan I is repayable in 31 quarterly installments commencing from 08.09.2007. Last Installment is due on 08.03.2015. Rate of Interest 13.5% p.a. as at year end.(Previous year 14.50% p.a.).Term Loan II is repayable in 60 monthly installments commencing from 01.04.2013. Last Installment is due on 01.03.2018. Rate of Interest 13.35% p.a. as at year end.(Previous year 14.40% p.a)

The company has availed a term loan from State Bank of Hyderabad and loan outstanding is Rs.Nil (Previous year Rs.249.05 lakhs). Term Loan is repayable in 29 quarterly installments commencing from 21.09.2007. Last Installment is due on 21.03.2015. Rate of Interest 13.95% p.a. as at year end.(Previous year 14.25% p.a.)

The company has availed two term loans from Indian Overseas Bank and loan outdstanding is- Term loan I Rs.187.54 lakhs (Previous year Rs.295.36 Lakhs) is repayable in 20 quarterly installments commencing from 19.06.2012. Last Installment is due on 19.03.2017. Rate of Interest 14.00% p.a. as at year end.(Previous year 14.50% p.a.) and Term loan II Rs.256.43 Lakhs (Previous year Rs.401.69 Lakhs) is repayable in 60 monthly installments commencing from 28.04.2012. Last Installment is due on 28.03.2017. Rate of Interest 14.25% p.a. as at year end.(Previous year 14.75% p.a.)

The company has availed a term loan from The South Indian Bank Ltd and loan outstanding is- Rs.238.30 lakhs (Previous year Rs.Nil). Term Loan is repayable in 84 quarterly installments commencing from 25.12.2015. Last Installment is due on 25.12.2022. Rate of Interest 12.25% p.a. as at year end.

Term Loan from others :

HDFC Ltd Loan Rs. 230 lakhs for Mumbai Office Premises - mortgage of the property - Office space in Mumbai.

The company has availed a term Loan from HDFC Ltd and loan outstanding is Rs.170.43 (Previous year Rs.Nil). Term Loan is repayable in 84 quarterly installments commencing from 20.11.2014. Last Installment is due on 20.11.2021. Rate of Interest 13.50% p.a. as at year end.

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
	(Rs.in lakhs)	
Note 4 - Deferred Tax Liabilities (Net)		
Value of Depreciation as per books of accounts & IT purpose (DT Liability)	1128.55	1124.90
Less: Carried forward loss (Deferred Tax Assets)	-	-
Disallowances under IT Act and to be claimed in subsequent years	-	-
Net Deferred Tax Liability	<u>1128.55</u>	<u>1124.90</u>
Note 5 - Other Long -Term Liabilities		
(a) Trade Payables	-	-
(b) Others	-	-
(i) Buyer Credits for Capital Goods	-	254.96
(ii) Unsecured Loan from Promoter Director	240.00	-
(iii) Security Deposits	251.46	216.81
Total	<u>491.46</u>	<u>471.77</u>
Note 6 - Long-Term Provisions		
(a) Provision for employee benefits Gratuity (unfunded)	248.13	251.35
(b) Others	-	-
Total	<u>248.13</u>	<u>251.35</u>
Note 7 - Short-Term Borrowings		
Secured		
(a) Loans repayable on demand		
Working Capital Loan from Banks (Secured - Refer note below)	6960.91	6192.20
There are no cases of default in repayment of loan and interest as on date of Balance Sheet	-	-
Total	<u>6960.91</u>	<u>6192.20</u>
a. Holding Company		
Working capital facilities from Indian Bank Consortium (Indian Bank, Bank of India, Allahabad Bank and State Bank of India) are secured by a first pari passu charge on the whole of the current assets through Deed of Hypothecation and second pari passu charge on (a) all the immovable properties situated in (i) 102.1897 acres of land at Jadayampalayam, Alankombu and Karamadai Villages in Mettupalayam Taluk, Coimbatore District, Tamil Nadu and (ii) 2155.62 sq. meters of land at Amdha Village, Dharampur Taluk, Valsad District, Gujarat through equitable mortgage created with Indian Bank and (b) all plant and machineries (excluding vehicles charged to financiers) through Deed of Hypothecation. The entire working capital facilities are also guaranteed by Shri KG Baalakrishnan, Executive Chairman.		
b. Subsidiary		
Working capital loan from Indian Overseas Bank is secured by an exclusive first charges on the fixed and current assets. The loan are also personally guaranteed by Shri KG Baalakrishnan, Director.		
Note 8 - Trade Payables		
For Goods Purchased	10670.94	9685.98
For Services Received	1895.56	1431.18
Total	<u>12566.50</u>	<u>11117.16</u>
Note 9 - Other Current Liabilities		
(a) Current maturities of long-term debt Secured (See Note 3)	2002.21	1828.28
(b) Current maturities of finance lease obligations	70.85	47.79
(c) Interest accrued and due on borrowings	42.76	55.42
(d) Customer Credit Balance	79.74	189.18
(e) Security Deposits	5.99	7.58
(f) Duties and Taxes	73.20	92.66
(g) Creditors for Capital Goods	532.66	176.55
(h) Unpaid (Unclaimed) Equity Dividend	18.95	10.12
(i) Credit Balance in Scheduled Banks(Current Account)	-	64.73
Total	<u>2826.36</u>	<u>2472.31</u>

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
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(Rs.in lakhs)

Note 10 - Short-Term Provisions

(a) Provision for employee benefits		
Gratuity (unfunded)	14.46	13.47
(b) Others		
Income Tax Provision (Net of Advance Tax)	8.47	0.15
Wealth Tax Provision	2.61	2.70
Proposed Equity Dividends	192.40	192.40
Tax on Proposed Equity Dividend	31.21	31.21
Total	<u>249.15</u>	<u>239.93</u>

Note 11 - Fixed Assets

(Rs.in lakhs)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION					NET BLOCK		
	Balance as at 1st April, 2013	Additions	Disposals	Brought into use	Balance as at 31st March, 2014	Balance as at 1st April, 2013	Depreciation charge for the year	Adjustment due to revaluations	On Disposals	Balance as at 31st March, 2014	Balance as at 31st March, 2014	Balance as at 31st March, 2013
(a) Tangible Assets												
Land	390.69	-	-	-	390.69	-	-	-	-	-	390.69	390.69
Buildings	3404.49	816.54	-	-	4221.03	908.00	111.12	-	-	1019.12	3201.91	2496.49
Plant & Equipment	19419.13	1261.19	56.72	-	20623.60	11918.96	1112.48	-	39.92	12991.52	7633.35	7500.17
Electric Machinery	977.06	8.92	-	-	985.98	612.44	46.29	-	-	658.73	326.01	364.62
Furniture & Fixtures	232.28	8.48	-	-	240.76	95.96	13.49	-	-	109.44	131.32	136.32
Vehicles	399.59	82.29	24.36	-	457.52	166.47	37.96	-	15.72	188.71	268.75	233.12
Office Equipment	539.01	26.20	-	-	565.21	384.45	20.97	-	-	405.43	159.83	154.56
Others (specify nature)	-	-	-	-	-	-	-	-	-	-	-	-
Total	25362.25	2203.62	81.08	-	27484.79	14086.28	1342.31	-	55.64	15372.95	12111.85	11275.97
Previous Year	22333.51	3053.54	24.80	-	25362.25	12904.26	1199.33	-	17.31	14086.28	11275.97	9429.25
(b) Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-
(c) Capital work in Progress	479.41	1543.77	-	1308.13	715.05	-	-	-	-	-	715.05	479.41
Total	479.41	1543.77	-	1308.13	715.05	-	-	-	-	-	715.05	479.41
Previous Year	663.81	1300.62	-	1485.02	479.41	-	-	-	-	-	479.41	663.81
Total	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total	25841.66	3747.39	81.08	1308.13	28199.84	14086.28	1342.31	-	55.64	15372.95	12826.90	11755.38
Previous Year	22997.32	4354.16	24.80	1485.02	25841.66	12904.26	1199.33	-	17.31	14086.28	11755.38	10093.06

Note : Building includes Prayer Hall and Gold Plating thereon of Rs.132.69 lakhs in Gross Block, Rs.16.22 lakhs in Depreciation Block and Rs.116.46 lakhs in Net Block (Previous Year Rs.132.69 lakhs in Gross Block, Rs.14.06 lakhs in Depreciation Block and Rs.118.63 lakhs in Net Block).

Furniture & Fittings includes Prayer Hall of Rs.13.89 lakhs in Gross Block, Rs.5.38 lakhs in Depreciation Block and Rs.8.51 lakhs in Net Block (Previous Year Rs.13.89 lakhs in Gross Block, Rs.4.50 lakhs in Depreciation Block and Rs.9.39 lakhs in Net Block)

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
	(Rs.in lakhs)	
Note 12 - Non-Current Investments		
A Non-Trade Investments		
Equity (Quoted)		
i Allahabad Bank - 5,265 Equity Shares of Rs.10/- each	4.32	4.32
Total-A	4.32	4.32
B Equity Investments		
I Trade Investments (Associates)		
i KG Fabriks Limited	327.00	327.00
32,70,000 Equity Shares of Rs.10/- each-Un quoted		
ii Sri Kannapiran Mills Limited	0.46	0.46
4,588 Equity Shares of Rs.10/- each-Quoted		
Sub-total	327.46	327.46
II Trade Investments (Others)		
i Clover Energy Private Limited		
1,64,750 Equity Shares of Rs.10/- each-Un quoted	-	16.47
(Previous Year 3,81,700 Equity Shares of Rs.10/-)		
ii TVH Energy Resource Pvt. Limited	3.00	3.00
30,000 Equity Shares of Rs.10/- each-Un quoted		
iii Prakash Power Pvt. Limited	0.44	0.44
4,420 Equity Shares of Rs.10/- each-Un quoted		
iv I Energy Winds Farms (Theni) P Limited	0.20	0.20
2,003 Equity Shares of Rs.10/- each-Un quoted		
v Cotton Sourcing Company Limited	1.00	1.00
10,000 Equity Shares of Rs.10/- each-Un quoted		
Sub-total	4.64	21.11
Total (B - I+II)	332.10	348.57
Grand Total (A+B)	336.42	352.89
Less : Provision for dimution in the value of investments	-	-
Total	336.42	352.89
Aggregate amount of quoted investments	4.78	4.78
Market value of quoted investments	6.86	7.12
Aggregate amount of unquoted investments	331.64	348.11

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2014	ASAT 31.03.2013
(Rs. in lakhs)		
Note 13 - Long-Term Loans and Advances		
a. Capital Advances		
Advance for Capital Goods-Un secured considered good	1116.59	296.17
Others	-	-
	<u>1116.59</u>	<u>296.17</u>
b. Security Deposits		
Security Deposits - Un secured considered good	33.33	62.22
	<u>33.33</u>	<u>62.22</u>
Total	<u>1149.92</u>	<u>358.39</u>
Note 14 - Inventories		
a. Raw Materials and Components	3713.25	4330.75
Goods-in transit-Grey Fabrics	-	-
	<u>3713.25</u>	<u>4330.75</u>
b. Work in progress	1614.90	1745.44
Goods-in transit	-	-
	<u>1614.90</u>	<u>1745.44</u>
c. Finished Goods	6255.46	4156.46
Goods-in transit-Fabrics	153.00	1370.58
	<u>6408.46</u>	<u>5527.04</u>
d. Stock-in-trade	-	39.55
Goods-in transit	-	-
	-	39.55
e. Stores and Spares	414.03	517.88
Goods-in transit	-	-
	<u>414.03</u>	<u>517.88</u>
f. Others (Specify nature)		
Stock of Waste	10.83	10.03
	<u>10.83</u>	<u>10.03</u>
Total	<u>12161.47</u>	<u>12170.69</u>
Mode of Valuation : Refer Note 28.3 in Significant Accounting Policies		
Details of Raw Materials		
Cotton	101.43	160.30
Yarn	1616.90	1542.66
Grey Fabric / Fabric	1178.00	1221.03
Fibre	472.40	801.54
Chemicals	288.75	341.27
Accessories	55.77	74.54
Total	<u>3713.25</u>	<u>4141.34</u>
Details of Work-in-process		
Cotton Yarn and Processed Fabric	1281.93	1522.10
Fibre Yarn and Processed Fabric	332.97	107.34
Total	<u>1614.90</u>	<u>1629.44</u>
Details of Finished Goods		
Fabric	4356.32	2928.61
Garments	1296.45	687.10
Home Textiles	516.18	449.79
Terry Towels	86.51	90.96
Total	<u>6255.46</u>	<u>4156.46</u>

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2014	AS AT 31.03.2013
(Rs. in lakhs)		
Note 15 - Trade Receivables		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	320.62	272.09
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	3367.93	2975.51
Total	3688.55	3247.60
Note 16 - Cash and Cash Equivalents		
a. Balances with banks	223.71	208.79
b. Cheques, drafts on hand	8.83	-
c. Cash on hand	32.35	11.61
d. Others Bank Balances		
Unclaimed Dividend Account	18.95	10.12
e. Others (specify nature)		
EEFC Deposits	0.88	0.80
Margin Money Deposits	670.27	667.17
Total	954.99	898.49
Note 17 - Short-term loans and advances		
Unsecured, considered good		
Advance Recoverable in Cash or in kind or for value to be received		
For Material Purchase	1322.05	1379.19
For Expenses / Others	243.66	294.95
For Duties & Taxes	229.91	196.10
Prepaid Expenses	134.00	155.79
Total	1929.62	2026.03
Note 18 - Other Current Assets		
a. Export Incentives Receivable	1347.29	1011.91
b. Excise Claim Receivable	34.19	34.19
c. Interest Subsidy from Govt. Agencies	253.53	112.21
d. Interest Receivable	18.00	6.97
e. Miscellaneous Expenditure	2.81	2.38
Total	1655.82	1167.66

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	31.03.2014	31.03.2013
		(Rs. in lakhs)
Note 19 - Revenue from Operations		
Sale of Products	62108.02	54337.78
Sale of Services - Job Work (TDS Rs.12,07,456/-)	621.19	560.78
Other Operating Revenues : Waste Cotton / Yarn / Accessories Sales	379.64	433.79
<u>Less:</u>		
Excise Duty	-	29.94
Total	<u>63108.85</u>	<u>55302.41</u>
 Details of Sale of Products		
Fabrics	41612.97	39324.47
Garments	8919.65	7495.03
Home Textiles	11105.28	6343.42
Terry Towel	470.12	1174.86
Total	<u>62108.02</u>	<u>54337.78</u>
 Note 20 - Other Income		
Interest Income (TDS Rs.5,23,123/-)	54.12	59.23
Interest Subsidy received under TUFS	231.82	221.05
Dividend Income	0.45	0.32
Lease Rent Receipts (TDS Rs.38,400)	0.96	3.84
Insurance Claim Received	3.27	22.78
Exchange Gain on Export Sales	13.06	23.92
Other non-operating income (Net of expenses directly attributable to such income)	<u>26.88</u>	<u>47.34</u>
Total	<u>330.56</u>	<u>378.48</u>
 Note 21 - Cost of Materials Consumed		
Opening Stock	4330.75	3953.22
Purchases	37458.85	31652.30
Sub-total	<u>41789.60</u>	<u>35605.52</u>
Less : Closing Stock	3713.25	4330.75
Raw Materials Consumed	<u>38076.35</u>	<u>31274.77</u>
 Imported and Indigenous Raw Materials consumed		
Imported	2340.26	2988.20
Indigenous	35736.09	28286.57
Total	<u>38076.35</u>	<u>31274.77</u>
 Details of Raw Material Consumed		
Cotton	4887.34	3313.81
Yarn	13184.58	13083.59
Fibre	2224.34	1198.23
Fabrics	11111.83	8211.91
Chemicals	4470.28	3734.78
Accessories	2197.98	1732.45
Total	<u>38076.35</u>	<u>31274.77</u>

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	31.03.2014	31.03.2013
	(Rs. in lakhs)	
Note 22 - Purchases of Stock-in-Trade		
Garments Purchase	394.99	448.03
Fabric Purchase	709.64	682.84
Total	<u>1104.63</u>	<u>1130.87</u>
Note 23 - Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade		
Opening Stock :		
Work-in-Process	1745.45	1359.51
Finished Goods	5566.59	5230.48
Traded Items	-	-
	<u>7312.04</u>	<u>6589.99</u>
Closing Stock :		
Work-in-Process	1614.91	1745.45
Finished Goods	6408.46	5566.59
Traded Items	-	-
	<u>8023.37</u>	<u>7312.04</u>
Total	<u>(711.33)</u>	<u>(722.05)</u>
Note 24 - Other Manufacturing Expenses		
(a) Power & Fuel	4443.46	3989.10
(b) Consumptions of Stores & Spare Parts	264.88	217.07
(c) Processing Charges	6918.32	6076.70
(d) Repairs & Maintenance		
For Plant & Machinery	1176.14	1122.26
For Buildings	171.60	164.52
For Others	356.12	299.57
(e) Others - Excise Duty on Readymade Garments	-	145.15
Total	<u>13330.52</u>	<u>12014.37</u>
Imported and Indigenous Stores & Spare Parts Consumed		
Imported	174.95	163.47
Indigenous	89.93	53.60
Total	<u>264.88</u>	<u>217.07</u>

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	31.03.2014	31.03.2013
	(Rs. in lakhs)	
Note 25 - Employee Benefits Expenses		
(a) Salaries and Incentives	2442.31	2066.34
(b) Salaries-Managing Director/Whole Time Director	132.89	165.76
(c) Contributions to Provident Fund and Other Funds	95.75	83.18
(d) Gratuity as per Actuarial Valuations	5.82	56.16
(e) Staff Welfare Expenses	182.16	125.49
Total	2858.93	2496.93
Note 26 - Finance Costs		
Interest Expense	2480.47	2320.30
Other Borrowing Costs	407.04	340.50
Applicable Net Gain/Loss on Foreign Currency Transactions and Translation	-	3.67
Total	2887.51	2664.47
Note 27 - Other Expenses		
Rent	117.91	108.04
Insurance	126.43	90.37
Rates and Taxes, excluding, Taxes on Income	140.48	89.08
Payments to the Auditor as		
a) As Auditor	2.86	2.47
b) For Taxation Matters	1.68	0.95
c) For Other Services	0.09	1.70
Legal, Professional & Consultancy Charges	60.91	38.95
Printing and Stationery	49.65	61.92
Postage, Telegrams and Telephones	136.27	131.20
Travelling Expenses and Maintenance of Vehicles	422.65	381.43
Director Sitting Fees	3.35	3.40
Software Maintenance Expenses	39.78	46.00
Brokerage	37.11	17.51
Commission on Sales	876.94	738.53
Discount on Sales	291.78	402.57
Selling Expenses	361.39	425.49
Freight Outwards	524.07	439.44
Exchange Loss on Export Sales	9.75	21.50
Prayer Hall Repairs and Maintenance	20.90	33.67
Bad Debts Written Off	44.38	12.78
Miscellaneous Expenses	206.86	195.71
Loss on sale of fixed assets	9.81	0.27
Total	3485.05	3242.98

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

NOTE 28

SIGNIFICANT ACCOUNTING POLICIES

28.1. Method of Accounting:

The Financial Statements have been prepared on the historical cost convention and in accordance with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 and normally accepted accounting principles. The accounting is on the basis of a going concern concept.

28.2. Principles of Consolidation:

The Consolidated Financial Statements relate to K G Denim Limited and its subsidiaries, have been prepared on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses as stated in Accounting Standard 21.

The Subsidiary companies considered in the Consolidated Financial Statements are:

Name of the Company	Country of Incorporation	Proportion of Voting Power as on 31.03.2014
Trigger Apparels Limited	India	100%
KG Denim (USA) Inc.	Delaware, USA	100%

28.3. Other Significant Accounting Policies:

These are set out under "Significant Accounting Policies" of the financial statements of K G Denim Limited and Trigger Apparels Limited. No material activity has been carried out in KG Denim (USA) Inc.

28.4. For all other common notes forming part of Consolidated Financial Statements, please refer the notes of Holding Company K G Denim Limited.



K G DENIM LIMITED

CIN : L17115TZ1992PLC003798
Registered Office : Then Thirumalai
Jadayampalayam, Coimbatore - 641 302.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the TWENTY-SECOND ANNUAL GENERAL MEETING of the Members of K G DENIM LIMITED will be held on Monday, the 08th day of September 2014 at 3.00 p.m. at the Registered Office Premises, Then Thirumalai, Jadayampalayam, Coimbatore 641 302 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss for the year ended 31st March 2014 and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To consider and, if thought fit, to pass, with or without modification, the following Resolution relating to the appointment of the Auditors of the Company.

"RESOLVED THAT M/s Gopalaiyer and Subramanian, Chartered Accountants, the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company, from the conclusion of this meeting until the conclusion of the next Annual General Meeting on such remuneration as shall be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with Schedule IV to the Companies Act, 2013 Shri K N V Ramani (DIN : 00007931), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 31st March 2019."
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with Schedule IV to the Companies Act, 2013 Shri V Jagadisan (DIN : 00058769), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 31st March 2019."
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with Schedule IV to the Companies Act, 2013 Shri Surinder Chhibber (DIN : 00538853), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 31st March 2019."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with Schedule IV to the Companies Act, 2013 Shri G V S Desikan (DIN : 00050597), Director of the Company who is liable to retirement by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 31st March 2019."
8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with Schedule IV to the Companies Act, 2013 Shri M J Vijayaraaghavan (DIN: 00013948), Director of the Company who is liable to retirement by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 31st March 2019."
9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with Schedule IV to the Companies Act, 2013 Shri G P Muniappan (DIN : 01653599), Director of the Company who is liable to retirement by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 31st March 2019."

10. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT in respect of Shri S Muthuswamy, Director and Company Secretary (Whole-time), whose remuneration has been approved in the Annual General Meeting held on 28th September 2012 and as recommended by the Nomination and Remuneration Committee at its meeting held on 01.08.2014 and the Board of Directors at its meeting held on 01.08.2014, his remuneration is re-fixed with effect from 01.05.2014 as follows :
- 1) Salary: Rs.13,17,500 per annum.
 - 2) Perquisites: in addition to the above salary
 Expenditure for medical treatment, leave travel concession, personal accident insurance premium, Company's contribution to Provident Fund to the extent it is not taxable under the Income Tax Act, 1961. Gratuity and encashment of leave at the end of tenure as per the rules of the Company.
 - 3) a. He shall be entitled to reimbursement of all actual expenses including entertainment and traveling incurred in the course of the Company's business.
 b. The Company shall provide a car with driver and telephone facility at the residence of the Director. Provision of car with driver for use on the Company's business and telephone facility at the residence will not be considered as perquisites. Personal long distance calls on the telephone and use of car for private purposes shall be billed by the Company to the Director.
 The above Salary and Perquisites shall be payable to him as minimum remuneration notwithstanding the absence or inadequacy of Profits."
11. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs.75,000/- (Rupees Seventy Five Thousand only) plus service tax as applicable and reimbursement of actual travel and out-of-pocket expenses for the Financial Year ending March 31, 2015 as approved by the Board of Directors of the Company, to be paid to Mr M Nagarajan, Cost Accountant, for the conduct of the cost audit of the Company's Textile manufacturing plant at Then Thirumalai, Jadayamapalyam, Coimbatore- 641 302, be and is hereby ratified and confirmed."
12. To pass as a Special Resolution for the following related party transactions at rates approved by the Audit Committee and the Board of Directors in terms of Section 188 of the Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014:
"RESOLVED THAT transactions with related party/wholly owned subsidiary Trigger Apparels Limited, Coimbatore be and hereby approved for a period of two years (i) Sale of fabrics of annual volume of Rs.1000 lakhs, (ii) Sale of Accessories of annual volume of Rs.75 lakhs and (iii) Laundry charges of annual volume of Rs.300 lakhs per year with effect from 01.04.2014."
13. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:
"RESOLVED THAT consent of the Company be and is hereby accorded under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, to the Board of Directors of the Company to borrow any sum or sums of money from time to time as may in the opinion of the Board of Directors be required to be borrowed by the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, will exceed the aggregate paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided however, the total monies borrowed and outstanding at any time, for the principal amounts of the loans borrowed, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, shall not exceed the sum of Rs.250 Crores (Rupees two hundred and fifty crores only)."
14. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:
"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 to the Board of Directors of the Company to create, mortgage and/or charge and/or to hypothecate in addition to the mortgages/hypothecations/charges created/ to be created by the Company upto the limit as per resolution under Section 180(1)(c), in such form and manner and with such ranking and at such time and on such terms as the Board of Directors may determine on all or any of the movable and/or immovable properties of the Company wheresoever situate both present and future and/or the whole or substantially the whole of the undertaking or the undertakings of the Company in favour of the Financial Institutions/ Banks/ Trusts/ Mutual Funds or any other Institutions/ Companies/ Authorities for securing the loans/finance sanctioned or to be sanctioned to the Company or for securing the securities or any other debt instruments etc issued or to be issued together with interest, remuneration of the trustees and/ or any other Institutions/ Companies/ Authorities, premium (if any) on redemption and all other costs, charges and expenses payable by the Company in terms of the trust deed and / or any other agreements/ documents, etc to be finalised and executed between the Company and the agents and trustees and/or any other Institutions or Authorities and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board and the agents and trustees and /or any other Institutions or Authorities."

Coimbatore
 01.08.2014

By Order of the Board
KG Baal Krishnan
 Executive Chairman

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. Proxies in order to be effective must be deposited at the Registered Office at Then Thirumalai, Coimbatore 641 302 not less than 48 hours before holding the meeting.
3. Members holding shares in physical form are requested to intimate the Change of Address and their Bank Account details such as Bank name, Branch with address and Account number for incorporating the same in Dividend Warrants to M/s Cameo Corporate Services Ltd, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002 quoting their respective folio number and members holding shares in demat form shall intimate the above details to their Depository Participant with whom they have Demat Account.
4. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail address with the Company in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in Demat form to enable the Company to serve documents in electronic form.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday the 02nd September 2014 to Monday, the 08th September, 2014 (both days inclusive).
6. The dividend recommended by the Board, if declared at the AGM will be paid to those members or their mandatees whose name appear on the Register of Members of the Company on 08th September, 2014. In respect of shares held in dematerialised form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories for this purpose at the end of business hours 01st September, 2014. No deduction of tax at source will be made from dividend.
7. Explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business Item Nos.4 to 14 are enclosed.
8. Re-appointment of Directors:
At the ensuing Annual General Meeting Shri K N V Ramani, Shri V Jagadisan, Shri Surinder Chhibber, Shri G V S Desikan, Shri M J Vijayaraaghavan and Shri G P Muniappan retire by rotation and being eligible offer themselves for re-appointment. The information or details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the Statement on Corporate Governance annexed in this Annual Report.
9. In support of the "Green Initiative" announced by the Government of India, electronic copy of the Annual Report and Notice *inter alia* indicating the process and manner of e-voting alongwith attendance slip and proxy form are being sent by e-mail to those shareholders whose e-mail addresses have been made available to the Company / Depository Participants unless member has requested for a hard copy of the same.

10. VOTING THROUGH ELECTRONIC MEANS

- a) As the Company, being a Listed Company and having more than 1000 Shareholders, is compulsorily required to provide e-voting facility to its members in terms of Section 108 of the Companies Act, 2013 read with the Rules made thereunder and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on the AGM subjects, by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).
- b) The e-voting period commences on 01.09.2014 (0830 hours) and ends on 03.09.2014 (1730 hours). During this period shareholders of the Company as on the cut-off date (record date) of 08.08.2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- c) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 08.08.2014.
- d) Shri M.R.L.Narasimha, Practising Company Secretary, has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.
- e) The Scrutiniser shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- f) The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutiniser's Report shall be placed on the Company's website www.kgdenim.com and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchange.

The instructions for shareholders voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.

- (v) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.
- (vi) Now, fill up the following details in the appropriate boxes:

PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth in the company records for the said folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in the company records for the said folio.If both the above details have not been registered with the Company, the Folio number is to be entered in this field.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on K G Denim Limited on which you choose to vote.
- (xi) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- (xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- In case of members receiving the physical copy:
- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on 01.09.2014 and ends on 03.09.2014. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 08.08.2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

Coimbatore
01.08.2014

By Order of the Board
KG Baalakrishnan
Executive Chairman

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013.

ITEM No.4

Shri K N V Ramani is an Independent Director of the Board since, 03.11.2003. He is liable to retire at this Annual General Meeting. In terms of Section 149 of the Companies Act, 2013 it is now proposed to appoint him as a non-rotational basis for a period of 5 consecutive years from 1st April 2014 to 31st March 2019.

The Company has received notice from the member proposing his candidature for the office of Director.

Shri K N V Ramani, M.A., B.L., aged 82 years is a leading Advocate specialized in Corporate Laws. He has rich experience in Corporate Laws for more than four decades and has been on the Board of several Companies. M/s Ramani & Shankar, firm of Advocates headed by him consists of panel of Advocates specialized in different fields of law.

Shri K N V Ramani is Director on Board of eight other companies.

In the opinion of the Board, Shri K N V Ramani fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Shri K N V Ramani as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri K N V Ramani as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri K N V Ramani as an Independent Director, for the approval by the shareholders of the Company.

Except Shri K N V Ramani, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.4. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM No.5

Shri V Jagadisan is an Independent Director of the Board since, 03.11.2003. He is liable to retire at this Annual General Meeting. In terms of Section 149 of the Companies Act, 2013 it is now proposed to appoint him as a non-rotational basis for a period of 5 consecutive years from 1st April 2014 to 31st March 2019.

The Company has received notice from the member proposing his candidature for the office of Director.

Shri V Jagadisan, B.Com., FCA., aged 81 years is in continuous practice from 1956. He was elected as Central Council Member of the Institute of Chartered Accountants of India, New Delhi for 3 terms (1976 to 1985) and is a Director on the Board of two other companies.

Shri V Jagadisan is Director on Board of two other companies.

In the opinion of the Board, Shri V Jagadisan fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Shri V Jagadisan as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri V Jagadisan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri V Jagadisan as an Independent Director, for the approval by the shareholders of the Company.

Except Shri V Jagadisan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.5. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM No.6

Shri Surinder Chhibber is an Independent Director of the Board since, 28.09.2006. He is liable to retire at this Annual General Meeting. In terms of Section 149 of the Companies Act, 2013 it is now proposed to appoint him as a non-rotational basis for a period of 5 consecutive years from 1st April 2014 to 31st March 2019.

The Company has received notice from the member proposing his candidature for the office of Director.

Shri Surinder Chhibber, aged 63 years is a post graduate in industrial engineering and operations research and has over 36 years of work experience in various capacities in foreign and Indian companies dealing in textiles and apparels.

Shri Surinder Chhibber is also Director on Board of Trigger Apparels Limited, a wholly owned subsidiary of the Company.

In the opinion of the Board, Shri Surinder Chhibber fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Shri Surinder Chhibber as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Surinder Chhibber as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri Surinder Chhibber as an Independent Director, for the approval by the shareholders of the Company.

Except Shri Surinder Chhibber, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM No.7

Shri G V S Desikan is an Independent Director of the Board since, 31.10.2003. He is liable to retire at this Annual General Meeting. In terms of Section 149 of the Companies Act, 2013 it is now proposed to appoint him as a non-rotational basis for a period of 5 consecutive years from 1st April 2014 to 31st March 2019.

The Company has received notice from the member proposing his candidature for the office of Director.

Shri G V S Desikan, a B.Sc., B.Sc.(Tech) graduate, aged 81 years has rich experience in the management of textile industry. He was formerly Technical Advisor for National Textile Corporation, New Delhi, Chairman and Managing Director of Kerala State Textile Corporation Ltd., Trivandrum and Managing Director of Binny Limited.

Shri G V S Desikan is Director on Board of six other companies.

In the opinion of the Board, Shri G V S Desikan fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Shri G V S Desikan as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri G V S Desikan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri G V S Desikan as an Independent Director, for the approval by the shareholders of the Company.

Except Shri G V S Desikan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.7. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM No.8

Shri M J Vijayaraaghavan is an Independent Director of the Board since, 28.09.2006. He is liable to retire at this Annual General Meeting. In terms of Section 149 of the Companies Act, 2013 it is now proposed to appoint him as a non-rotational basis for a period of 5 consecutive years from 1st April 2014 to 31st March 2019.

The Company has received notice from the member proposing his candidature for the office of Director.

Shri M J Vijayaraaghavan, aged 81 years is a practicing Chartered Accountant and a Fellow Member of the Institute of Chartered Accountants of India having over 5 decades of rich and varied experience in Auditing, Taxation and Finance.

Shri M J Vijayaraaghavan is Director on Board of one other company.

In the opinion of the Board, Shri M J Vijayaraaghavan fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Shri M J Vijayaraaghavan as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri M J Vijayaraaghavan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri M J Vijayaraaghavan as an Independent Director, for the approval by the shareholders of the Company.

Except Shri M J Vijayaraaghavan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.8. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM No.9

Shri G P Muniappan is an Independent Director of the Board since, 31.10.2008. He is liable to retire at this Annual General Meeting. In terms of Section 149 of the Companies Act, 2013 it is now proposed to appoint him as a non-rotational basis for a period of 5 consecutive years from 1st April 2014 to 31st March 2019.

The Company has received notice from the member proposing his candidature for the office of Director.

Shri G P Muniappan, aged 73 years is a post graduate in Economics, is former Deputy Governor of the Reserve Bank of India.

Shri G P Muniappan is Director on Board of one other company.

In the opinion of the Board, Shri G P Muniappan fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Shri G P Muniappan as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri G P Muniappan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri G P Muniappan as an Independent Director, for the approval by the shareholders of the Company.

Except Shri G P Muniappan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.9. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM No.10

Shri S Muthuswamy is professionally qualified as FCA, AICWA and ACS. He is 57 years old. He is a Director of the Company from 30.05.2002. He was appointed as Company Secretary (Whole-Time) from 20.12.2003.

His remuneration was approved at the Annual General Meeting of the Company held on 28th September 2012 for period of five years from 30.05.2012. His remuneration is proposed to be paid to him as minimum remuneration in the absence or inadequacy of profits for his services as Company Secretary.

The revised remuneration has been approved with effect from 01.05.2014 by the Nomination and Remuneration Committee on 01.08.2014 and also by the Board on the 01.08.2014.

No Director or Key Managerial Personnel of the Company is concerned or interested in the Resolution except Shri S Muthuswamy, Director and Company Secretary.

ITEM No.11

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board shall appoint an individual who is a cost accountant in practice on the recommendations of the Audit Committee, which shall also recommend remuneration for such cost auditor. The remuneration recommended by Audit Committee shall be considered and approved by the Board of Directors and ratified by the shareholders.

On recommendation of Audit Committee at its meeting held on May 24, 2014, the Board has considered and approved appointment of Mr M Nagarajan, Cost Accountant, for the conduct of the Cost Audit of the Company's Textile manufacturing plant at Then Thirumalai, Jadayampalayam, Coimbatore - 641 302 at a remuneration of Rs.75,000/- (Rupees Seventy Five Thousand only) plus service tax as applicable and reimbursement of actual travel and out of pocket expenses for the Financial Year ending March 31, 2015.

The Resolution at item no.10 of the Notice is set out as an Ordinary Resolution for approval and ratification by the members in terms of Section 148 of the Companies Act, 2013.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested financial or otherwise in the resolution set out at item no.11

ITEM No.12

Section 188 of the Companies Act, 2013 read with rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, requires companies with paid up capital exceeding Rs.10 Crores to obtain approval of shareholders by Special Resolution in respect of related party transaction.

Transaction with related party - Trigger Apparels Limited

Nature of relationship : Related party within the meaning of Section 2(76)(viii)(A) of the Companies Act, 2013.

Trigger Apparels Limited is a wholly owned subsidiary of K G Denim Limited.

Trigger Apparels Limited is engaged in marketing of Trigger brand ready made garments, with K G Denim Limited being the registered owner of the trade mark 'Trigger'.

Nature of Contract :

(i) Sale of Fabrics :

Material Terms : Annual monetary value upto Rs.1000 lakhs of various sorts with annual quantity of 5.5 lakh metres with 10% upper tolerance limit at market rates.

(ii) Sales of Accessories : Annual monetary value upto Rs.75 lakhs of various item with 10% upper tolerance limit at market rates.

Individual rates are at market rates and at arm's length as approved by the Audit Committee and Board of Directors.

(iii) Laundry Charges : Annual monetary value upto Rs.300 lakhs with 10% upper tolerance limit at market rate.

Other information relevant or important for members to take a decision on the resolution: K G Denim Limited the holding company is engaged in the manufacture of denim and non denim fabrics and has adequate weaving, processing and laundry facilities. Trigger Apparels Limited does not own any manufacturing facility. K G Denim Limited hitherto has been the main supplier of fabrics to Trigger Apparels Limited from November 2005.

The outstanding debit balance of Trigger Apparels Limited as on 01.04.2014 is Rs.1459 lakhs. Maximum debit balance at any during the year is proposed at Rs.2000 lakhs.

The above contract is approved by the Audit Committee and the Board.

No director or key managerial person is interested in the contract.

ITEM No.13

Shareholders at the Extra-ordinary General Meeting held on 06.01.1996 had passed an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 for borrowing up to the limit of Rs.250 Crores. However, the present requirement of law is Companies Act, 2013, being that there has to be a Special Resolution, the appropriate resolution is proposed for your approval.

None of the Directors or Key Managerial Personnel of the Company is concerned or interested in the resolution.

ITEM No.14:

As a security for the loans sanctioned/to be sanctioned by Financial Institutions/banks/other Corporate Bodies, the Company would be required to give mortgage and/or charge all the movable and immovable properties of the Company both present and future.

Shareholders at the Extra-ordinary General Meeting held on 06.01.1996 had passed an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot except with the consent of the Company in the general meeting create charge or mortgage or hypothecate any of the assets of the Company for securing the loan/finance sanctioned/to be sanctioned by the Financial Institutions/Banks and/or for securing securities such as debentures,etc as also any other debt instruments issued/to be issued from time to time by the Company.

However, the present requirement of law is Companies Act, 2013, being that there has to be a Special Resolution, the appropriate resolution is proposed for your approval.

None of the Directors or Key Managerial Personnel of the Company is in any way concerned or interested in the resolution.

Coimbatore
01.08.2014

By Order of the Board

KG Baal Krishnan
Executive Chairman



K G DENIM LIMITED

CIN : L17115TZ1992PLC003798

Registered Office: Then Thirumalai,
Jadayampalayam, Coimbatore - 641 302
Phone No : (+91)-04254-304300, Fax : (+91)-04254-304400
Website: www.kgdenim.com Email ID: cskgdl@kgdenim.in

Sl. No: _____

POSTAL BALLOT FORM (in lieu of e-Voting)

(Read the instructions given in the notice of AGM before proceeding to fill up the form)

1	Name(s) of shareholder(s) (including joint holders , if any) in block letters	:	
2	Registered Address of the sole/ first named shareholder	:	
3	Registered Folio No./DP ID No./Client ID No.	:	
4	Number of Shares held	:	

I / We hereby exercise my / our vote in respect of the "**Resolution**" for the business stated in the **Annual General Meeting Notice** of the Company dated August 1, 2014 by sending my / our assent (for) or dissent (against) to the said resolution by placing the tick mark (✓) at the appropriate box below:

Item No.	Description	Type of Resolution	I / We assent to the Resolution	I / We dissent to the Resolution
			For	Against
1.	Consider and adopt audited Financial Statements, Reports of the Board of Directors and Auditors	Ordinary		
2.	To Declare a Dividend	Ordinary		
3.	Re-appointment of M/s Gopalaiyer & Subramanian, the retiring Auditors of the Company, as a Statutory Auditor	Ordinary		
4.	Appointment of Shri K N V Ramani who retires by rotation, as an Independent Director	Ordinary		
5.	Appointment of Shri V Jagadisan who retires by rotation, as an Independent Director	Ordinary		
6.	Appointment of Shri Surinder Chhibber who retires by rotation, as an Independent Director	Ordinary		
7.	Appointment of Shri G V S Desikan as an Independent Director.	Ordinary		
8.	Appointment of Shri M J Vijayaraaghavan as an Independent Director.	Ordinary		
9.	Appointment of Shri G P Muniappan as an Independent Director.	Ordinary		
10.	Re-fixing of remuneration to Shri S Muthuswamy, Director and Company Secretary.	Ordinary		
11.	Ratification of Remuneration to Cost Auditor	Ordinary		
12.	To approve the related party transaction with M/s Trigger Apparels Limited, wholly owned subsidiary	Special		
13.	Fixing Borrowing powers of the Board of Directors under Section 180(1)(c) of Companies Act, 2013.	Special		
14.	To create charge on movable and immovable property under Section 180 (1)(a) of Companies Act, 2013	Special		

Place :

Date :

(Signature of Shareholder)



K G DENIM LIMITED

ATTENDANCE SLIP

CIN : L17115TZ1992PLC003798

Registered Office: Then Thirumalai, Jadayampalayam, Coimbatore - 641 302

Phone No : (+91)-04254-304300, Fax : (+91)-04254-304400

Website: www.kgdenim.com Email ID: cskgdl@kgdenim.in

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL. ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING.

Name of the attending Members :

Folio/DP ID-Client ID No. :

No. of Shares held :

I hereby record my presence at the 22nd ANNUAL GENERAL MEETING of the Company held at **K G DENIM LIMITED**, Then Thirumalai, Jadayampalayam, Coimbatore - 641 302 at 3.00 pm on Monday, the 8th September, 2014.

Name of Proxy in Block Letters

Signature of the Shareholder/Proxy*

*Strike out whichever is not applicable

MGT - 11



K G DENIM LIMITED

PROXY FORM

CIN : L17115TZ1992PLC003798

Registered Office: Then Thirumalai, Jadayampalayam, Coimbatore - 641 302

Phone No : (+91)-04254-304300, Fax : (+91)-04254-304400

Website: www.kgdenim.com Email ID: cskgdl@kgdenim.in

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) :

Registered Address :

E-mail ID :

Folio/DP ID-Client ID No. :

I/We being the member(s) of.....shares of the above named Company, hereby appoint:

(1) Name..... Address.....

E-mail Id..... Signature.....or failing him/her

(2) Name..... Address.....

E-mail Id..... Signature.....or failing him/her

(3) Name..... Address.....

E-mail Id..... Signature.....or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company, to be held on Monday, the 8th day of September, 2014 at 3.00 pm at **K G DENIM LIMITED**, Then Thirumalai, Jadayampalayam, Coimbatore - 641 302 and at any adjournment thereof.

Signed this.....day of.....2014

Member's Folio/DP ID-Client ID No.....Signature of Shareholder(s).....

Signature of Proxyholder(s).....

Affix Revenue Stamp

Notes: 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office the Company, not less than 48 hours before the commencement of the Meeting.
2. In the case of a Corporation, the proxy form shall be either given under the Common Seal signed on its behalf by an Attorney or Officer of the Corporation.