



ANNUAL REPORT
2014-2015

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

Chief Financial Officer Shri M Balaji

Auditors M/s Gopalaiyer and Subramanian
Chartered Accountants
Coimbatore

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

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)

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K G DENIM LIMITED

DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

We have pleasure in presenting the Twenty-Third Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2015.

FINANCIAL RESULTS

(Rs. in lakhs)

PARTICULARS	Standalone		Consolidated	
	For the year ended 31 st March 2015	For the year ended 31 st March 2014	For the year ended 31 st March 2015	For the year ended 31 st March 2014
Gross Profit	5093	5149	5203	5295
Less : Finance Cost	2797	2805	2874	2888
Profit prior to Depreciation and write off	2296	2344	2329	2407
Less : Depreciation	2098	1335	2118	1342
Net Profit	198	1009	211	1065
Current, Deferred & earlier year tax	177	350	174	391
Net Profit for the year	21	659	37	674
Balance Brought forward	2197	1762	1775	1324
Proposed Dividend & Tax thereon	232	224	232	224
Additional Depreciation (Net of DTL)	430	-	433	-
Balance Carried Forward	1556	2197	1147	1775

STATE OF THE COMPANY'S AFFAIRS

During the period under review, the Company has earned revenue of Rs.59178 lakh and Net Profit of Rs.21 lakh on standalone basis and Rs.61883 lakh and Rs.37 lakh respectively on consolidated basis.

PERFORMANCE OF THE COMPANY

The Company has two main product divisions viz., Denim, Apparel Fabric and Home Textiles.

During the year ended 31.03.2015, total Fabric production was 316 lakh meters as against 309 lakh meters in 2013-14. Sale of Fabric was 309 lakh meters as against 300 lakh meters in 2013-14.

The profitability for the year was lower mainly on account of additional depreciation to the extent of Rs.7.02 crore as per the new Companies Act, 2013.

DIVIDEND

The Board of Directors recommends a dividend of 7.50 % (i.e. Rs.0.75) per equity share of the Company for the year 2014-15. The Dividend tax payable amounts to Rs.39 lakh.

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 in 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 Ready made Garment Segments look promising in the year ahead.

OPPORTUNITIES AND THREATS

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

The Company is in the process of setting up a 9.9 MW co-generation system to take care of its power needs and also to eliminate risk of power cuts in the region.

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.

K G DENIM LIMITED

LISTING OF EQUITY SHARES

The Company's Equity shares are listed at the following Stock Exchange:

(I) BSE Limited, Phiroze JeeJeebhoy Towers, Dalal Street, Mumbai-400 001.

The Company has paid the Annual Listing Fees to the said Stock Exchange for the financial year 2015-16.

PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES

During the year, the gross turnover in Trigger Apparels Limited was Rs.27.40 crore against Rs.39.22 crore during the previous year. The Subsidiary Company has been able to register a profit of Rs.15.56 lakh as against Rs.15.46 lakh in the previous year.

No activity has taken place at KG Denim (USA) Inc. during the year.

As per the provisions of Section 129 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, a separate statement containing the salient features of the financial statements of the Subsidiary companies is prepared in Form AOC-1 and same is enclosed to this report as Annexure-1.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards 21 issued by The Institute of Chartered Accountants of India (ICAI) and as per the provisions of Companies Act, 2013.

As per the provisions of Section 136 of the Companies Act, 2013, the Company has placed separate audited accounts of its subsidiaries on its website www.kgdenim.com and copy of separate audited financial statements of its subsidiaries will be provided to the shareholders at their request.

CEO/CFO CERTIFICATION

The Managing Director and Chief Financial Officer 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, 2015.

MEETINGS OF THE BOARD OF DIRECTORS

During the year ended 31st March, 2015, five Board Meetings were held.

The dates on which the Board meetings were held are 24th May 2014, 01st August 2014, 30th October 2014, 31st January 2015 and 22nd March 2015.

A meeting of the Independent Directors of the Board was held on 22nd March, 2015.

Details of meetings of the Board and its Committees are disclosed in the report on Corporate Governance.

DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 134 OF THE COMPANIES ACT, 2013

Pursuant to the requirement under Section 134 of the Companies Act, 2013, with respect to the Directors' Responsibility Statement the Board of Directors of the Company hereby confirms:

- i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- ii) that the Directors have 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 as at 31st March 2015 and Statement of Profit and Loss Account of the Company for that period;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the Annual Accounts for the Financial Year ended 31st March, 2015 on a going concern basis;
- v) that the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi) that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

K G DENIM LIMITED

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (7) OF SECTION 149 OF THE COMPANIES ACT, 2013

The independent directors have submitted the declaration of independence, as required pursuant to Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in sub-section(6).

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee consists of the following members namely Shri K N V Ramani, Chairman with Shri G V S Desikan and Shri V Jagadisan as members.

Brief description of terms of reference:

1. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board for their appointment and removal;
2. carry on the evaluation of every director's performance;
3. formulation of the criteria for determining qualifications, positive attributes and independence of a director;
4. recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
5. formulation of criteria for evaluation of Independent Directors and the Board;
6. devising a policy on Board diversity; and
7. any other matter as the Board may decide from time to time.

NOMINATION AND REMUNERATION POLICY

THE OBJECTIVES OF THE POLICY

1. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
2. To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies.
3. To carry out evaluation of the performance of Directors.
4. To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 OF COMPANIES ACT, 2013

The details of Loans, Guarantees given and Investments made during the Financial Year ended on 31st March, 2015 are given in the notes to Financial Statements in compliance with the provisions of Section 186 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014.

PARTICULARS OF CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 OF COMPANIES ACT, 2013

The Company adopted a Related Party Transaction Policy in terms of SEBI regulations for compliance with Corporate Governance and Clause 49 of the Listing Agreement. The policy has also been hosted on the Company's website. All transactions entered with Related Parties for the year 2014-15 were on Arm's length basis.

There were no material related party transactions in terms of the Related Party Transaction Policy adopted.

Thus disclosure in Form AOC-2 as per Companies Act, 2013 and Rule 8 of Companies (Account) Rules, 2014 is not required.

Further there were no material related party transaction with the Promoters, Directors or Key Managerial Personnel during the year.

All related party transaction are placed before the Audit Committee as also to the Board for approval on a quarterly basis. Omnibus approval was obtained for transaction of repetitive nature.

K G DENIM LIMITED

TRANSFER OF AMOUNT TO RESERVES

The Company does not propose to transfer any amount to the general reserve for the Financial Year ended 31st March, 2015.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return is prepared in Form MGT-9 as per the provisions of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014 and the same is enclosed as Annexure - 2 to this Report.

THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO PURSUANT TO PROVISIONS OF SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 (ACT) READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014

Information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2014 is prepared and the same is enclosed as Annexure - 3 to this Report.

RISK MANAGEMENT COMMITTEE

Risk Management Committee consists of the following persons namely Shri B Sriramulu, Chairman, Shri S Muthuswamy and Shri M Balaji as members.

The Committee had formulated a Risk Management Policy for dealing with different kinds of risks which it faces in day to day operations of the Company. Risk Management Policy of the Company outlines different kinds of risks and risk mitigating measures to be adopted by the Board. The Company has adequate internal control systems and procedures to combat the risk. The Risk management procedure is reviewed by the Audit Committee and Board of Directors on a Quarterly basis at the time of review of Quarterly Financial Results of the Company.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Corporate Social Responsibility is commitment of the Company to improve the quality of life of the workforce and their families and also the community and society at large. The Company believes in undertaking business in such a way that it leads to overall development of all stakeholders and Society.

The Board of Directors of the Company has constituted Corporate Social Responsibility Committee consisting of following persons namely Shri KG Baalakrishnan, Chairman, Shri G V S Desikan, Member and Shri A Velusamy, Member and adopted policy for Corporate Social Responsibility.

Corporate Social Responsibility policy was adopted by the Board of Directors on the recommendation of Corporate Social Responsibility Committee.

The provision of Section 135(1) of the Companies Act, 2013 were not applicable to the Company for the year. No scheme was hence recommended by the CSR Committee for the year.

The Report on Corporate Social Responsibility as Per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is hence not required.

EVALUATION OF BOARD

Evaluation of all Board members is done on an annual basis. The evaluation is done by the Board, Nomination and Remuneration Committee and Independent Directors with specific focus on the performance and effective functioning of the Board and Individual Directors.

The manner in which the evaluation has been done is explained in the report on Corporate Governance

K G DENIM LIMITED

DIRECTORS

Smt T Anandhi, Director of the Company retires by rotation and being eligible offers herself for re-appointment.

DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED DURING THE YEAR

- | | | |
|----------------------|---|--------------------------------|
| 1. Shri B Sriramulu | - | Managing Director |
| 2. Shri B Srihari | - | Managing Director |
| 3. Shri S Muthuswamy | - | Director and Company Secretary |
| 4. Shri M Balaji | - | Chief Financial Officer |

The shareholders of the Company have appointed 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, as Independent Directors of the Company for a period of 5 years with effect from 01.04.2014 to 31.03.2019.

Shri M Balaji, has been designated as Chief Financial Officer of the Company pursuant to provisions of Section 203 of the Companies Act, 2013.

DEPOSITS

The Company has not accepted any deposits from the public in terms of Section 73 of the Companies Act, 2013.

STATUTORY AUDITORS

The Shareholders of the Company at the Annual General Meeting held on 08th September, 2014 have appointed M/s. Gopalaiyer and Subramanian, Chartered Accountants as Statutory Auditors of the Company.

The term of M/s. Gopalaiyer and Subramanian, Chartered Accountants, Statutory Auditors will expire on the date of 23rd Annual General Meeting to be held on 28th September 2015.

It is proposed to re-appoint them as Statutory Auditors of the Company for a further period of one year. The members are requested to consider their re-appointment and authorize the Board of Directors to fix their remuneration.

M/s. Gopalaiyer and Subramanian, Chartered Accountants (ICAI Regn. No.000960S) have confirmed that their appointment, if made, shall be in accordance with the provisions of Section 139 of the Companies Act, 2013.

AUDITORS REPORT

M/s.Gopalaiyer and Subramanian, Chartered Accountants (ICAI Regn. No.000960S) have issued Auditors Report for the Financial Year ended 31st March, 2015 and there are no qualifications in Auditors' Report.

INTERNAL AUDITORS

The Board of Directors of the Company have appointed M/s Mohan & Venkatramanan, Chartered Accountants to conduct Internal Audit of the Company.

AUDIT COMMITTEE

Audit Committee consists of the following Directors namely Shri V Jagadisan, Chairman, Shri K N V Ramani and Shri G V S Desikan as members, all the members of the Audit Committee are Independent Directors.

There is no such incidence where Board has not accepted the recommendation of the Audit Committee during the year under review.

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 - Annexure - 4.

VIGIL MECHANISM

The Board of Directors have adopted a Whistle Blower Policy which is hosted on the Company's website. The Whistle Blower Policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. All permanent employees of the Company are covered under the Whistle Blower Policy.

A mechanism has been established for employees to report concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairperson of the Audit Committee in exceptional cases.

SECRETARIAL AUDITORS REPORT

As per the provisions of Section 204 of the Companies Act, 2013, the Board of Directors have appointed Shri M.R.L.Narasimha, Practising Company Secretary (C.P.No:799) as Secretarial Auditor to conduct Secretarial audit of the Company for the Financial Year ended on 31st March, 2015.

Secretarial Audit Report issued by Shri M.R.L.Narasimha, Practising Company Secretary in form MR-3 is enclosed as Annexure - 5 to this Annual Report. There are no qualifications in Secretarial Audit Report.

STATEMENT OF PARTICULARS OF APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL

The Statement of particulars of Appointment and Remuneration of Managerial personnel as per Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as Annexure - 6 to this Annual Report.

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 freon 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. The highlighting of our sustainability effort can be seen in the link <https://youtu.be/uZGhiwq6XSM>

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.

POLICY ON SEXUAL HARASSMENT

The Company has adopted policy on Prevention of Sexual Harassment of Women at Workplace in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the financial year ended 31st March, 2015, the Company has not received any complaints pertaining to sexual harassment.

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.

INSURANCE

All properties and insurable interests of the Company including building, plant and machinery and stocks have been fully insured.

FINANCE

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

DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

1. The Company maintains all its records in ERP System and the work flow and approvals are routed through ERP System;
2. The Company has appointed Internal Auditors to observe the Internal Controls, whether the work flow of organization is being done through the approved policies of the Company. In every Quarter during the approval of Financial Statements, Internal Auditors will present the Internal Audit Report and Management Comments on the Internal Audit observations; and
3. The Board of Directors of the Company have adopted various policies like Related Party Transactions Policy, Whistle Blower Policy, Policy to determine Material Subsidiaries and such other procedures for ensuring the orderly and efficient conduct of its business for safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

CHANGE IN THE NATURE OF BUSINESS

There is no change in the nature of business of the Company.

THE DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE.

No Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

Details of pending legal cases are furnished in Note No.30 to the accounts.

MATERIAL CHANGES AND COMMITMENTS

There are no Material changes and commitments in the business operations of the Company from the Financial Year ended 31st March, 2015 to the date of signing of the Director's Report.

ACKNOWLEDGMENT

The Directors take this opportunity to place on record their sincere thanks to the Banks and Financial Institutions, Insurance Companies, Central and State Government Departments and the shareholders for their support and co-operation extended to the Company from time to time.

K G DENIM LIMITED

PERSONNEL

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

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.

PARTICULARS OF EMPLOYEES

Information pursuant to sub-section 12 of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in Annexure to this report.

During the year under review there were no employees in receipt of remuneration covered by Section 197(12) read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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 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
23.05.2015

On behalf of the Board
KG Baal Krishnan
Executive Chairman
DIN: 00002174

K G DENIM LIMITED

Annexure - 1

Form AOC-1

(Pursuant to first proviso to sub-section (3) 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

Part "A": Subsidiaries													Rs. in lakh	
Sr. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Share capital	Reserves & surplus	Total assets	Total liabilities	investments	Turn-over	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Shareholding
1	Trigger Apparels Limited			200.00	-409.42	2150.14	2359.56	-	2704.33	12.36	-3.20	15.56	-	100%
2.	KG Denim (USA) Inc.		Exchange Rate Rs.62.46 per USD	0.44	-	5.38	4.94	-	-	-	-	-	-	100%

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures									
Sr. No.	Name of Associates/ Joint Ventures	1.Latest audited Balance Sheet Date	2. Shares of Associate / Joint Ventures held by the Company on the year end		3.Description of how there is significant influence	4.Reason why the associate/ joint venture is not consolidated	5. Networth attributable to shareholding as per latest audited Balance Sheet	6. Profit/Loss for the year	
			No.	Amount of Investment in Associates/Joint Venture				Extent of Holding %	I.Considered in Consolidation

There are no Associates / Joint Ventures

KG BAALAKRISHNAN	B SRIRAMULU	B SRIHARI	S MUTHUSWAMY	M BALAJI
Executive Chairman	Managing Director	Managing Director	Director & Company Secretary	Chief Financial Officer

Coimbatore, 23rd May, 2015

K G DENIM LIMITED

Annexure - 2

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on 31.03.2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1. CIN	L17115TZ1992PLC003798
2. Registration Date	25.06.1992
3. Name of the Company	K G DENIM LIMITED
4. Category / Sub-Category of the Company	PUBLIC LIMITED COMPANY
5. Address of the Registered office and contact details	Then Thirumalai, Jadayampalayam, Coimbatore - 641 302.
6. Whether listed company Yes / No	YES
7. Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002. Phone : 044-28460395.

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products / Services	NIC Code of the Product/ service	% to total turnover of the company
1	Denim Fabric	1312	56%
2	Apparel Fabrics	1313	15%
3	Home Textiles	1392	22%
4	Others		7%

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S.No	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary /Associate	% of Shares Held	Applicable Section
1.	Trigger Apparels Limited 2, FCI Complex Karamadai-641104.	U18101TZ1999PLC008956	Subsidiary	100 %	Section 2(87)
2.	KG Denim (USA) Inc. 491 S. Oyster Bay Road, Plain View, NY 11803	N.A.	Subsidiary	100%	Section 2(87)

K G DENIM LIMITED

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
1. Individual/HUF	9868158	9868158	9868158	38.47	9869258	9869258	9869258	38.47	0
2. Central Govt	0	0	0	0	0	0	0	0	0
3. State Govt (s)	0	0	0	0	0	0	0	0	0
4. Bodies Corp.	4787145	4787145	4787145	18.66	5162145	5162145	5162145	20.12	1.46
5. Banks / FI	0	0	0	0	0	0	0	0	0
6. Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A)(1):	14655303	14655303	14655303	57.13	15031403	15031403	15031403	58.59	1.46
(2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2):	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter	14655303	14655303	14655303	57.13	15031403	15031403	15031403	58.59	1.46
(A)=(A)(1)+(A)(2)	14655303	14655303	14655303	57.13	15031403	15031403	15031403	58.59	1.46
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	0	5200	5200	0.02	0	5100	5100	0.02	0
b) Banks / FI	0	500	500	0	0	500	500	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	2300	2300	0.01	0	2300	2300	0.01	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (Specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):	0	8000	8000	0.03	0	7900	7900	0.03	0
(2) Non Institutions									
a) Bodies Corporate	502303	547703	547703	2.13	835203	880603	880603	3.43	1.30
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	4722911	6174075	6174075	24.07	4517323	5955287	5955287	23.21	-0.86
ii) Individual shareholders holding nominal share capital excess of Rs.1 lakh	3136485	3334685	3334685	13.00	2681595	2906495	2906495	11.33	-1.67
c) Others (Specify)	689339	934139	934139	3.64	661717	872217	872217	3.40	-0.24
Sub-total (B)(2):	9051038	10990602	10990602	42.84	8695838	10614602	10614602	41.38	-1.46
Total Public Shareholding (B)=(B)(1)+(B)(2)	9051038	10998602	10998602	42.87	8695838	10622502	10622502	41.41	-1.46
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	23706341	25653905	25653905	100	23727241	25653905	25653905	100	0

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ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	KG BAALAKRISHNAN	2578560	10.05	0	2578560	10.05	0	0
2	B SATHYABAMA	1886500	7.35	0	1886500	7.35	0	0
3	B SRIRAMULU	2208659	8.61	0	2208659	8.61	0	0
4	B SRIHARI	2231859	8.70	0	2231859	8.70	0	0
5	T ANANDHI	150000	0.58	0	150000	0.58	0	0
6	NIRUPA SRIRAMULU	169185	0.66	0	169185	0.66	0	0
7	DEEPIKA KARTHIKEYAN	72600	0.28	0	72600	0.28	0	0
8	PRANAV SRIRAMAN	67736	0.26	0	67736	0.26	0	0
9	ADHYA SRIHARI	52050	0.20	0	52050	0.20	0	0
10	SRI KANNAPIRAN MILLS LIMITED	3065183	11.95	65.25	3065183	11.95	65.25	0
11	KG FABRIKS LIMITED	200000	0.78	0	200000	0.78	0	0
12	GANAPATHYKUMARAN INVESTMENTS PRIVATE LIMITED	639255	2.49	0	1014255	3.95	0	1.46
13	KUMARANGANAPATHY INVESTMENTS PRIVATE LIMITED	882707	3.44	0	882707	3.44	0	0
14	G BAKTHAVATHSALAM	104609	0.41	0	104609	0.41	0	0
15	B DHANALAKSHMI	173400	0.68	0	173400	0.68	0	0
16	R VASANTHI	173000	0.67	0	174100	0.68	0	0.01
	TOTAL	14655303	57.13	65.25	15031403	58.59	65.25	1.46

(iii) Change in Promoter's Shareholding (please specify, if there is no change)

Sl. No.	M/s Ganapathykumaran investments P Ltd.	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	At the beginning of the year	639255	2.49	-	-
1.	Purchased on 22.07.2014	368000	1.43	1007255	3.93
2.	Purchased on 04.08.2014	7000	0.03	1014255	3.95
	At the end of the year			1014255	3.95

Note : There is no change in shareholdings for other promoters.

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(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Mr Anil Kumar Goel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	At the beginning of the year	500000	1.95	-	-
1.	Purchased on 25.04.2014	500000	1.95	-	-
2.	Sold on 23.01.2015	(5000)	(0.02)	-	-
3.	Sold on 06.02.2015	(5000)	(0.02)	-	-
	At the end of the year (or on the date of separation, if separated during the year)			490000	1.91

Sl. No.	Ms Valli	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
2.	At the beginning of the year	375000	1.46	-	-
1.	Sold on 25.07.2014	(375000)	(1.46)	-	-
	At the end of the year (or on the date of separation, if separated during the year)			-	-

Sl. No.	Mr Devesh Sonkia	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
3.	At the beginning of the year	107500	0.42	-	-
	At the end of the year (or on the date of separation, if separated during the year)			107500	0.42

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Sl. No.	Mr Lal Tolani	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
4.	At the beginning of the year	86000	0.34	-	-
	At the end of the year (or on the date of separation, if separated during the year)			86000	0.34

Sl. No.	Ms Chitra Khemka	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
5.	At the beginning of the year	81500	0.32	-	-
1.	Sold on 13.06.2014	(5000)	(0.02)	-	-
2.	Sold on 20.06.2014	(600)	(0.00)	-	-
3.	Sold on 12.09.2014	(10000)	(0.04)	-	-
4.	Sold on 19.09.2014	(18650)	(0.07)	-	-
5.	Sold on 30.09.2014	(5000)	(0.02)	-	-
6.	Sold on 21.11.2014	(35639)	(0.14)	-	-
7.	Sold on 28.11.2014	(6611)	(0.03)	-	-
	At the end of the year (or on the date of separation, if separated during the year)			-	-

Sl. No.	Ms Tanvi J Mehta	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
6.	At the beginning of the year	80859	0.32	-	-
1.	Sold on 30.05.2014	(1555)	(0.01)	-	-
2.	Sold on 14.08.2014	(4051)	(0.02)	-	-
3.	Sold on 07.11.2014	(20000)	(0.08)	-	-
4.	Sold on 14.11.2014	(55253)	(0.22)	-	-
	At the end of the year (or on the date of separation, if separated during the year)			-	-

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SI. No.	Mr Ajay Kumar Kayan	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
7.	At the beginning of the year	79800	0.31	-	-
	At the end of the year (or on the date of separation, if separated during the year)			79800	0.31

SI. No.	Mr K Mohan	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
8.	At the beginning of the year	77000	0.30	-	-
	At the end of the year (or on the date of separation, if separated during the year)			77000	0.30

SI. No.	Mr Gopal Das Sonkia	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
9.	At the beginning of the year	75000	0.29	-	-
	At the end of the year (or on the date of separation, if separated during the year)			75000	0.29

SI. No.	Mr Bachh Raj Nahar	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
10.	At the beginning of the year	70000	0.27	-	-
1.	Sold on 14.08.2014	(10000)	(0.04)	-	-
2.	Sold on 23.01.2015	(1426)	(0.01)	-	-
	At the end of the year (or on the date of separation, if separated during the year)			58574	0.23

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Sl. No.	Mr John M T	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
11.	At the beginning of the year	52501	0.20	-	-
1.	Purchased on 02.05.2014	920	0.00	-	-
2.	Purchased on 09.05.2014	1948	0.01	-	-
3.	Purchased on 16.05.2014	4651	0.02	-	-
4.	Purchased on 23.05.2014	6789	0.03	-	-
5.	Purchased on 30.05.2014	1192	0.00	-	-
6.	Purchased on 06.06.2014	4000	0.02	-	-
7.	Purchased on 07.11.2014	827	0.00	-	-
8.	Purchased on 14.11.2014	3378	0.00	-	-
9.	Purchased on 21.11.2014	5795	0.02	-	-
10.	Purchased on 28.11.2014	1000	0.00	-	-
11.	Purchased on 05.12.2014	6667	0.03	-	-
12.	Purchased on 12.12.2014	10333	0.40	-	-
13.	Purchased on 31.12.2014	1000	0.00	-	-
14.	Sold on 06.03.2015	(5000)	(0.02)	-	-
15.	Purchased on 20.03.2015	4000	0.02	-	-
16.	Purchased on 31.03.2015	5004	0.02	-	-
	At the end of the year (or on the date of separation, if separated during the year)			105005	0.41

Sl. No.	Acira Consultancy Private Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
12.	At the beginning of the year	0	0.00	-	-
1.	Purchased on 06.02.2015	132111	0.51	-	-
	At the end of the year (or on the date of separation, if separated during the year)			132111	0.51

Sl. No.	LSE Securities Ltd.	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
13.	At the beginning of the year	1300	0.00	-	-
1.	Sold on 25.04.2014	-500	0.00	-	-
2.	Purchased on 20.06.2014	10000	0.04	-	-
3.	Purchased on 11.07.2014	21130	0.08	-	-
4.	Purchased on 18.07.2014	5000	0.02	-	-
5.	Purchased on 25.07.2014	29170	0.11	-	-
6.	Purchased on 29.08.2014	700	0.00	-	-
7.	Purchased on 07.11.2014	35000	0.14	-	-
8.	Purchased on 13.03.2015	1100	0.00	-	-
	At the end of the year (or on the date of separation, if separated during the year)			102900	0.40

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(v) Shareholding of Directors and Key Managerial Personnel :

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
At the beginning of the year					
Directors					
1.	Shri KG Baal Krishnan	2578560	10.05	2578560	10.05
2.	Shri K N V Ramani	10000	0.04	10000	0.04
3.	Shri G V S Desikan	200	0.00	200	0.00
4.	Shri A Velusamy	500	0.00	500	0.00
5.	Smt T Anandhi	150000	0.58	150000	0.58
6.	Shri V Jagadisan	-	-	-	-
7.	Shri M J Vijayaraaghavan	-	-	-	-
8.	Shri Surinder Chhibber	-	-	-	-
9.	Shri G P Muniappan	-	-	-	-
Key Managerial Personnel					
1.	Shri B Sriramulu Managing Director	2208659	8.61	2208659	8.61
2.	Shri B Srihari Managing Director	2231859	8.70	2231859	8.70
3.	Shri S Muthuswamy Director and Company Secretary	-	-	-	-
4.	Shri M Balaji Chief Financial Officer	-	-	-	-

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Rs.in lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	5964.19	-	-	5964.19
(ii) Interest due but not paid	42.76	-	-	42.76
(iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	6006.95	-	-	6006.95
Change in Indebtedness during the financial year				
Addition	4057.96	100.00	-	4157.96
Reduction	2010.89	4.09	-	2014.98
Net Change	2047.07	95.91	-	2142.98
Indebtedness at the end of the financial year				
(i) Principal Amount	8015.48	95.91	-	8111.39
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	38.54	-	-	38.54
Total (i+ii+iii)	8054.02	95.91	-	8149.93

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VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager :

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount Rs.
		Shri B Sriramulu Managing Director	Shri B Srihari Managing Director	Shri A Velusamy Whole-time Director	
1.	Gross Salary	Rs.	Rs.	Rs.	Rs.
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	2400000	2400000	1017500	5817500
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	-as % of profit	-	-	-	-
	-others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total(A)	2400000	2400000	1017500	5817500
	Ceiling as per the Act- Minimum Remuneration - as per Part II of Schedule V				5817500

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount Rs.
		Shri K N V Ramani	Shri V Jagadisan	Shri G V S Desikan	Shri G P Muniappan	Shri M J Vijaya-raaghavan	
1.	Independent Directors	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	Fee for attending board committee meetings	137500	137500	137500	42500	42500	497500
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total(1)	137500	137500	137500	42500	42500	497500
2.	Other Non-Executive Directors	Smt T Anandhi					
	Fee for attending board committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	259000	-	-	-	-	259000
	Share of Profits						
	Total(2)	259000	-	-	-	-	259000
	Total (B)=(1+2)	396500	137500	137500	42500	42500	756500
	Total Managerial Remuneration						6574000
	Overall Ceiling as per the Act						6574000

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C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary S Muthuswamy	CFO M Balaji	Total Rs.
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1315614	2205181	3520795
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	-as % of profit	-	-	-
	-others, specify...	-	-	-
5.	Others, please specify	-	-	-
	Total	1315614	2205181	3520795

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of penalty/punishment compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any(give details)
A. COMPANY Penalty Punishment Compounding					
B. DIRECTORS Penalty Punishment Compounding					
C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding					

There are no Penalties/Punishment/Compounding of offences during the year.

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Annexure- 3

The conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to the provisions of Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014:

A. CONSERVATION OF ENERGY:

1) The steps taken or impact on 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.

2) The steps taken by the Company for utilizing alternate sources of energy:

The Company is setting up a 9.9 MW Co-generation System for meeting its power and steam requirements

3) The Capital investment on energy conservation equipments:

The new Co-generation System is being set up at a project cost of Rs.61 crore. Till 31.03.2015 the company has incurred Rs.56.67 Crore.

B. TECHNOLOGY ABSORPTION:

i. **The Efforts made towards technology absorption:** NIL

ii. **The Benefits derived like product improvement, cost reduction, product development or import substitution:** NIL

iii. Details of technology imported during the past 3 years:

No technology has been imported during the past 3 years.

a. The details of technology import: -NIL

b. The year of import: -NIL

c. Whether the technology has been fully absorbed: -NIL

d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: -NIL

iv. **The expenditure incurred on Research and Development:**

Capital	-	Rs.12 lakh
Recurring	-	Rs.33 lakh
Total	-	Rs.45 lakh

C. FOREIGN EXCHANGE EARNINGS AND OUT GO:

1) **The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows:**

Particulars	(Rs. lakh)	
	March 31, 2015	March 31, 2014
Used	4294	3087
Earned	24789	23154

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 2014 to 31st March 2015. The present strength of the Board is 12 Directors, out of which 6 are independent directors.

5 (Five) 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: 24th May 2014, 01st August 2014, 30th October 2014, 31st January 2015 and 22nd March 2015. A meeting of Independent Directors was held on 22nd March 2015 which was attended by all Independent Directors. The Annual General Meeting was held on 08th September 2014. 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	5	5	Present	8	-	-
Shri B Sriramulu	5	5	Not Present	10	-	2
Shri B Srihari	5	5	Present	11	-	1
Shri G V S Desikan	5	5	Present	6	-	2
Shri V Jagadisan	5	5	Present	2	-	5
Shri K N V Ramani	5	5	Present	7	1	2
Shri G P Muniappan	5	5	Present	1	-	1
Smt T Anandhi	5	4	Present	3	-	-
Shri M J Vijayaraaghavan	5	5	Present	4	1	1
Shri Surinder Chhibber	5	4	Present	1	-	-
Shri A Velusamy	5	5	Present	8	-	4
Shri S Muthuswamy	5	5	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 on retirement basis

Smt T Anandhi, aged 50 years has basic textile education and has over 20 years experience in textile field such as cotton, spinning and garments. She is also on the board of various textile companies.

Shri A Velusamy is professionally qualified as B.Sc., B.L. He is 59 years old. He will be a Whole-time Director of the Company from 01.04.2015 to 23.05.2015. He will continue as Director from 24.05.2015 on retirement basis.

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.

The Company has also adopted a code of conduct to regulate, monitor and report trading by insiders in terms of SEBI Insider Trading Regulations.

Criteria for Evaluation of Board

A) Criteria for evaluation of Board of Directors as a whole

- i. The frequency of meetings;
- ii. The length of meetings;
- iii. The administration of meeting;
- iv. The number of committees and their roles;
- v. The flow of information to board members and between board members;
- vi. The quality and quantity of information; and
- vii. The disclosure of Information to the stakeholders.

B) The review of performance of the Non Independent Directors and Board as a whole was done at the meeting of the Independent Directors of the Company.

Criteria and compliance

Criteria

Constitution of the Board and its committees and review of its performance

Corporate Governance including formulation and implementation of long term strategies, policies and business plans

Laying of Adequate financial controls and effective operation of the same

Developing annual budgets and funding plan consistent with agreed corporate strategies

Developing processes and structures to ensure that capital investment proposals are reviewed thoroughly, that associated risks are identified and appropriate steps taken to manage the risks.

Ensuring significant development in human resources / Industrial relations

Satisfying themselves on the integrity of financial information and that controls and risk management systems are robust and defensible

Ensuring procedures in place to ensure compliance with all relevant legislation and regulation

Interest of stake holders

Quality and adequacy of disclosure of information and reports and adherence to time lines

Participation of Directors

Plans for order of succession for appointments to the Board and to senior management

C) Criteria for evaluation of the Independent Directors

- i. Ability to contribute and monitor corporate governance practices;
- ii. Ability to contribute by introducing best practices to address top management issues;
- iii. Participation in long term strategic planning;
- iv. Commitment to the fulfillment of director obligations and fiduciary responsibilities;
- v. Guiding strategy;
- vi. Monitoring management performance and development;
- vii. Statutory compliance & Corporate Governance;
- viii. Attendance and contribution at Board / Committee meetings;
- ix. Time spent by each of the member; and
- x. Core competencies.
- xi. Criteria for evaluation of Independent Directors in terms of Section 149(8) read with Schedule IV (viii) of Companies Act, 2013 and Clause 49 (B) (5) (c) of the Listing Agreement.
- xii. Criteria of Nomination and Remuneration Committee
- xiii. Criteria for Conduct as laid down by the Board in terms of Clause 49 (II)(E) (3) of the Listing Agreement

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 177 of the Companies Act, 2013 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 had met four times, as against the minimum requirement of 3 meetings and the Audit Committee meetings were held on 24th May 2014, 01st August 2014, 30th October 2014 and 31st January 2015.

Composition of the Audit Committee as on 31st March, 2015 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 148 of the Companies Act, 2013 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

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.

c. 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 looks 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 22.05.2014, 30.07.2014, 28.10.2014 and 29.01.2015.

K G DENIM LIMITED

Shri S Muthuswamy, Director and Company Secretary 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 19. Outstanding complaints as on 31st March 2015 were 'Nil'.

d. Corporate Social Responsibility Committee

The said Committee has been constituted during the year comprising of Shri KG Baalalrishnan, and Shri G V S Desikan and Shri A Velusamy as members. The provisions of Section 135(1) of the Companies Act, 2013 were not applicable to the Company for the year 2014-15.

e. Risk Management Committee

The Risk Management Committee comprises of the following persons, namely, Shri B Sriramulu, Chairman, Shri S Muthuswamy and Shri M Balaji.

4. GENERAL MEETINGS

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

22 nd AGM	08 th September 2014	3.00 pm	Registered Office premises, Then Thirumalai, Jadayampalayam, Coimbatore - 641 302.
21 st AGM	11 th September 2013	9.30 am	-do-
20 th AGM	28 th September 2012	9.30 am	-do-

Postal ballots were used for voting at the 22nd Annual General Meeting.

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 have 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 133 of the Companies Act, 2013.

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 2015, 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 B Sriramulu, Managing Director	24,00,000	-	24,00,000
Shri B Srihari, Managing Director	24,00,000	-	24,00,000
Smt T Anandhi, Non-Executive Director	2,59,000	-	2,59,000
Shri A Velusamy, Director	10,17,500	82,500	11,00,000
Shri S Muthuswamy, Director & Company Secretary	13,02,114	82,500	13,84,614

* Includes contribution to P.F. and reimbursement of medical expenses.

The details of sitting fees paid to Non-Executive Directors for attending the Board, Independent Directors or Committee Meetings during the financial year ended 31st March 2015 were as follows :-

Name of the Directors	Sitting Fee (Rs.)	No. of Shares held
Shri G V S Desikan	137500	200
Shri V Jagadisan	137500	Nil
Shri K N V Ramani	137500	10000
Shri G P Muniappan	42500	Nil
Shri M J Vijayaraaghavan	42500	Nil

K G DENIM LIMITED

8. GENERAL SHAREHOLDER INFORMATION

1. 23 rd AGM to be held on :	28.09.2015
at :	3.30 p.m.
venue :	Registered Office Premises, Then Thirumalai, Jadayampalayam, Coimbatore 641 302
2. Financial Calendar-Board Meetings (Tentative)	First Quarter - Second week of August 2015 Second Quarter - Second week of November 2015 Third Quarter - Second week of February 2016 Results for the year ending 31 st March 2016 last week of May 2016
3. Date of Book Closure	22.09.2015 to 28.09.2015 (Both days inclusive)
4. Listing of Equity Shares	Listed in Bombay Stock Exchange. The Company has paid the listing fees for the year 2015 - 2016.
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	92.49% of the total equity shares (23727241 Shares) were held in the dematerialised form as on 31 st March 2015. 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 2015

Category	No. of Shareholders	%	No. of Shares	%
Upto 5,000	13178	84.88	2391193	9.32
5,001 - 10,000	1129	7.27	983106	3.83
10,001 - 20,000	513	3.30	825691	3.22
20,001 - 30,000	206	1.33	532668	2.08
30,001 - 40,000	91	0.58	335064	1.31
40,001 - 50,000	99	0.63	475982	1.86
50,001 - 1,00,000	159	1.02	1230527	4.80
1,00,001 and above	149	0.99	18879674	73.58
Total	15524	100.00	25653905	100.00

K G DENIM LIMITED

10. CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2015

Sl.No.	Category	No.of Shares held	%
1	Shareholding of Promoter and Promoter Group	15031403	58.59
2	Public Shareholding		
A	Institutions		
(a)	Mutual Funds / UTI / Financial Institutions / Banks	7900	0.03
(b)	Foreign Institutional Investors	-	-
	Sub Total (A)	7900	0.03
B	Non-Institutions		
(a)	Bodies Corporate & Trusts	880603	3.43
(b)	Individuals	9733999	37.95
	Sub Total (B)	10614602	41.38
	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 2014 to March 2015 is as below:

Month	BSE Price	
	High	Low
April 2014	16.00	13.80
May 2014	18.45	13.42
June 2014	19.30	14.42
July 2014	22.50	16.80
August 2014	21.85	16.60
September 2014	21.50	17.00
October 2014	19.00	17.00
November 2014	18.55	15.35
December 2014	18.25	14.60
January 2015	25.45	16.60
February 2015	26.60	21.00
March 2015	30.00	18.70

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.

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, 2015, 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
23.05.2015

Form No.MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,
K G Denim Limited,
Then Thirumalai
Coimbatore - 641 302.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by K G Denim Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the K G Denim Limited (name of the company's) books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31/03/2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by K G Denim Limited ("the Company") for the financial year ended on 31/03/2015 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

K G DENIM LIMITED

- vi. I have also examined compliance with the applicable clauses of the following :
- i. Secretarial Standards issued by The Institute of Company Secretaries of India [not applicable as not notified during the period under review]
 - ii. The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company has, at the Annual General Meeting held on 08.09.2014, passed Special Resolution under Section 180(1)(c) and 180(1)(a) of the Companies Act, 2013.

Place : Coimbatore

Date : 23.05.2015

Name of Company Secretary in Practice : **M.R.L.NARASIMHA**

FCS No.2851

C P No.:799

To,
The Members,
K G Denim Limited,
Then Thirumalai,
Coimbatore - 641 302.

My Secretarial Audit Report of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. My responsibility is to express an opinion on these secretarial records, systems, standards and procedures based on our audit.

3. Whereever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

4. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

M.R.L.NARASIMHA

FCS No.2851

C P No.799

Date : 23.05.2015

Place : Coimbatore

K G DENIM LIMITED

Annexure- 6

Statement of particulars as per Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

Rs.in lakhs

Sl.No.	Name of the Director	Ratio of the remuneration to the median remuneration of the employees
1.	Shri B Sriramulu	20.40
2.	Shri B Srihari	20.40
3.	Shri A Velusamy	8.65
4.	Shri S Muthuswamy	11.05

Shri K N V Ramani, Shri V Jagadisan, Shri G V S Desikan, Shri G P Muniappan and Shri M J Vijayaraaghavan, Independent Directors were paid sitting fees for attending the meetings.

Smt T Anandhi was paid 1% of Net Profits as remuneration.

(ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the financial year

Sl.No.	Name of the Director	Percentage increase in remuneration
1.	Shri S Muthuswamy	17.90%
2.	Shri M Balaji	7.25%

There were no increase of remuneration to other Directors.

(iii) The percentage increase in the median remuneration of employees in the financial year.

22.97%

(iv) The number of permanent employees on the rolls of Company

800

(v) The explanation on the relationship between average increase in remuneration and Company performance

Sl.No.	Average increase in remuneration	Company performance
	Rs.48,190	Rs.21,08,381

(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company

Sl.No.	Remuneration of Key Managerial Personnel	Performance of the Company for the year ended 31 st March, 2015
1.	Rs.83,20,795	Rs.21,08,381

K G DENIM LIMITED

(vii) Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public officer.

SI.No.	Particular	As at March 31, 2015		As at March 31, 2014	
1	Market Capitalisation - Rs.	BSE	538732005	BSE	359154670
2	Price Earnings Ratio (Considering consolidated EPS)	BSE	263	BSE	5.45

Market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

The Company came with an Initial Public Offer in 1993 at the price of Rs.10/- per equity share. As on 31st March, 2015 the Market Quotation of the Company Share Price (Closing Price) is as follows:

BSE Limited : Rs.21.00

(viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

(ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company.

SI.No.	Name	Remuneration of Key Managerial Personnel	Performance of the Company for the year ended 31 st March, 2015
1.	Shri B Sriramulu	Rs.24,00,000	Rs.21,08,381
2.	Shri B Srihari	Rs.24,00,000	Rs.21,08,381
3.	Shri S Muthuswamy	Rs.13,15,614	Rs.21,08,381
4.	Shri M Balaji	Rs.22,05,181	Rs.21,08,381

(x) The key parameters for any variable component of remuneration availed by the directors

Managing Directors / Whole time Directors were paid only minimum remuneration as fixed basis during the year. Managing Directors are entitled to 3% of Net Profits each, but on account of inadequacy of profits only minimum remuneration paid.

(xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year. -N.A.-

(xii) The Remuneration paid to Key Managerial Personnel is as per the Remuneration policy of the Company.

On behalf of the Board of Directors
for K G DENIM LIMITED
KG Baal Krishnan
Executive Chairman

Place : Coimbatore
Date : 23.05.2015

Statement of Particulars of Employees Pursuant to the Provisions of Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

NIL

K G DENIM LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF K G DENIM LIMITED

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of **K G DENIM LIMITED**, which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, 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 STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

K G DENIM LIMITED

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31st March, 2015, and its profit/loss and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of sub-section (11) of Section 143 of the Act, we give in Annexure I a statement on matters specified in paragraphs 3 and 4 of the said order.

2. As required by Section 143(3) of the Act, we report that:

a. We have sought and 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2015 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note.30(i)(a) to the financial statements;

(ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **GOPALAIYER AND SUBRAMANIAN**

Chartered Accountants

CA. R MAHADEVAN

Partner

Membership No.27497

Firm Regn. No.000960S

Coimbatore

23.05.2015

ANNEXURE I 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. (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.
- II. (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. The Company has not granted any loans secured or unsecured to parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- IV. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- V. The Company has not accepted any deposits from the public within the meaning of Sections 73 and 74 of the Act and the rules framed there under to the extent notified.
- VI. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been specified under sub-section (1) of Section 148 of the Act, 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 records with a view to determine whether they are accurate or complete.
- VII. (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, 2015 for a period of more than six months from the date they became payable.

K G DENIM LIMITED

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of duty of customs and duty of excise as at 31st March 2015 which have not been deposited on account of a dispute, are as follows :

Name of Statute	Nature of Dues	Amount (Rs. Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act	Excise Duty	5.32	FY 2009-10	Customs Excise and Service Tax Appellate Tribunal, Chennai. Out of this, demand of Rs.448.69 lakhs was stayed by CESTAT, Chennai.
		1.00	FY 2010-11	
		3.34	FY 2011-12	
		10.79	FY 2013-14	
Customs Act	Custom Duty	7.49	FY 2006-07	
		336.08	FY 2008-09	
		112.61	FY 2013-14	

- VIII. The Company does not have any accumulated losses as at 31st March 2015. The Company has not incurred any cash loss during the financial year covered by our audit and the immediately preceding financial year.
- IX. 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 banks.
- X. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year are not prejudicial to the interest of the Company.
- XI. 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.
- XII. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For **GOPALAIYER AND SUBRAMANIAN**

Chartered Accountants

CA. R MAHADEVAN

Partner

Coimbatore
23.05.2015

Membership No.27497
Firm Regn. No.000960S

K G DENIM LIMITED

BALANCE SHEET AS AT 31st MARCH 2015

PARTICULARS	NOTE NO.	AS AT 31.03.2015	AS AT 31.03.2014
(Rs.in lakhs)			
I. EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS			
(a) Share Capital	1	2566.51	2566.51
(b) Reserves and Surplus	2	3556.03	4197.02
(c) Money received against share warrants		-	-
2 SHARE APPLICATION MONEY PENDING ALLOTMENT			
3 NON-CURRENT LIABILITIES			
(a) Long-term Borrowings	3	6369.25	3891.13
(b) Deferred Tax Liabilities (Net)	4	775.86	1272.81
(c) Other Long-term Liabilities	5	271.35	240.00
(d) Long-term Provisions	6	265.46	222.64
4 CURRENT LIABILITIES			
(a) Short-term Borrowings	7	7233.77	6561.91
(b) Trade Payables	8	12494.03	12314.45
(c) Other Current Liabilities	9	2915.25	2763.52
(d) Short-term Provisions	10	746.10	239.64
TOTAL		37193.61	34269.63
II. ASSETS			
1 NON-CURRENT ASSETS			
(a) Fixed Assets	11		
(i) Tangible Assets		9782.69	12041.35
(ii) Capital Work-in-Progress		5667.39	715.05
(b) Non-Current Investments	12	537.27	536.84
(c) Long-term Loans and Advances	13	635.01	1152.13
2 CURRENT ASSETS			
(a) Inventories	14	12378.09	11238.98
(b) Trade Receivables	15	4177.94	4244.06
(c) Cash and Cash Equivalents	16	821.05	894.62
(d) Short-term Loans and Advances	17	1946.55	1793.59
(e) Other Current Assets	18	1247.62	1653.01
TOTAL		37193.61	34269.63

The notes form an integral part of these financial statements

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

KG BAALAKRISHNAN
Executive Chairman

B SRIRAMULU
Managing Director

B SRIHARI
Managing Director

CA. R MAHADEVAN
Partner

S MUTHUSWAMY
Director & Company Secretary

M BALAJI
Chief Financial Officer

Coimbatore
23rd May, 2015

Membership No.27497
Firm Regn. No.000960S

K G DENIM LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2015

PARTICULARS	NOTE NO.	31.03.2015	31.03.2014
(Rs.in lakhs)			
I. Revenue from operations	19	59178.33	59186.46
II. Other Income	20	264.13	309.05
III. Total Revenue (I+II)		59442.46	59495.51
IV. Expenses:			
Cost of materials consumed	21	37375.49	36917.61
Purchases of Stock-in-Trade	22	9.87	3.97
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	(1123.31)	(787.65)
Other Manufacturing Expenses	24	12187.94	12728.60
Employee Benefits Expenses	25	3045.85	2698.25
Finance Costs	26	2796.67	2805.15
Depreciation and Amortization Expense		2097.88	1334.60
Other Expenses	27	2853.86	2786.16
Total Expenses		59244.25	58486.69
V. Profit before exceptional and extraordinary items and tax (III-IV)		198.21	1008.82
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V-VI)		198.21	1008.82
VIII. Extraordinary Items:		-	-
IX. Profit before tax (VII-VIII)		198.21	1008.82
X. Tax Expense :			
(1) Current Tax		489.12	379.43
(2) MAT Credit Entitlement		-	-
(3) Deferred Tax		(312.00)	(29.20)
		177.12	350.23
XI. Profit for the period from continuing operations (IX-X)		21.09	658.59
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)		21.09	658.59
XVI. Earnings per equity share			
(1) Basic		0.08	2.57
(2) Diluted		0.08	2.57
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

KG BAALAKRISHNAN
Executive Chairman

B SRIRAMULU
Managing Director

B SRIHARI
Managing Director

CA. R MAHADEVAN
Partner

S MUTHUSWAMY
Director & Company Secretary

M BALAJI
Chief Financial Officer

Coimbatore
23rd May, 2015

Membership No.27497
Firm Regn. No.000960S

K G DENIM LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2015

PARTICULARS	31.03.2015	31.03.2014
	(Rs. in lakhs)	
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax and extraordinary items	198.21	1008.82
Adjustments for:		
Depreciation	2097.88	1334.60
Profit/Loss on sale of assets	-19.47	9.81
Dividend Received	-	-0.45
Interest Charges	2796.67	2805.15
Operating Profit before working capital changes	5073.29	5157.93
Adjustments for:		
Trade and other receivables	66.12	-458.25
Inventories	-1139.11	-201.45
Loans & Advances	364.16	-721.33
Other Current Assets	405.39	-487.73
Trade and other payables	880.57	1984.08
Cash generated from operations	5650.42	5273.25
Cash flow before extraordinary items	5650.42	5273.25
Extraordinary items	-	-
Cash flow after extraordinary items	5650.42	5273.25
Income Tax	-489.12	-379.43
Net cash from operating activities	5161.30	4893.82
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Withdrawn / Sale of fixed assets	59.66	15.63
Acquisitions of fixed assets	-5447.19	-2438.38
Dividend received	0	0.45
Investments	-0.43	16.43
Net cash used in investing activities	-5387.96	-2405.87
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Provision for Equity Dividend	-192.40	-192.40
Distribution Tax on Equity Dividend	-39.17	-31.21
Long Term Borrowings from Banks	2478.12	-325.32
Short Term Borrowings from Banks	671.86	923.68
Other Loans	31.35	-
Interest paid	-2796.67	-2805.15
Net cash used in financing activities	153.09	-2430.40
Net Increase in cash and cash equivalents	-73.57	57.55
Cash and cash equivalents as at 1st April, 2014 (Opening Balance)	894.62	837.07
Cash and cash equivalents as at 31st March, 2015 (Closing Balance)	821.05	894.62

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

KG BAALAKRISHNAN
Executive Chairman

B SRIRAMULU
Managing Director

B SRIHARI
Managing Director

CA. R MAHADEVAN
Partner

S MUTHUSWAMY
Director & Company Secretary

M BALAJI
Chief Financial Officer

Coimbatore
23rd May, 2015

Membership No.27497
Firm Regn. No.000960S

K G DENIM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PARTICULARS	AS AT 31.03.2015	AS AT 31.03.2014
(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
	<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	31.03.2015	31.03.2014
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	31.03.2015		31.03.2014	
	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	2196.87	1761.89
(+) Net Profit for the current year	21.09	658.59
(+) Adjustment for Deferred tax liability on additional depreciation as per Schedule II of Companies Act, 2013*	184.95	-
(-) Proposed Equity Dividend	192.40	192.40
(-) Tax on Proposed Equity Dividend	39.17	31.21
(-) Additional depreciation as per Schedule II of Companies Act, 2013*	615.46	-
Closing Balance	<u>1555.88</u>	<u>2196.87</u>

Total	<u>3556.03</u>	<u>4197.02</u>
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* Refer Note 28

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 31.03.2015	AS AT 31.03.2014
(Rs.in lakhs)		
Note 3 - Long-Term Borrowings		
Secured		
(a) Term Loans		
Indian Rupee Loan	-	-
From Banks (Secured)	6090.12	3624.33
From Others-House property loan from HDFC Limited	172.04	221.40
(b) Long term maturities of finance lease obligations	-	-
(Secured by Vehicles on Hire Purchase Loan)	107.09	45.40
There is no case of continuing default as on the Balance Sheet date in repayment of loans and interest		
Total	6369.25	3891.13

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, Peelamedu property & Mumbai property) acquired for the Expansion cum Diversification Scheme (ECDS) and New Capex Plan 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 Baal Krishnan, Executive Chairman.

The company has availed Two Term loan & One Corporate Loan from Indian Bank and loan outstanding is - Term Loan III Rs.555.08 Lakhs and Term Loan IV Rs.1084.32 lakhs & Corporate Loan Rs.666.64 lakhs (Previous year Rs.770.07 lakhs, Rs.226.73 lakhs & Rs.Nil). 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 13.00% 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. (Previous year 12.25% p.a.). Corporate Loan is repayable in 12 equal quarterly installments commencing from 01.06.2015. Last installment is due on 01.03.2018 Rate of interest 12.30% p.a. as at year end.

The company has availed Two term loans from Bank of India and loan outstanding is - Term Loan III Rs.738.56 Lakhs & Term Loan IV Rs.1117.32 (Previous year Rs.908.56 lakhs & Rs.238.28 lakhs). 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 14.00% 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 (Previous Year 12.25% p.a.).

The company has availed one term loan from State Bank of India and loan outstanding is - Term Loan II for Rs.609.33 lakhs (Previous year Rs.849.34). 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 13.60% p.a. as at year end. (Previous year 14.40% p.a).

The company has availed two term loan from Indian Overseas Bank and loan outstanding is- Term loan I Rs.85.50 lakhs & Term Loan II Rs.113.54 lakhs (Previous year Rs.187.54 Lakhs & Rs.256.43 lakhs) Term Loan I 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 14.00% p.a..) and Term loan II 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 14.25% p.a.)

The company has availed a term loan from The South Indian Bank Ltd and loan outstanding is- Rs.1119.82 (Previous year Rs.238.30 lakhs). 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 (Previous year 12.25% p.a.).

Term Loan from others :

HDFC Ltd Loan Rs.230 lakhs for Mumabi 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.172.04 lakhs (Previous year Rs.198.55 lakhs). Term Loan is repayable in 84 monthly 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 (Previous year 13.50% p.a.).

K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2015	AS AT 31.03.2014
	(Rs. in lakhs)	
Note 4 - Deferred Tax Liabilities (Net)		
Opening balance	1272.81	1302.01
Add: Provision for the year	(312.00)	(29.20)
Less: Adjustment for additional depreciation as per Schedule II of Companies Act, 2013*	184.95	-
Net Deferred Tax Liability	<u>775.86</u>	<u>1272.81</u>
* Refer Note 28		
Note 5 - Other Long -Term Liabilities		
(a) Trade Payables	-	-
(b) Others	-	-
(i) Unsecured Loan from Financial Institutions (NBFC)	31.35	-
(ii) Unsecured Loan from Promoter Director	240.00	240.00
Total	<u>271.35</u>	<u>240.00</u>
Note 6 - Long-Term Provisions		
(a) Provision for employee benefits Gratuity (unfunded)	265.46	222.64
Total	<u>265.46</u>	<u>222.64</u>
Note 7 - Short-Term Borrowings		
Secured		
(a) Loans repayable on demand Working Capital Loan from Banks (Secured)	7233.77	6561.91
There are no cases of default in repayment of loan and interest as on date of Balance Sheet		
Total	<u>7233.77</u>	<u>6561.91</u>
Security Clause		
Working capital facilities from Indian Bank Consortium (Indian Bank, Bank of India, Allahabad Bank, State Bank of India and The South Indian Bank Limited) 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, Peelamedu property & Mumbai property) through Deed of Hypothecation. The entire working capital facilities are also guaranteed by Shri KG Baal Krishnan, Executive Chairman.		
Note 8 - Trade Payables		
For Goods Purchased	10374.47	10528.09
For Services Received	2119.56	1786.36
Total	<u>12494.03</u>	<u>12314.45</u>
Note 9 - Other Current Liabilities		
(a) Current maturities of long-term debt-Secured (See Note 3)	1525.77	2002.21
(b) Current maturities of finance lease obligations	120.46	70.85
(c) Current maturities of financial institutions (NBFC)	64.56	-
(d) Interest accrued and due on borrowings	38.54	42.76
(e) Customer Credit Balance	309.14	33.45
(f) Security Deposits	3.30	3.30
(g) Duties and Taxes	52.90	59.34
(h) Creditors for Capital Goods	771.95	532.66
(i) Unpaid (Unclaimed) Equity Dividend	28.63	18.95
Total	<u>2915.25</u>	<u>2763.52</u>
Note 10 - Short-Term Provisions		
(a) Provision for employee benefits Gratuity (unfunded)	13.80	13.42
(b) Others		
Income Tax Provision (Net of Advance Tax)	489.12	-
Wealth Tax Provision	11.61	2.61
Proposed Equity Dividend	192.40	192.40
Tax on Proposed Equity Dividend	39.17	31.21
Total	<u>746.10</u>	<u>239.64</u>

K G DENIM LIMITED

Note 11 - Fixed Assets

(Rs. in lakhs)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION					NET BLOCK		
	Balance as at 1st April, 2014	Additions	Disposals	Brought into use	Balance as at 31st March, 2015	Balance as at 1st April, 2014	Depreciation charge for the year	Transfer to Reserve*	On Disposals	Balance as at 31st March, 2015	Balance as at 31st March, 2015	Balance as at 31st March, 2014
(a) Tangible Assets												
Land	390.69	-	-	-	390.69	-	-	-	-	-	390.69	390.69
Buildings	4221.03	29.96	-	-	4250.99	1019.12	126.99	104.68	-	1250.79	3000.20	3201.91
Plant & Equipment	20623.60	199.66	76.05	-	20747.21	12991.52	1785.79	333.79	72.24	15038.86	5708.35	7632.08
Electrical Machinery	985.98	7.78	-	-	993.76	658.73	71.44	113.41	-	843.58	150.18	327.25
Furniture & Fixtures	149.85	35.43	-	-	185.28	76.16	15.46	6.45	-	98.07	87.21	73.69
Vehicles	457.52	200.05	89.83	-	567.74	188.71	65.48	13.41	53.45	214.15	353.60	268.81
Office Equipment	542.31	21.98	-	-	564.29	395.39	32.72	43.72	-	471.83	92.46	146.92
Others (specify nature)	-	-	-	-	-	-	-	-	-	-	-	-
Total	27370.98	494.86	165.88	-	27699.96	15329.63	2097.88	615.46	125.69	17917.27	9782.69	12041.35
Previous Year	25249.31	2202.75	81.08	-	27370.98	14050.67	1334.60	-	55.64	15329.63	12041.35	11198.64
(b) Intangible Assets												
Total												
(c) Capital work in Progress												
Total	715.05	4952.34	-	-	5667.39	-	-	-	-	-	5667.39	715.05
Previous Year	479.41	1543.77	-	1308.13	715.05	-	-	-	-	-	715.05	479.41
Grand Total	28086.03	5447.20	165.88	-	33367.35	15329.63	2097.88	615.46	125.69	17917.27	15450.08	12756.40
Previous Year	25728.72	3746.52	81.08	1308.13	28086.03	14050.67	1334.60	-	55.64	15329.63	12756.40	11678.05

* Refer Note 28

Note: Building includes Prayer Hall and Gold Plating thereon of Rs. 132.69 lakhs in Gross Block, Rs. 19.88 lakhs in Depreciation Block and Rs. 112.81 lakhs in Net Block (Previous Year Rs. 132.69 lakhs in Gross Block, Rs. 16.22 lakhs in Depreciation Block and Rs. 116.46 lakhs in Net Block).

Furniture & Fittings includes Prayer Hall of Rs. 13.89 lakhs in Gross Block, Rs. 7.40 lakhs in Depreciation Block and Rs. 6.49 lakhs in Net Block (Previous Year Rs. 13.89 lakhs in Gross Block, Rs. 5.38 lakhs in Depreciation Block and Rs. 8.51 lakhs in Net Block)

31.03.2015

31.03.2014

Note 12 - Non-Current Investments

Rs. in lakhs

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

0.44

0.42

Sub-total

200.44

200.42

II Trade Investments

- 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

- iii Nupower Wind Farms Ltd.
9,126 Equity Shares of Rs.10/- each-Un quoted

0.91

-

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

3.00

3.00

- v Prakash Power Pvt. Limited
1,490 Equity Shares of Rs.10/- each-Un quoted

0.15

0.44

(Previous year 4420 Equity Share of Rs.10/- each Un quoted)

- vi I Energy Winds Farms (Theni) P Limited

-

0.20

(Previous year 2,003 Equity Shares of Rs.10/- each-Un quoted)

- vii Cotton Sourcing Company Limited

1.00

1.00

10,000 Equity Shares of Rs.10/- each-Un quoted

Sub-total

332.52

332.10

Total (B - I+II)

532.96

532.52

Grand Total (A+B)

537.27

536.84

Less : Provision for diminution in the value of investments

-

-

Total

537.27

536.84

Aggregate amount of quoted investments

4.78

4.78

Market value of quoted investments

5.28

6.86

Aggregate amount of unquoted investments

532.50

532.06

K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2015	AS AT 31.03.2014
(Rs. in lakhs)		
Note 13 - Long-Term Loans and Advances		
a. Capital Advances		
Advance for Capital Goods-Un secured considered good	427.76	1115.20
Others	-	-
	<u>427.76</u>	<u>1115.20</u>
b. Security Deposits		
Security Deposits - Un secured considered good	202.30	32.73
	<u>202.30</u>	<u>32.73</u>
c. Loans and advances to related parties		
Advance to Subsidiary company-KG Denim (USA) Inc.	4.95	4.20
- Un secured considered good	-	-
	<u>4.95</u>	<u>4.20</u>
Total	<u>635.01</u>	<u>1152.13</u>

Note 14 - Inventories

a. Raw Materials and components	3429.97	3658.19
Goods-in transit-Grey Fabrics	186.72	-
	<u>3616.69</u>	<u>3658.19</u>
b. Work-in-progress	1818.65	1522.29
Goods-in transit	-	-
	<u>1818.65</u>	<u>1522.29</u>
c. Finished Goods	5962.40	5480.64
Goods-in transit-Fabrics	498.19	153.00
	<u>6460.59</u>	<u>5633.64</u>
d. Stock-in-trade	-	-
Goods-in transit	-	-
	<u>-</u>	<u>-</u>
e. Stores and Spares	477.00	414.03
Goods-in transit	-	-
	<u>477.00</u>	<u>414.03</u>
f. Others (Specify nature)		
Stock of Waste	5.16	10.83
	<u>5.16</u>	<u>10.83</u>
Total	<u>12378.09</u>	<u>11238.98</u>

Mode of Valuation : Refer Note 28.2 in Significant Accounting Policies

Details of Raw Materials

Cotton	11.92	101.43
Yarn	1623.62	1616.90
Grey Fabric / Fabric	891.40	1133.95
Fibre	402.51	472.40
Chemicals	439.00	288.75
Accessories	61.52	44.76
Total	<u>3429.97</u>	<u>3658.19</u>

K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2015	AS AT 31.03.2014
	(Rs. in lakhs)	
Details of Work-in-process		
Cotton Yarn and Processed Fabric	1789.05	1189.32
Fibre Yarn and Processed Fabric	29.60	332.97
Total	1818.65	1522.29
Details of Finished Goods		
Fabric	4363.59	4356.32
Garments	718.86	521.63
Home Textiles	776.50	516.18
Terry Towels	103.45	86.51
Total	5962.40	5480.64
Note 15 - Trade Receivables		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	727.21	35.59
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	3450.73	4208.47
Total	4177.94	4244.06
Note 16 - Cash and Cash Equivalents		
a. Balances with banks	100.07	180.43
b. Cheques, drafts on hand	0.01	8.83
c. Cash on hand	12.92	28.33
d. Other Bank Balances		
Unclaimed Dividend Account	28.63	18.95
e. Others		
EEFC Deposits	0.58	0.88
Margin Money Deposits	678.84	657.20
Total	821.05	894.62

K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2015	AS AT 31.03.2014
(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	1433.19	1318.59
For Expenses / Others	158.37	134.41
For Duties & Taxes	222.02	208.69
Prepaid Expenses	132.97	131.90
Total	<u>1946.55</u>	<u>1793.59</u>
Note 18 - Other Current Assets		
Export Incentives Receivable	933.58	1347.29
Excise Claim Receivable	4.37	34.19
Interest Subsidy from Govt. Agencies	291.67	253.53
Interest Receivable	18.00	18.00
Total	<u>1247.62</u>	<u>1653.01</u>
31.03.2015		31.03.2014
(Rs.in lakhs)		
Note 19 - Revenue from Operations		
Sale of Products	58187.09	58185.63
Sale of Services - Job Work (TDS Rs. 10,70,354/-)	566.21	621.19
Other Operating Revenues : Waste Cotton / Yarn / Accessories Sales	425.03	379.64
Total	<u>59178.33</u>	<u>59186.46</u>
Details of Sale of Products		
Fabrics	41290.30	40853.82
Garments	4066.18	5756.41
Home Textiles	12208.96	11105.28
Terry Towel	621.65	470.12
Total	<u>58187.09</u>	<u>58185.63</u>
Note 20 - Other Income		
Interest Income (TDS Rs.6,13,578/-)	67.17	53.67
Interest Subsidy received	134.11	231.82
Dividend Income	-	0.45
Lease Rent Receipts (TDS Rs.6,400/-)	0.64	0.96
Insurance Claim Received	3.62	3.27
Profit on sale of fixed assets	19.47	-
Exchange Gain on Export Sales	32.57	13.06
Other non-operating income (net of expenses directly attributable to such income)	6.55	5.82
Total	<u>264.13</u>	<u>309.05</u>

K G DENIM LIMITED

PARTICULARS	31.03.2015	31.03.2014
Note 21 - Cost of Materials Consumed		(Rs. in lakhs)
Opening Stock	3658.19	4141.34
Purchases	<u>37333.99</u>	<u>36434.46</u>
Sub-total	40992.18	40575.80
Less : Closing Stock	<u>3616.69</u>	<u>3658.19</u>
Raw Materials Consumed	<u>37375.49</u>	<u>36917.61</u>
Imported and Indigenous Raw Materials consumed		
Imported	2124.53	2340.26
Indigenous	<u>35250.96</u>	<u>34577.35</u>
Total	<u>37375.49</u>	<u>36917.61</u>
Details of Raw Material Consumed		
Cotton	4178.85	4887.34
Yarn	<u>13518.29</u>	<u>13184.58</u>
Fibre	931.25	2224.34
Fabrics	<u>12244.70</u>	<u>10228.21</u>
Chemicals	4875.26	4470.28
Accessories	<u>1627.14</u>	<u>1922.86</u>
Total	<u>37375.49</u>	<u>36917.61</u>
Note 22 - Purchases of Stock-in-Trade		
Garments Purchase	<u>9.87</u>	<u>3.97</u>
Total	<u>9.87</u>	<u>3.97</u>
Note 23 - Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade		
Opening Stock :		
Work-in-Process	1522.29	1629.44
Finished Goods	<u>5633.64</u>	<u>4738.84</u>
Traded Items	-	-
	<u>7155.93</u>	<u>6368.28</u>
Closing Stock :		
Work-in-Process	1818.65	1522.29
Finished Goods	<u>6460.59</u>	<u>5633.64</u>
Traded Items	-	-
	<u>8279.24</u>	<u>7155.93</u>
Total	<u>(1123.31)</u>	<u>(787.65)</u>
Note 24 - Other Manufacturing Expenses		
(a) Power & Fuel	4436.67	4443.46
(b) Consumptions of Stores & Spare Parts	<u>367.59</u>	<u>264.88</u>
(c) Processing Charges	5671.08	6317.92
(d) Repairs & Maintenance		
For Plant & Machinery	1143.80	1176.14
For Buildings	<u>218.03</u>	<u>171.60</u>
For Others	<u>350.77</u>	<u>354.60</u>
Total	<u>12187.94</u>	<u>12728.60</u>
Imported and Indigenous Stores & Spare Parts Consumed		
Imported	237.64	174.95
Indigenous	<u>129.95</u>	<u>89.93</u>
Total	<u>367.59</u>	<u>264.88</u>

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PARTICULARS	31.03.2015	31.03.2014
Note 25 - Employee Benefits Expenses (Rs. in lakhs)		
(a) Salaries and Wages	2693.38	2285.60
(b) Salaries-Managing Directors/Whole Time Directors	73.94	132.89
(c) Contributions to Provident Fund and Other Funds	94.37	95.75
(d) Gratuity as per Actuarial Valuations	57.05	5.39
(e) Staff Welfare Expenses	127.11	178.62
Total	<u>3045.85</u>	<u>2698.25</u>
 Note 26 - Finance Costs		
Interest Expense	2388.77	2405.62
Other Borrowing Costs	408.20	399.53
Applicable Net Gain/Loss on Foreign Currency Transactions and Translation	(0.30)	-
Total	<u>2796.67</u>	<u>2805.15</u>
 Note 27 - Other Expenses		
Rent	39.68	63.20
Insurance	198.78	119.19
Rates and Taxes, excluding, Taxes on Income	160.74	113.33
Payments to the Auditor as		
a) As Statutory Auditor	3.37	2.53
b) For Taxation Matters	1.12	1.40
c) For Other Services	0.81	0.09
Legal, Professional & Consultancy Charges	129.79	49.86
Printing and Stationery	65.63	46.30
Postage, Telegrams and Telephones	153.93	125.21
Travelling Expenses and Maintenance of Vehicles	427.75	374.08
Director Sitting Fees	4.98	3.35
Software Maintenance Expenses	0.12	39.78
Brokerage	22.51	37.11
Commission on Sales	394.04	533.14
Discount on Sales	185.12	230.39
Selling Expenses	395.54	313.41
Freight Outwards	464.48	489.37
Exchange Loss on Export Sales	42.32	9.75
Prayer Hall Repairs and Maintenance	32.15	20.90
Bad Debts Written Off	5.67	44.38
Miscellaneous Expenses	125.33	159.58
Loss on Sale of Fixed Assets	-	9.81
Total	<u>2853.86</u>	<u>2786.16</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, 2013. The Company has complied with the Accounting Standards prescribed by the Institute of Chartered Accountants of India and as referred u/s 133 of the Companies Act, 2013.
- 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 Account.

28.6 DEPRECIATION ACCOUNTING

Depreciation on fixed assets has been provided on the basis of the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013, effective from 01.04.2014, as against the earlier practice of depreciating at rates prescribed in Schedule XIV of the Companies Act, 1956.

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 account. 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.

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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.

29 DEPRECIATION FOR THE YEAR

Consequent to the enactment of the Companies Act, 2013 (the Act) and its applicability for accounting periods commencing from 1st April 2014, the company has reassessed the, remaining useful life of fixed assets in accordance with the provisions prescribed under Schedule II to the Act. In case of assets which have completed their useful life, the carrying value (net of residual life) as at 1st April 2014, amounting to Rs. 430.51 Lakhs (net of Deferred Tax of Rs. 184.95 lakhs) has been adjusted to Retained Earnings; in case of other assets the carrying value (net of residual value) is being depreciated over the revised remaining useful life. The depreciation and amortisation expense charge for the year ended 31st March 2015 would have been lower by Rs.702 Lakhs, had the company continued with the previous assessment of useful life of such assets.

NOTE 30

CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

	2014 - 2015	2013 - 2014
	(Rs.in Lakhs)	
(i) Contingent Liabilities		
a) Claims against the company not acknowledged as debt:		
Disputed Excise / Customs duties	476.63	981.25
Disputed Income Tax	154.00	154.00
In respect of disputed excise / custom duties and Income tax demands, the company feels that there will be no financial impact, based on legal opinions obtained.		
b) Guarantees		
Guarantees given to Bank for loan to subsidiary	651.00	651.00
Guarantees given on behalf of Associates for fulfillment of their Export obligation under EPCG Scheme	193.00	300.00
c) Other Money for which the company is contingently liable		
Bills discounted with banks	4544.93	4228.74
(ii) Commitments		
Estimated amount of contracts remaining to be executed in capital account and not provided for	257.00	2089.74

NOTE 31

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.1129 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.

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NOTE 32 : 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	31.03.2015	31.03.2014
(Expressed as weighted averages)		
Discount Rate	7.80 %	9.10 %
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	236.06	238.71
Interest Cost	20.85	19.01
Current Service Cost	29.29	33.88
Past Service Cost - (Non Vested Benefits)	0	0
Past Service Cost - (Vested Benefits)	0	0
Benefits Paid	(13.84)	(8.04)
Actuarial Loss / (Gain) on obligation (Balancing Figure)	6.91	(47.51)
PVO as at the end of the period	279.27	236.06
III. Changes in the fair value of plan assets -	(Rs.lakhs)	(Rs.lakhs)
Reconciliation of Opening and Closing Balances		
Fair Value of plan assets as at the beginning of the period	0	0
Expected return on plan assets	0	0
Contributions	13.84	8.04
Benefits Paid	(13.84)	(8.04)
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	(6.91)	47.51
Actuarial Gain / (Loss) for the period - plan assets	0	0
Total Gain / (Loss) for the period	6.91	(47.51)
Actuarial Gain / (Loss) recognised in the period	6.91	(47.51)
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	279.27	236.06
Fair Value of plan assets	0	0
Difference	279.27	236.06
Unrecognised transitional liability	0	0
Unrecognised past service cost-non vested benefits	0	0
Liability recognised in the balance sheet	279.27	236.06
VII. Expenses recognised in the statement of profit and loss	(Rs.lakhs)	(Rs.lakhs)
Current Service Cost	29.29	33.88
Interest Cost	20.85	19.01
Expected return on plan assets	0	0
Net actuarial (Gain) / Loss recognised in the year	6.91	(47.51)
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	57.05	5.39
VIII. Movements in the Liability recognised in the balance sheet	(Rs.lakhs)	(Rs.lakhs)
Opening net liability	236.06	238.71
Expense as above	57.05	5.39
Contribution paid	(13.84)	(8.04)
Closing net liability	279.27	236.06

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Annexure to Notes on Accounts :

	31.03.2015	31.03.2014
	(Rs.in lakhs)	
33 Value of Imports on CIF basis		
I Raw Materials	627.01	1146.87
II Chemicals	1497.52	1161.50
III Spares & Components	237.64	206.84
IV Fuel	1444.08	1344.35
V Capital Goods	94.38	524.58
	3900.63	4384.14
34 Expenditure in Foreign Currency		
Commission	426.22	460.18
Advertisement and Trade Fair	65.51	59.61
Traveling etc.,	77.24	64.66
Testing Charges	1.44	6.75
Office Rent	-	17.70
	570.41	608.90
35 Earnings in Foreign Currency (FOB)		
Export of goods on Direct Export	24789.64	23154.79

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

(Rs.in lakhs)

Particulars	2014-2015				2013-2014			
	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	14.18	81.65	-	-	3.83	84.34	-	-
Sale of goods	591.91	12.38	-	-	1501.72	115.69	-	-
Processing Charges paid	-	2448.53	-	-	-	2554.80	-	-
Service Charges paid	-	-	-	-	-	39.77	-	-
Processing Charges Received	189.67	46.15	-	-	183.09	46.63	-	-
Rent Received	-	0.64	-	-	-	0.96	-	-
Loans and advances paid	0.75	-	-	-	0.82	-	-	-
Managerial Remuneration	-	-	93.40	2.59	-	-	120.93	11.96

36.2 Balance outstanding as on 31.03.2015

(Rs.in lakhs)

Particulars	2014-15				2013-2014			
	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	1129.01	52.27	-	-	1458.84	43.99	-	-
Creditors	-	784.20	-	-	-	673.89	-	-
Investments	200.44	327.46	-	-	200.42	327.46	-	-
Loans and advances	4.95	-	-	-	4.20	-	-	-

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36.3 Note :

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

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

38 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 2015 is as follows:

(Rs.in lakhs)

Particulars	Provision for Income Tax		Provision for Wealth Tax		Provision for Gratuity	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Opening Balance	-	-	2.61	2.70	236.05	238.71
Additions	489.12	379.43	11.61	2.61	57.05	5.39
Utilisation/Adv Tax						
Adjustments	-	379.43	-	-	13.84	8.05
Reversals	-	-	2.61	2.70	-	-
Closing Balance	489.12	-	11.61	2.61	279.26	236.05
Provided as Long Term Liability	-	-	-	-	265.46	222.64
Provided as Short Term Liability	-	-	-	-	13.80	13.42

K G DENIM LIMITED

- 39 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.54.26 lakhs of more than 30 days and exceeding Rs.1 lakh to the following parties; Sri Abirami Tubes Rs.18.83 lakhs, Nava Bharath Packaging Rs.6.52 lakhs, Acme Textiles Rs.7.11 lakhs, Asmaco Industries Rs.5.90 lakhs, Harini Packs Rs.9.94 Lakhs and Sri Guhan Packs Rs.5.96 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.
- 40 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.
- 41 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.
- 42 Previous year's figures have been regrouped wherever necessary.
- 43 Figures have been rounded off to the nearest Lakhs.

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

KG BAALAKRISHNAN
Executive Chairman

B SRIRAMULU
Managing Director

B SRIHARI
Managing Director

CA. R MAHADEVAN
Partner

S MUTHUSWAMY
Director & Company Secretary

M BALAJI
Chief Financial Officer

Coimbatore
23rd May, 2015

Membership No.27497
Firm Regn. No.000960S

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, 2015, 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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, 2015;
- (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

23.05.2015

Membership No.27497

Firm Regn. No.000960S

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2015

PARTICULARS	NOTE NO.	AS AT 31.03.2015	AS AT 31.03.2014
(Rs.in lakhs)			
I. EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS			
(a) Share Capital	1	2566.51	2566.51
(b) Reserves and Surplus	2	3146.62	3774.99
(c) Money received against share warrants		-	-
2 SHARE APPLICATION MONEY PENDING ALLOTMENT			
3 NON-CURRENT LIABILITIES			
(a) Long-term Borrowings	3	6369.25	3891.13
(b) Deferred Tax Liabilities (Net)	4	637.48	1128.55
(c) Other Long-term Liabilities	5	544.29	491.46
(d) Long-term Provisions	6	298.29	248.13
4 CURRENT LIABILITIES			
(a) Short-term Borrowings	7	7770.36	6960.91
(b) Trade Payables	8	12818.93	12566.50
(c) Other Current Liabilities	9	2975.06	2826.36
(d) Short-term Provisions	10	749.58	249.15
TOTAL		37876.37	34703.69
II. ASSETS			
1 NON-CURRENT ASSETS			
(a) Fixed Assets	11		
(i) Tangible Assets		9835.59	12111.85
(ii) Capital Work-in-Progress		5667.39	715.05
(b) Non-Current Investments	12	336.83	336.42
(c) Long-term Loans and Advances	13	630.66	1149.92
2 CURRENT ASSETS			
(a) Inventories	14	13416.14	12161.47
(b) Trade Receivables	15	3774.34	3688.55
(c) Cash and Cash Equivalents	16	868.32	954.99
(d) Short-term Loans and Advances	17	2095.61	1929.62
(e) Other Current Assets	18	1251.49	1655.82
TOTAL		37876.37	34703.69

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

B SRIHARI
Managing Director

CA. R MAHADEVAN
Partner

S MUTHUSWAMY
Director & Company Secretary

M BALAJI
Chief Financial Officer

Coimbatore
23rd May, 2015

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 2015

PARTICULARS	NOTE NO.	31.03.2015	31.03.2014
		(Rs. in lakhs)	
I. Revenue from operations	19	61882.66	63108.85
II. Other Income	20	280.62	330.56
III. Total Revenue (I+II)		62163.28	63439.41
IV. Expenses:			
Cost of materials consumed	21	38369.05	38076.35
Purchases of Stock-in-Trade	22	412.57	1104.63
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	(1222.37)	(711.33)
Other Manufacturing Expenses	24	12754.51	13330.52
Employee Benefits Expenses	25	3232.67	2858.93
Finance Costs	26	2874.30	2887.51
Depreciation and Amortization Expense		2117.74	1342.31
Other Expenses	27	3414.24	3485.05
Total Expenses		61952.71	62373.97
V. Profit before exceptional and extraordinary items and tax (III-IV)		210.57	1065.44
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V-VI)		210.57	1065.44
VIII. Extraordinary Items:			
Prior Year Expenses		-	-
IX. Profit before tax (VII-VIII)		210.57	1065.44
X. Tax Expense :			
(1) Current Tax		491.55	387.75
(2) MAT Credit Entitlement		(12.76)	-
(3) Deferred Tax		(304.87)	3.64
(4) Prior Year Taxes		-	-
		173.92	391.39
XI. Profit for the period from continuing operations (IX-X)		36.65	674.05
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)		36.65	674.05
XVI. Earnings per equity share			
(1) Basic		0.14	2.63
(2) Diluted		0.14	2.63
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
23rd May, 2015

Membership No.27497
Firm Regn. No.000960S

KG BAALAKRISHNAN
Executive Chairman

S MUTHUSWAMY
Director & Company Secretary

B SRIRAMULU
Managing Director

M BALAJI
Chief Financial Officer

B SRIHARI
Managing Director

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2015

PARTICULARS	31.03.2015	31.03.2014
	(Rs.in lakhs)	
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax and extraordinary items	210.57	1065.44
Adjustments for:		
Depreciation	2117.73	1342.31
Profit/Loss on sale of assets	-19.47	9.81
Dividend Received	-	-0.45
Interest Charges	2874.30	2887.51
Operating Profit before working capital changes	5183.13	5304.62
Adjustments for:		
Trade and other receivables	244.05	-502.14
Inventories	-1254.67	9.23
Loans & Advances	352.52	-695.95
Other Current Assets	405.39	-487.73
Trade and other payables	643.34	1890.26
Cash generated from operations	5573.76	5518.29
Cash flow before extraordinary items	5573.76	5518.29
Extraordinary items	-0.64	-0.80
Cash flow after extraordinary items	5573.12	5517.49
Income Tax	-478.79	-387.75
Net cash from operating activities	5094.33	5129.74
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Withdrawn / Sale of fixed assets	59.66	15.63
Acquisitions of fixed assets	-5453.62	-2439.25
Dividend received	-	0.45
Investments	-0.43	16.43
Net cash used in investing activities	-5394.39	-2406.74
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Provision for Equity Dividend	-192.40	-192.40
Distribution Tax on Equity Dividend	-39.17	-31.21
Long Term Borrowings from Banks	2478.12	-325.32
Short Term Borrowings from Banks	809.45	768.71
Other Loans	31.69	1.23
Interest paid	-2874.30	-2887.51
Net cash used in financing activities	213.39	-2666.50
Net Increase in cash and cash equivalents	-86.67	56.50
Cash and cash equivalents as at 1st April, 2014 (Opening Balance)	954.99	898.49
Cash and cash equivalents as at 31st March, 2015 (Closing Balance)	868.32	954.99

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

KG BAALAKRISHNAN
Executive Chairman

B SRIRAMULU
Managing Director

B SRIHARI
Managing Director

CA. R MAHADEVAN
Partner

S MUTHUSWAMY
Director & Company Secretary

M BALAJI
Chief Financial Officer

Coimbatore
23rd May, 2015

Membership No.27497
Firm Regn. No.000960S

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PARTICULARS	AS AT 31.03.2015	AS AT 31.03.2014
(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
	<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	31.03.2015	31.03.2014
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	31.03.2015		31.03.2014	
	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	<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	1774.84	1324.40
(+) Net Profit for the current year	36.65	674.05
(+) Adjustment for Deferred tax liability on additional depreciation as per Schedule II of Companies Act, 2013	186.20	-
(-) Proposed Equity Dividend	192.40	192.40
(-) Tax on Proposed Equity Dividend	39.17	31.21
(-) Additional depreciation as per Schedule II of Companies Act, 2013	619.65	-
Closing Balance	<u>1146.47</u>	<u>1774.84</u>
Total	<u>3146.62</u>	<u>3774.99</u>

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 31.03.2015	AS AT 31.03.2014
(Rs. in lakhs)		
Note 3 - Long-Term Borrowings		
Secured		
(a) Term Loans		
Indian Rupee Loan	-	-
From Banks (Secured)	6090.12	3624.33
From Others-House property loan from HDFC Limited	172.04	221.40
(b) Long term maturities of finance lease obligations (Secured by Vehicles on Hire Purchase Loan)	107.09	45.40
There is no case of continuing default as on the Balance Sheet date in repayment of loans and interest		
Total	6369.25	3891.13

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, Peelamedu property & Mumbai property) acquired for the Expansion cum Diversification Scheme (ECDS) and New Capex Plan 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 Two Term loan & One Corporate Loan from Indian Bank and loan outstanding is - Term Loan III Rs.555.08 Lakhs and Term Loan IV Rs.1084.32 lakhs & Corporate Loan Rs.666.64 lakhs (Previous year Rs.770.07 lakhs, Rs.226.73 lakhs & Rs.Nil). 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 13.00% 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. (Previous year 12.25% p.a.). Corporate Loan is repayable in 12 equal quarterly installments commencing from 01.06.2015. Last installment is due on 01.03.2018 Rate of interest 12.30% p.a. as at year end.

The company has availed Two term loans from Bank of India and loan outstanding is - Term Loan III Rs.738.56 Lakhs & Term Loan IV Rs.1117.32 (Previous year Rs.908.56 lakhs & Rs.238.28 lakhs). 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 14.00% 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 (Previous Year 12.25% p.a.).

The company has availed one term loan from State Bank of India and loan outstanding is - Term Loan II for Rs.609.33 lakhs (Previous year Rs.849.34). 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 13.60% p.a. as at year end. (Previous year 14.40% p.a).

The company has availed two term loan from Indian Overseas Bank and loan outstanding is- Term loan I Rs.85.50 lakhs & Term Loan II Rs.113.54 lakhs (Previous year Rs.187.54 Lakhs & Rs.256.43 lakhs) Term Loan I 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 14.00% p.a.) and Term loan II 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 14.25% p.a.)

The company has availed a term loan from The South Indian Bank Ltd and loan outstanding is- Rs.1119.82 (Previous year Rs.238.30 lakhs). 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 (Previous year 12.25% p.a.).

Term Loan from others :

HDFC Ltd Loan Rs.230 lakhs for Mumabi 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.172.04 lakhs (Previous year Rs.198.55 lakhs). Term Loan is repayable in 84 monthly 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 (Previous year 13.50% p.a.).

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2015	AS AT 31.03.2014
(Rs.in lakhs)		
Note 4 - Deferred Tax Liabilities (Net)		
Opening balance	1128.55	1334.85
Add: Provision for the year	-316.10	-29.20
Add: Carried forward loss	11.23	-177.10
Less: Adjustment for additional depreciation as per Schedule II of Companies Act, 2013	186.20	-
Net Deferred Tax Liability	<u>637.48</u>	<u>1128.55</u>
Note 5 - Other Long -Term Liabilities		
(a) Trade Payables	-	-
(b) Others		
(i) Unsecured Loan from Financial Institutions (NBFC)	31.35	-
(ii) Unsecured Loan from Promoter Director	240.00	240.00
(iii) Security Deposits	272.94	251.46
Total	<u>544.29</u>	<u>491.46</u>
Note 6 - Long-Term Provisions		
(a) Provision for employee benefits		
Gratuity (unfunded)	298.29	248.13
Total	<u>298.29</u>	<u>248.13</u>
Note 7 - Short-Term Borrowings		
Secured		
(a) Loans repayable on demand		
Working Capital Loan from Banks (Secured)	7770.36	6960.91
There are no cases of default in repayment of loan and interest as on date of Balance Sheet	-	-
Total	<u>7770.36</u>	<u>6960.91</u>
a. Holding Company		
Working capital facilities from Indian Bank Consortium (Indian Bank, Bank of India, Allahabad Bank, State Bank of India and The South Indian Bank Limited) 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, Peelamedu property & Mumbai property) through Deed of Hypothecation. The entire working capital facilities are also guaranteed by Shri KG Baal Krishnan, 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 Baal Krishnan, Director.		
Note 8 - Trade Payables		
For Goods Purchased	10530.77	10670.94
For Services Received	2288.16	1895.56
Total	<u>12818.93</u>	<u>12566.50</u>
Note 9 - Other Current Liabilities		
(a) Current maturities of long-term debt Secured (See Note 3)	1525.77	2002.21
(b) Current maturities of finance lease obligations	120.46	70.85
(c) Current maturities of financial institutions (NBFC)	64.56	-
(d) Interest accrued and due on borrowings	38.54	42.76
(e) Customer Credit Balance	355.67	79.74
(f) Security Deposits	6.16	5.99
(g) Duties and Taxes	63.32	73.20
(h) Creditors for Capital goods	771.95	532.66
(i) Unpaid (Unclaimed) Equity Dividend	28.63	18.95
Total	<u>2975.06</u>	<u>2826.36</u>

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

AS AT
31.03.2015

AS AT
31.03.2014

(Rs.in lakhs)

Note 10 - Short-Term Provisions

(a) Provision for employee benefits		
Gratuity (unfunded)	14.85	14.46
(b) Others		
Income Tax Provision (Net of Advance Tax)	491.55	8.47
Wealth Tax Provision	11.61	2.61
Proposed Equity Dividends	192.40	192.40
Tax on Proposed Equity Dividend	39.17	31.21
Total	749.58	249.15

Note 11 - Fixed Assets

(Rs.in lakhs)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION					NET BLOCK		
	Balance as at 1st April, 2014	Additions	Disposals	Brought into use	Balance as at 31st March, 2015	Balance as at 1st April, 2014	Depreciation charge for the year	Transfer to Reserve	On Disposals	Balance as at 31st March, 2015	Balance as at 31st March, 2015	Balance as at 31st March, 2014
(a) Tangible Assets												
Land	390.69	-	-	-	390.69	-	-	-	-	-	390.69	390.69
Buildings	4221.03	29.96	-	-	4250.99	1019.12	126.99	104.68	-	1250.79	3000.20	3201.91
Plant & Equipment	20623.60	200.08	76.05	-	20747.63	12991.52	1785.82	333.79	72.24	15038.89	5708.73	7632.08
Electric Machinery	985.98	7.78	-	-	993.76	658.73	71.44	113.41	-	843.58	150.18	327.25
Furniture & Fixtures	240.76	36.41	-	-	277.17	109.44	28.11	6.45	-	144.00	133.17	131.32
Vehicles	457.52	200.05	89.83	-	567.74	188.71	65.48	13.41	53.45	214.15	353.59	268.80
Office Equipment	565.21	27.01	-	-	592.22	405.43	39.90	47.90	-	493.23	98.99	159.78
Others (specify nature)	-	-	-	-	-	-	-	-	-	-	-	-
Total	27484.79	501.29	165.88	-	27820.20	15372.95	2117.74	619.65	125.69	17984.65	9835.59	12111.85
Previous Year	25362.25	2203.62	81.08	-	27484.79	14086.28	1342.31	-	55.64	15372.95	12111.85	11275.97
(b) Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-
(c) Capital work in Progress	715.05	4952.34	-	-	5667.39	-	-	-	-	-	5667.39	715.05
Total	715.05	4952.34	-	-	5667.39	-	-	-	-	-	5667.39	715.05
Previous Year	479.41	1543.77	-	1308.13	715.05	-	-	-	-	-	715.05	479.41
Total	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total	28199.84	5453.63	165.88	-	33487.59	15372.95	2117.74	619.65	125.69	17984.65	15502.98	12826.90
Previous Year	25841.66	3747.39	81.08	1308.13	28199.84	14086.28	1342.31	-	55.64	15372.95	12826.90	11755.38

Note : Building includes Prayer Hall and Gold Plating thereon of Rs.132.69 lakhs in Gross Block, Rs.19.88 lakhs in Depreciation Block and Rs.112.81 lakhs in Net Block (Previous Year Rs.132.69 lakhs in Gross Block, Rs.16.22 lakhs in Depreciation Block and Rs.116.46 lakhs in Net Block).

Furniture & Fittings includes Prayer Hall of Rs.13.89 lakhs in Gross Block, Rs.7.40 lakhs in Depreciation Block and Rs.6.49 lakhs in Net Block (Previous Year Rs.13.89 lakhs in Gross Block, Rs.5.38 lakhs in Depreciation Block and Rs.8.51 lakhs in Net Block)

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2015	ASAT 31.03.2014
	(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		
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		
iii Nupower Wind Farms Ltd.	0.91	-
9,126 Equity Shares of Rs.10/- each-Un quoted		
iv TVH Energy Resource Pvt. Limited	3.00	3.00
30,000 Equity Shares of Rs.10/- each-Un quoted		
v Prakash Power Pvt. Limited	0.15	0.44
1,490 Equity Shares of Rs.10/- each-Un quoted		
(Previous Year 4420 Equity Share of Rs.10/- each Un quoted)		
vi I Energy Winds Farms (Theni) P Limited	-	0.20
(Previous Year 2,003 Equity Shares of Rs.10/- each-Un quoted)		
vii Cotton Sourcing Company Limited	1.00	1.00
10,000 Equity Shares of Rs.10/- each-Un quoted		
Total B	332.52	332.10
Grand Total (A+B)	336.83	336.42
Less : Provision for diminution in the value of investments	-	-
Total	336.83	336.42
Aggregate amount of quoted investments	4.78	4.78
Market value of quoted investments	5.28	6.86
Aggregate amount of unquoted investments	332.06	331.64

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2015	AS AT 31.03.2014
(Rs. in lakhs)		
Note 13 - Long-Term Loans and Advances		
a. Capital Advances		
Advance for Capital Goods-Un secured considered good	427.76	1116.59
Others	-	-
	<u>427.76</u>	<u>1116.59</u>
b. Security Deposits		
Security Deposits - Un secured considered good	202.90	33.33
	<u>202.90</u>	<u>33.33</u>
Total	<u>630.66</u>	<u>1149.92</u>
Note 14 - Inventories		
a. Raw Materials and Components	3501.54	3713.25
Goods-in transit-Grey Fabrics	186.72	-
	<u>3688.26</u>	<u>3713.25</u>
b. Work in progress	1949.20	1614.90
Goods-in transit	-	-
	<u>1949.20</u>	<u>1614.90</u>
c. Finished Goods	6798.33	6255.46
Goods-in transit-Fabrics	498.19	153.00
	<u>7296.52</u>	<u>6408.46</u>
d. Stock-in-trade	-	-
Goods-in transit	-	-
	<u>-</u>	<u>-</u>
e. Stores and Spares	477.00	414.03
Goods-in transit	-	-
	<u>477.00</u>	<u>414.03</u>
f. Others (Specify nature)		
Stock of Waste	5.16	10.83
	<u>5.16</u>	<u>10.83</u>
Total	<u>13416.14</u>	<u>12161.47</u>
Mode of Valuation : Refer Note 28.3 in Significant Accounting Policies		
Details of Raw Materials		
Cotton	11.92	101.43
Yarn	1623.62	1616.90
Grey Fabric / Fabric	939.77	1178.00
Fibre	402.51	472.40
Chemicals	439.00	288.75
Accessories	84.72	55.77
Total	<u>3501.54</u>	<u>3713.25</u>
Details of Work-in-process		
Cotton Yarn and Processed Fabric	1919.60	1281.93
Fibre Yarn and Processed Fabric	29.60	332.97
Total	<u>1949.20</u>	<u>1614.90</u>
Details of Finished Goods		
Fabric	4363.59	4356.32
Garments	1554.79	1296.45
Home Textiles	776.50	516.18
Terry Towels	103.45	86.51
Total	<u>6798.33</u>	<u>6255.46</u>

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2015	AS AT 31.03.2014
(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	1034.83	320.62
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	2739.51	3367.93
Total	3774.34	3688.55
Note 16 - Cash and Cash Equivalents		
a. Balances with banks	130.43	223.71
b. Cheques, drafts on hand	0.01	8.83
c. Cash on hand	17.00	32.35
d. Others Bank Balances		
Unclaimed Dividend Account	28.63	18.95
e. Others		
EEFC Deposits	0.58	0.88
Margin Money Deposits	691.67	670.27
Total	868.32	954.99
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	1446.17	1322.05
For Expenses / Others	257.29	243.66
For Duties & Taxes	245.72	229.91
Prepaid Expenses	146.43	134.00
Total	2095.61	1929.62
Note 18 - Other Current Assets		
a. Export Incentives Receivable	933.58	1347.29
b. Excise Claim Receivable	4.37	34.19
c. Interest Subsidy from Govt. Agencies	291.67	253.53
d. Interest Receivable	18.00	18.00
e. Miscellaneous Expenditure	3.87	2.81
Total	1251.49	1655.82

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	31.03.2015	31.03.2014
	(Rs. in lakhs)	
Note 19 - Revenue from Operations		
Sale of Products	60891.42	62108.02
Sale of Services - Job Work (TDS Rs.10,70,354/-)	566.21	621.19
Other Operating Revenues : Waste Cotton / Yarn / Accessories Sales	425.03	379.64
<u>Less:</u>		
Excise Duty	-	-
Total	<u>61882.66</u>	<u>63108.85</u>
 Details of Sale of Products		
Fabrics	41295.59	41612.97
Garments	6765.22	8919.65
Home Textiles	12208.96	11105.28
Terry Towel	621.65	470.12
Total	<u>60891.42</u>	<u>62108.02</u>
 Note 20 - Other Income		
Interest Income (TDS Rs.6,13,578/-)	67.74	54.12
Interest Subsidy received	134.11	231.82
Dividend Income	-	0.45
Lease Rent Receipts (TDS Rs.6,400/-)	0.64	0.96
Insurance Claim Received	3.62	3.27
Profit on sale of fixed assets	19.47	-
Exchange Gain on Export Sales	32.57	13.06
Other non-operating income (Net of expenses directly attributable to such income)	<u>22.47</u>	<u>26.88</u>
Total	<u>280.62</u>	<u>330.56</u>
 Note 21 - Cost of Materials Consumed		
Opening Stock	3713.25	4330.75
Purchases	38344.06	37458.85
Sub-total	<u>42057.31</u>	<u>41789.60</u>
Less : Closing Stock	3688.26	3713.25
Raw Materials Consumed	<u>38369.05</u>	<u>38076.35</u>
Imported and Indigenous Raw Materials consumed		
Imported	2124.53	2340.26
Indigenous	36244.52	35736.09
Total	<u>38369.05</u>	<u>38076.35</u>
 Details of Raw Material Consumed		
Cotton	4178.85	4887.34
Yarn	13518.29	13184.58
Fibre	931.25	2224.34
Fabrics	12978.56	11111.83
Chemicals	4875.26	4470.28
Accessories	1886.84	2197.98
Total	<u>38369.05</u>	<u>38076.35</u>

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	31.03.2015	31.03.2014
	(Rs. in lakhs)	
Note 22 - Purchases of Stock-in-Trade		
Garments Purchase	412.57	394.99
Fabric Purchase	-	709.64
Total	<u>412.57</u>	<u>1104.63</u>
Note 23 - Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade		
Opening Stock :		
Work-in-Process	1614.91	1745.45
Finished Goods	6408.46	5566.59
Traded Items	-	-
	<u>8023.37</u>	<u>7312.04</u>
Closing Stock :		
Work-in-Process	1949.20	1614.91
Finished Goods	7296.53	6408.46
Traded Items	-	-
	<u>9245.73</u>	<u>8023.37</u>
Total	<u>1222.37</u>	<u>(711.33)</u>
Note 24 - Other Manufacturing Expenses		
(a) Power & Fuel	4436.67	4443.46
(b) Consumptions of Stores & Spare Parts	367.59	264.88
(c) Processing Charges	6223.97	6918.32
(d) Repairs & Maintenance		
For Plant & Machinery	1143.80	1176.14
For Buildings	218.03	171.60
For Others	364.45	356.12
(e) Others - Excise Duty on Readymade Garments	-	-
Total	<u>12754.51</u>	<u>13330.52</u>
Imported and Indigenous Stores & Spare Parts Consumed		
Imported	237.64	174.95
Indigenous	129.95	89.93
Total	<u>367.59</u>	<u>264.88</u>

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	31.03.2015	31.03.2014
	(Rs. in lakhs)	
Note 25 - Employee Benefits Expenses		
(a) Salaries and Wages	2868.53	2442.31
(b) Salaries-Managing Directors/Whole Time Directors	73.94	132.89
(c) Contributions to Provident Fund and Other Funds	94.37	95.75
(d) Gratuity as per Actuarial Valuations	64.39	5.82
(e) Staff Welfare Expenses	131.44	182.16
Total	3232.67	2858.93
Note 26 - Finance Costs		
Interest Expense	2459.82	2480.47
Other Borrowing Costs	414.78	407.04
Applicable Net Gain/Loss on Foreign Currency Transactions and Translation	-0.30	-
Total	2874.30	2887.51
Note 27 - Other Expenses		
Rent	83.67	117.91
Insurance	212.28	126.43
Rates and Taxes, excluding, Taxes on Income	173.52	140.48
Payments to the Auditor as		
a) As Statutory Auditor	3.93	2.86
b) For Taxation Matters	2.02	1.68
c) For Other Services	1.37	0.09
Legal, Professional & Consultancy Charges	142.54	60.91
Printing and Stationery	69.15	49.65
Postage, Telegrams and Telephones	161.50	136.27
Travelling Expenses and Maintenance of Vehicles	483.58	422.65
Director Sitting Fees	4.98	3.35
Software Maintenance Expenses	0.12	39.78
Brokerage	22.51	37.11
Commission on Sales	645.34	876.94
Discount on Sales	202.40	291.78
Selling Expenses	457.69	361.39
Freight Outwards	523.02	524.07
Exchange Loss on Export Sales	42.32	9.75
Prayer Hall Repairs and Maintenance	32.15	20.90
Bad Debts Written Off	5.67	44.38
Miscellaneous Expenses	144.48	206.86
Loss on sale of fixed assets	-	9.81
Total	3414.24	3485.05

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

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 under Section 133 of the Companies Act, 2013 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 31.03.2015
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.

28.5 For information as to subsidiaries, please refer Annexure - 1 to Directors' Report.



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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the TWENTY-THIRD ANNUAL GENERAL MEETING of the Members of K G DENIM LIMITED will be held on Monday, the 28th day of September, 2015 at 3.30 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 2015, the Statement of Profit and Loss for the year ended 31st March 2015 and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Smt T Anandhi, who retires by rotation and being eligible, offers herself for reappointment.
4. 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

5. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:
"RESOLVED THAT in respect of Shri A Velusamy, Whole-time Director, whose remuneration has been approved in the Annual General Meeting held on 12th August 2011, his remuneration is fixed on existing terms and conditions for a further period from 01.04.2015 to 23.05.2015 as follows :

- 1) Salary: Rs.1,47,750/- (for the period 01.04.2015 to 23.05.2015).
- 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 not withstanding the absence or inadequacy of Profits.

He will continue as Director without drawing remuneration from 24.05.2015."

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 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, 2016 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, Jadayampalayam, Coimbatore- 641 302, be and is hereby ratified and confirmed.”

By Order of the Board

Coimbatore

KG Baalakrishnan

31.07.2015

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 in the meeting instead of himself/herself, and the proxy need not be a member of the Company.
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 22nd September 2015 to Monday, the 28th September, 2015 (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 28th September, 2015. 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 21st September, 2015. 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.5 to 6 are enclosed.
8. Re-appointment of Directors:
At the ensuing Annual General Meeting Smt. T Anandhi retires by rotation and being eligible offer herself 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 Exchange are furnished in the Statement of 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) In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their votes for all the resolutions detailed in the Notice of the 23rd Annual General Meeting scheduled to be held at 3.30 p.m., on Monday the 28th September, 2015, by electronic means and the business may be transacted through remote e-Voting. The Company has engaged the services of CDSL as the authorised agency to provide the remote e-voting facilities. The instructions for remote e-voting is provided below.
- b) The remote e-voting period begins at 09.00 AM on 25.09.2015 and ends on at 05.00 PM on 27.09.2015. During this period shareholders of the Company, holding shares either in physical form or in electronic form, as on the cut-off date (record date) of 21.09.2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- c) Members, who have not voted through remote e-voting and present at the AGM in person or proxy, can vote through the ballot conducted at the AGM. Kindly note that members can vote at the AGM only by ballot. A member present at the AGM and already voted by remote e-voting will not be permitted to vote at the AGM by ballot.
- d) Votes cast by members who hold shares on the cutoff date viz., 21.09.2015 alone will be counted.

- e) A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- f) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot.
- g) Shri M.R.L.Narasimha, Practising Company Secretary (Membership No. FCS 2851) has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- h) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- i) The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- j) The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.kgdenim.com and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

The instructions for shareholders voting electronically are as under:-

- (i) The shareholders should log on to the e-voting website www.evotingindia.com.
- (ii) Click on Shareholders.
- (iii) Now Enter your User ID
 - a. For CDSL : 16 digits beneficiary ID
 - b. For NSDL : 8 Character DP ID followed by 8 Digits Client ID
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification 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.
- (vi) If you are a first time user follow the steps given below.

For Members holding shares in Demat Form and Physical Form

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 as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

Dividend Bank Details Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said Demat Account or Folio.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in electronic 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 the EVSN for the Company Name, choose K G Denim Limited 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 Resolution details.
- (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 the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Note for Non-Individual Shareholders and Custodians
- Non-Individual Shareholders (i.e., other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - 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.com under help section or write an email to helpdesk.evoting@cdslindia.com.

Coimbatore
31.07.2015

By Order of the Board
KG Baalakrishnan
Executive Chairman

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

ITEM No.5

Shri A Velusamy is professionally qualified as B.Sc., B.L. He is 59 years old. He is a Whole-time Director of the Company from 01.04.2010.

His appointment and remuneration as above were approved at the Annual General Meeting of the Company held on 13.08.2010 for a period of five years from 01.04.2010. The necessary Resolution for his re-appointment from 01.04.2015 to 23.05.2015 is proposed. Shri A Velusamy has expressed his intends to discontinue as Whole-time Director with effect from 24.05.2015 but will continue as Director and is liable to retirement by rotation.

He satisfies the requirements of Part I of Schedule V of the Companies Act, 2013. His remuneration is proposed to be paid to him as minimum remuneration in the absence of inadequacy of profits for his services as a Director.

The remuneration has been approved by the Remuneration Committee on 23.05.2015 and also by the Board on the same date.

No Director or Key Managerial Personnel of the Company is concerned or interested in the Resolution except Shri A Velusamy the proposed appointee. The Explanation together with accompanying notice may be treated as an abstract of the Terms of Appointment of Shri A Velusamy as Director pursuant to the Provisions of Section 190 of the Companies Act, 2013.

ITEM No.6

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 23, 2015, 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, 2016.

The Resolution at item no.6 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.6

Coimbatore
31.07.2015

By Order of the Board

KG Baalakrishnan
Executive Chairman