



**ANNUAL REPORT**  
**2015-2016**

**K G DENIM LIMITED**





## K G DENIM LIMITED

### BOARD OF DIRECTORS

**Executive Chairman** Shri KG Baalakrishnan

**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 A Velusamy  
Shri A P Seturaaman

**Company Secretary** Shri S Muthuswamy

**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-Fourth Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2016.

### FINANCIAL RESULTS

(Rs. in lakhs)

PARTICULARS	Standalone		Consolidated	
	For the year ended 31 <sup>st</sup> March 2016	For the year ended 31 <sup>st</sup> March 2015	For the year ended 31 <sup>st</sup> March 2016	For the year ended 31 <sup>st</sup> March 2015
Gross Profit	8827	5093	8845	5203
Less : Finance Cost	3241	2797	3355	2874
Profit prior to Depreciation and write off	5586	2296	5490	2329
Less : Depreciation	2048	2098	2072	2118
Net Profit	3538	198	3418	211
Current, Deferred & earlier year tax	1426	177	1376	174
Net Profit for the year	2112	21	2042	37
Balance Brought forward	1556	2197	1147	1775
Proposed Dividend & Tax thereon	232	232	232	232
Additional Depreciation (Net of DTL)	-	430	-	433
Balance Carried Forward	3436	1556	2957	1147

### STATE OF THE COMPANY'S AFFAIRS

During the period under review, the Company has earned revenue of Rs.65173 lakh and Net Profit of Rs.2112 lakh on standalone basis and Rs.71553 lakh and Rs.2042 lakh respectively on consolidated basis.

### PERFORMANCE OF THE COMPANY

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

During the year ended 31.03.2016, total Fabric production was 361 lakh meters as against 316 lakh meters in 2014-15.

Sale of Fabric was 360 lakh meters as against 309 lakh meters in 2014-15.

The improved profitability is mainly due to Denim division performing well both in terms of volume as well as realisation.

### 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 2015-16. The Dividend tax payable amounts to Rs.39 lakh.

### INDUSTRY STRUCTURE & DEVELOPMENT

The Indian denim industry is growing steadily with new mills being added and also existing mills increasing capacity. We are looking at increasing sales in international markets though it depends on the market conditions in Europe and USA. We have identified new markets in the Far East countries like Vietnam, Thailand and Indonesia to increase our sales. We are also focusing to increase our sales in African markets at Kenya and Tanzania. The fabrics are undergoing transformation in terms of colors, fibers and finishes. Trends are considered for new developments to cater to brands and retailers in both domestic and international markets.

### OPPORTUNITIES AND THREATS

The Company is targeting full capacity utilisation of production and sales volume for Denim Fabric in the current year. Efforts are being made to increase apparel fabrics and home textile exports.

The Company has successfully commissioned 9.9 MW Power Plant during the year. Sale of excess power generated is expected to happen in the second half of FY 2016-17.

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 2016-17.

## PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES

The Company's wholly owned subsidiary Trigger Apparels Limited is engaged in the manufacture and marketing of readymade garments. During the year 2015-16 it has undertaken export of garments besides the domestic marketing of Trigger brand jeans.

During the year, the gross turnover in Trigger Apparels Limited was Rs.92.83 crore against Rs.27.40 crore during the previous year. The Subsidiary Company has registered a loss of Rs.69.65 lakh as against a profit of Rs.15.56 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](http://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 31<sup>st</sup> March, 2016.

## MEETINGS OF THE BOARD OF DIRECTORS

During the year ended 31<sup>st</sup> March, 2016, four Board Meetings were held.

The dates on which the Board meetings were held are 23<sup>rd</sup> May 2015, 31<sup>st</sup> July 2015, 05<sup>th</sup> November 2015 and 05<sup>th</sup> February 2016.

A meeting of the Independent Directors of the Board was held on 05<sup>th</sup> February, 2016.

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 31<sup>st</sup> March 2016 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 31<sup>st</sup> March, 2016 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 were 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.

The Nomination and Remuneration Committee has recommended fixation of fixed remuneration for Executive Chairman and Managing Directors from 01.04.2016 instead of 3% share of net profits on consideration of improved profitability. Further the Committee has recommend revision of remuneration to Smt T Anandhi, Non-Executive Director from 1% to 0.50% of net profit from 01.04.2016.

## **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 31<sup>st</sup> March, 2016 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 into with Related Parties for the year 2015-16 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.

## **TRANSFER OF AMOUNT TO RESERVES**

The Company does not propose to transfer any amount to the general reserve for the Financial Year ended 31<sup>st</sup> March, 2016.

## **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 as 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 Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as Annexure - 4.

## **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

Shri M J Vijayaraaghavan, Independent Director expired on 10.06.2015.

The Board placed on record the valuable services rendered by him and prayed Almighty for the eternal peace of the departed soul. Shri Surinder Chhibber, Independent Director and Shri S Muthuswamy, Director resigned from the Board on 31.07.2015. The Board placed on record the valuable services rendered by them.

Shri A P Seturaaman was appointed as an Additional Director by the Board on 05.11.2015. He is seeking election as an Independent Director at the ensuing Annual General Meeting.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association no. 34, Shri B Sriramulu retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

## KEY MANAGERIAL PERSONNEL

The following are the Key Managerial Personnel of the Company :

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

## 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 28<sup>th</sup> September, 2015 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 24<sup>th</sup> Annual General Meeting to be held on 28th September 2016.

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 31<sup>st</sup> March, 2016 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.

## COST AUDITORS

As per the requirement of Central Government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying out audit of cost records relating to Textile Divisions every year.

The Board of Directors, on the recommendation of Audit Committee, has appointed Messrs M Nagarajan, Cost Accountants, (Firm Registration Number 6384) as Cost Auditor to audit the cost accounts of the Company for the financial year 2016-17. As required under the Companies Act, 2013, a resolution seeking member's approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting for their ratification.

## 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.

# K G DENIM LIMITED

## **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 - 5.

## **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 31<sup>st</sup> March, 2016.

Secretarial Audit Report issued by Shri M.R.L.Narasimha, Practising Company Secretary in form MR-3 is enclosed as Annexure - 6 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 - 7 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 highlights 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 31<sup>st</sup> March, 2016, the Company has not received any complaints pertaining to sexual harassment.



# K G DENIM LIMITED

## 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.29 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 31<sup>st</sup> March, 2016 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 Section 197(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 - 7 to this report.

The particulars in respect of employees in receipt of remuneration exceeding Rs.60 lakhs per annum as per Section 197(12) read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in Annexure-8.

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.

On behalf of the Board

**KG Baalakrishnan**

Executive Chairman

DIN: 00002174

Coimbatore

26.05.2016

# 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	inves-ments	Turn-over	Profit before taxation	Prov-ision for tax-ation	Profit after tax-ation	Prop-osed Divi-dend	% of Share-hold-ing
1	Trigger Apparels Limited			450.00	-479.12	5310.15	5339.27	-	9282.58	(119.78)	(50.13)	(69.65)	-	100%
2.	KG Denim (USA) Inc.		Exchange Rate Rs.66.17 per USD	0.46	-	6.31	5.85	-	-	-	-	-	-	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 %					

There are no Associates / Joint Ventures

**KG BAALAKRISHNAN**

Executive Chairman

DIN : 00002174

**B SRIRAMULU**

Managing Director

DIN : 00002560

**B SRIHARI**

Managing Director

DIN : 00002556

**S MUTHUSWAMY**

Company Secretary

**M BALAJI**

Chief Financial Officer

Coimbatore, 26th May, 2016

# K G DENIM LIMITED

Annexure - 2

Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on 31.03.2016

[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	75%
2	Apparel Fabrics	1313	12%
3	Home Textiles	1392	10%
4	Others		3%

### 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 (As on 1st April 2015)				No. of Shares held at the end of the year (As on 31st March 2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
1. Individual/HUF	9869258	0	9869258	38.47	9869258	0	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.	5162145	0	5162145	20.12	5162145	0	5162145	20.12	0
5. Banks / FI	0	0	0	0	0	0	0	0	0
6. Any Other	0	0	0	0	0	0	0	0	0
<b>Sub-total (A)(1):</b>	<b>15031403</b>	<b>0</b>	<b>15031403</b>	<b>58.59</b>	<b>15031403</b>	<b>0</b>	<b>15031403</b>	<b>58.59</b>	<b>0</b>
<b>(2) Foreign</b>									
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
<b>Sub-total (A)(2):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter</b>	<b>15031403</b>	<b>0</b>	<b>15031403</b>	<b>58.59</b>	<b>15031403</b>	<b>0</b>	<b>15031403</b>	<b>58.59</b>	<b>0</b>
<b>(A)=(A)(1)+(A)(2)</b>	<b>15031403</b>	<b>0</b>	<b>15031403</b>	<b>58.59</b>	<b>15031403</b>	<b>0</b>	<b>15031403</b>	<b>58.59</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	0	5100	5100	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
<b>Sub-total (B)(1):</b>	<b>0</b>	<b>7900</b>	<b>7900</b>	<b>0.03</b>	<b>0</b>	<b>7900</b>	<b>7900</b>	<b>0.03</b>	<b>0</b>
<b>(2) Non Institutions</b>									
a) Bodies Corporate	835203	45400	880603	3.43	647850	39400	687250	2.68	-0.75
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	4517323	1437964	5955287	23.21	3407303	1400764	4808067	18.74	-4.47
ii) Individual shareholders holding nominal share capital excess of Rs.1 lakh	2681595	224900	2906495	11.33	3907118	198200	4105318	16.00	4.67
c) Others (Specify)	689339	934139	934139	3.64	661717	872217	872217	3.40	-0.24
Clearing Members	15230	0	15230	0.06	139007	0	139007	0.54	0.48
HUF	353418	0	353418	1.38	399368	0	399368	1.56	0.18
Non Resident Indians	292869	210500	503369	1.96	278592	189900	468492	1.83	-0.13
Others	0	0	0	0	0	6900	6900	0.03	0
<b>Sub-total (B)(2):</b>	<b>661717</b>	<b>210500</b>	<b>872217</b>	<b>3.40</b>	<b>817167</b>	<b>196800</b>	<b>1013967</b>	<b>3.95</b>	<b>0.55</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>8695838</b>	<b>1918764</b>	<b>10614602</b>	<b>41.38</b>	<b>8779438</b>	<b>1835164</b>	<b>10614602</b>	<b>41.38</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>23727241</b>	<b>1926664</b>	<b>25653905</b>	<b>100</b>	<b>23810841</b>	<b>1843064</b>	<b>25653905</b>	<b>100</b>	<b>0</b>

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## ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April 2015)			Shareholding at the end of the year (As on 31st March 2016)			% 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							
13	INVESTMENTS PRIVATE LIMITED	1014255	3.95	0	1014255	3.95	0	0
14	KUMARANGANAPATHY							
15	INVESTMENTS PRIVATE LIMITED	882707	3.44	0	882707	3.44	0	0
16	G BAKTHAVATHSALAM	104609	0.41	0	104609	0.41	0	0
17	B DHANALAKSHMI	173400	0.68	0	173400	0.68	0	0
18	R VASANTHI	174100	0.68	0	174100	0.68	0	0
	<b>TOTAL</b>	<b>15031403</b>	<b>58.59</b>	<b>65.25</b>	<b>15031403</b>	<b>58.59</b>	<b>65.25</b>	<b>0</b>

## (iii) Change in Promoter's Shareholding as on March 31, 2016 (please specify, if there is no change)

There is no change

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

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2015)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
1.	Mr Anil Kumar Goel	490000	1.91				490000	1.91
				05.06.2015	6000	Purchase	496000	1.93
				31.07.2015	(46000)	Sale	450000	1.75
				28.08.2015	10000	Purchase	460000	1.79
				04.09.2015	20000	Purchase	480000	1.87
	At the end of the year (31.03.2016)						480000	1.87

# K G DENIM LIMITED

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2015)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
2.	Mr Rajiv Khanna	188103	0.73				188103	0.73
				22.01.2016	(4300)	Sale	183803	0.72
				26.02.2016	3750	Purchase	187553	0.73
				11.03.2016	9404	Purchase	196957	0.77
				18.03.2016	4676	Purchase	201633	0.79
	At the end of the year (31.03.2016)						201633	0.79

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2015)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
3.	Acira Consultancy Private Limited	132111	0.51				132111	0.51
				21.08.2015	(132111)	Sale	0	0
				30.09.2015	132111	Purchase	132111	0.51
				09.10.2015	(132111)	Sale	0	0
				31.12.2015	132111	Purchase	132111	0.51
				01.01.2016	(132111)	Sale	0	0
				12.02.2016	50000	Purchase	50000	0.19
				19.02.2016	(50000)	Sale	0	0
				18.03.2016	182111	Purchase	182111	0.71
	At the end of the year (31.03.2016)						182111	0.71

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2015)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
4.	Mr Devesh Sonkia	0	0				0	0
				05.02.2016	107500	Purchase	107500	0.42
	At the end of the year (31.03.2016)						107500	0.42

# K G DENIM LIMITED

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2015)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
5.	Mr John M T	105005	0.41				105005	0.41
				10.04.2015	(1000)	Sale	104005	0.41
				17.04.2015	2300	Purchase	106305	0.41
				24.04.2015	1700	Purchase	108005	0.42
				15.05.2015	2000	Purchase	110005	0.43
				12.06.2015	2096	Purchase	112101	0.44
				03.07.2015	(400)	Sale	111701	0.44
				24.07.2015	(700)	Sale	111001	0.43
				14.08.2015	(1000)	Sale	110001	0.43
				21.08.2015	(200)	Sale	109801	0.43
				09.10.2015	(200)	Sale	109601	0.43
				16.10.2015	400	Purchase	110001	0.43
				23.10.2015	(400)	Sale	109601	0.43
				30.10.2015	(500)	Sale	109101	0.43
				06.11.2015	(2000)	Sale	107101	0.42
				20.11.2015	(300)	Sale	106801	0.42
				27.11.2015	(600)	Sale	106201	0.41
				11.12.2015	(1100)	Sale	105101	0.41
				18.12.2015	(2050)	Sale	103051	0.40
				25.12.2015	(500)	Sale	102551	0.40
				01.01.2016	(500)	Sale	102051	0.40
				15.01.2016	1128	Purchase	103179	0.40
				29.01.2016	(1000)	Sale	102179	0.40
				19.02.2016	(900)	Sale	101279	0.39
				11.03.2016	(518)	Sale	100761	0.39
				18.03.2016	(1200)	Sale	99561	0.39
				25.03.2016	(560)	Sale	99001	0.39
	At the end of the year (31.03.2016)						99001	0.39



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Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2015)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
6.	LSE Securities Ltd.	102900	0.40				102900	0.40
				19.06.2015	(25)	Sale	102875	0.40
				26.06.2015	525	Purchase	103400	0.40
				10.07.2015	(400)	Sale	103000	0.40
				17.07.2015	(100)	Sale	102900	0.40
				31.07.2015	(1500)	Sale	101400	0.40
				07.08.2015	(200)	Sale	101200	0.39
				21.08.2015	(900)	Sale	100300	0.39
				09.10.2015	(100)	Sale	100200	0.39
				23.10.2015	(20000)	Sale	80200	0.31
				30.10.2015	(10486)	Sale	69714	0.27
				13.11.2015	(552)	Sale	69162	0.27
				27.11.2015	(37436)	Sale	31726	0.12
				04.12.2015	(26526)	Sale	5200	0.02
				25.12.2015	(5000)	Sale	200	0.00
				31.12.2015	5000	Purchase	5200	0.02
				08.01.2016	(5000)	Sale	200	0.00
				04.03.2016	5	Purchase	205	0.00
				11.03.2016	(200)	Sale	5	0.00
				31.03.2016	429	Purchase	434	0.00
	At the end of the year (31.03.2016)						434	0.00

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2015)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
7.	Mr Lal Tolani	86000	0.34				86000	0.34
				27.11.2015	(1000)	Sale	85000	0.33
				25.03.2016	(1000)	Sale	84000	0.33
	At the end of the year (31.03.2016)						84000	0.33

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2015)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
8.	Mr Ajay Kumar Kayan	79800	0.31				79800	0.31
				21.08.2015	(79800)	Sale	79800	0.31
	At the end of the year (31.03.2016)						0	0

# K G DENIM LIMITED

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2015)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
9.	Mr K Mohan	77000	0.30		No Change		77000	0.30

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2015)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
10.	Mr Gopal Das Sonkia	75000	0.29				75000	0.29
				04.12.2015	(75000)	Sale	0	0
	At the end of the year (31.03.2016)						0	0

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2015)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
11.	Mr Shivani Tejas Trivedi	0	0				0	0
				18.09.2015	357863	Purchase	357863	1.39
				30.09.2015	39000	Purchase	396863	1.55
				09.10.2015	38187	Purchase	435050	1.70
				16.10.2015	75000	Purchase	510050	1.99
				23.10.2015	25000	Purchase	535050	2.09
				11.03.2016	99750	Purchase	634800	2.47
				18.03.2016	250	Purchase	635050	2.48
	At the end of the year (31.03.2016)						635050	2.48

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Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2015)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
12.	Ms Seema Jain	0	0				0	0
				30.10.2015	140272	Purchase	140272	0.55
				06.11.2015	25012	Purchase	165284	0.64
				27.11.2015	89484	Purchase	254768	0.99
				04.12.2015	51696	Purchase	306464	1.19
				11.12.2015	22983	Purchase	329447	1.28
				18.12.2015	2426	Purchase	331873	1.29
				31.12.2015	807	Purchase	332680	1.30
				08.01.2016	2392	Purchase	335072	1.31
	At the end of the year (31.03.2016)						335072	1.31

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2015)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
13.	Mr Tejas Bhalchandra Trivedi	0	0				0	0
				18.09.2015	317337	Purchase	317337	1.24
	At the end of the year (31.03.2016)						317337	1.24

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2015)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
14.	M/s Geojit BNP Paribas Financial Services Ltd.	0	0				0	0
				10.04.2015	2700	Purchase	2700	0.01
				17.04.2015	(2200)	Sale	500	0.00
				24.04.2015	1000	Purchase	1500	0.01
				01.05.2015	(1500)	Sale	0	0.00
				08.05.2015	3000	Purchase	3000	0.01
				15.05.2015	(2000)	Sale	1000	0.00
				22.05.2015	(50)	Sale	950	0.00
				29.05.2015	50	Purchase	1000	0.00

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Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2015)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
				05.06.2015	500	Purchase	1500	0.01
				12.06.2015	3112	Purchase	4612	0.02
				19.06.2015	(3773)	Sale	839	0.00
				26.06.2015	8201	Purchase	9040	0.04
				30.06.2015	(6326)	Sale	2714	0.01
				03.07.2015	(852)	Sale	1862	0.01
				10.07.2015	(1862)	Sale	0	0.00
				17.07.2015	3445	Purchase	3445	0.01
				24.07.2015	(3049)	Sale	396	0.00
				31.07.2015	8170	Purchase	8566	0.03
				07.08.2015	(3104)	Sale	5462	0.02
				14.08.2015	(5112)	Sale	350	0.00
				21.08.2015	(250)	Sale	100	0.00
				28.08.2015	(100)	Sale	0	0.00
				04.09.2015	500	Purchase	500	0.00
				11.09.2015	(250)	Sale	250	0.00
				18.09.2015	(250)	Sale	0	0.00
				25.09.2015	150	Purchase	150	0.00
				30.09.2015	30	Purchase	180	0.00
				09.10.2015	(130)	Sale	50	0.00
				16.10.2015	(50)	Sale	0	0.00
				23.10.2015	3390	Purchase	3390	0.01
				30.10.2015	(1946)	Sale	1444	0.01
				06.11.2015	1281	Purchase	2725	0.01
				13.11.2015	(2325)	Sale	400	0.00
				20.11.2015	2390	Purchase	2790	0.01
				27.11.2015	(1237)	Sale	1553	0.01
				04.12.2015	15	Purchase	1568	0.01
				11.12.2015	(703)	Sale	865	0.00
				18.12.2015	(365)	Sale	500	0.00
				25.12.2015	7909	Purchase	8409	0.03
				31.12.2015	(6329)	Sale	2080	0.01
				01.01.2016	(1046)	Sale	1034	0.00
				08.01.2016	(734)	Sale	300	0.00
				15.01.2016	298	Purchase	598	0.00
				22.01.2016	2	Purchase	600	0.00
				29.01.2016	(144)	Sale	456	0.00
				05.02.2016	544	Purchase	1000	0.00
				12.02.2016	(295)	Sale	705	0.00
				19.02.2016	(368)	Sale	337	0.00
				26.02.2016	(77)	Sale	260	0.00
				04.03.2016	740	Purchase	1000	0.00
				11.03.2016	4320	Purchase	5320	0.02



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Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2015)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
				18.03.2016	(3770)	Sale	1550	0.01
				25.03.2016	9513	Purchase	11063	0.04
				31.03.2016	118580	Purchase	129643	0.51
	At the end of the year (31.03.2016)						129643	0.51

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2015)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
15.	Mr Surendra Kumar Jain	0	0				0	0
				04.09.2015	24693	Purchase	24693	0.10
				11.09.2015	13831	Purchase	38524	0.15
				18.09.2015	13771	Purchase	52295	0.20
				21.09.2015	1755	Purchase	54050	0.21
				25.09.2015	5000	Purchase	59050	0.23
				06.11.2015	10000	Purchase	69050	0.27
				13.11.2015	35339	Purchase	104389	0.41
				20.11.2015	1504	Purchase	105893	0.41
				11.12.2015	322	Purchase	106215	0.41
	At the end of the year (31.03.2016)						106215	0.41

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2015)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
16.	Mr Pratyush Mittal	0	0				0	0
				12.02.2016	54138	Purchase	54138	0.21
				19.02.2016	36822	Purchase	90960	0.35
				26.02.2016	11857	Purchase	102817	0.40
				04.03.2016	2223	Purchase	105040	0.41
				11.03.2016	(919)	Sale	104121	0.41
				18.03.2016	(60)	Sale	104061	0.41
				25.03.2016	2310	Purchase	106371	0.41
				31.03.2016	(600)	Sale	105771	0.41
	At the end of the year (31.03.2016)						105771	0.41

# K G DENIM LIMITED

## (v) Shareholding of Directors and Key Managerial Personnel :

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	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
	<b>Directors</b>				
1.	Shri KG Baalakrishnan	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 G P Muniappan	-	-	-	-
	<b>Key Managerial Personnel</b>				
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 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	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	15249.24	335.91	-	15585.18
(ii) Interest due but not paid	38.54	-	-	38.54
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>15287.78</b>	<b>335.91</b>	<b>-</b>	<b>15623.72</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	824.07	-	-	824.07
Reduction	-1842.44	64.35	-	1906.79
Net Change	-1018.37	64.35	-	1082.72
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	14269.41	271.56	-	14540.97
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>14269.41</b>	<b>271.56</b>	<b>-</b>	<b>14540.97</b>

# K G DENIM LIMITED

## 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
		Shri KG Baalakrishnan Executive Chairman	Shri B Sriramulu Managing Director	Shri B Srihari Managing Director	Shri A Velusamy Director *	
1.	Gross Salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961  (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	Rs. 10921111	Rs. 11041946	Rs. 11041946	Rs. 147750	Rs. 33152753
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission	-	-	-	-	-
5.	-as % of profit	-	-	-	-	-
	-others, specify...	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total(A) Ceiling as per the Act-	10921111	11041946	11041946	147750	33152753

\* For part of the year : 01.04.2015 to 23.05.2015

### 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	Shri A P Seturaaman	
1.	Independent Directors	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
	Fee for attending board / committee meetings	137500	137500	137500	37500	7500	15000	472500
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	<b>Total(1)</b>	<b>137500</b>	<b>137500</b>	<b>137500</b>	<b>37500</b>	<b>7500</b>	<b>15000</b>	<b>472500</b>
2.	Other Non-Executive Director	<b>Smt T Anandhi</b>						
	Fee for attending board / committee meetings	-	-	-	-	-	-	-
	Commission	3680649	-	-	-	-	-	3680649
	Others, please specify	-	-	-	-	-	-	-
	<b>Total(2)</b>	<b>3680649</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3680649</b>
	<b>Total (B)=(1+2)</b>	<b>3818149</b>	<b>137500</b>	<b>137500</b>	<b>37500</b>	<b>7500</b>	<b>15000</b>	<b>4153149</b>
	Total Managerial Remuneration							<b>37158183</b>
	Overall Ceiling as per the Act							

# K G DENIM LIMITED

## C. Remuneration to Key Managerial Personnel other than MD/Manager/WT D

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  (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	1363268	2244604	3607872
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	-as % of profit	-	-	-
	-others, specify...	-	-	-
5.	Others, please specify	-	-	-
	<b>Total</b>	<b>1363268</b>	<b>2244604</b>	<b>3607872</b>

## 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)
<b>A. COMPANY</b> Penalty Punishment Compounding					
<b>B. DIRECTORS</b> Penalty Punishment Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b> Penalty Punishment Compounding					

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



# K G DENIM LIMITED

## 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 :
  - i) Installed high efficiency Air Preheater to recover heat from Thermopack flue gas system.
  - ii) Installed state of the art German technology heat recovery system in Motex Stenter .
  - iii) Installed inverter drives for CEP pumps to get 15% power saving in Power Plant.
  - iv) Heat from Caustic Recovery system's Condensate line is recovered to increase the Boiler feed water temperature.
  - v) Installed high efficiency pumping system with specially designed piping for raw water pumping from river which saves huge power consumption.
  - vi) Gradually replacing all the lights to LED in Mill campus.
  - vii) Installed Solar Heater for domestic hot water requirement in staff quarters.

### 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:** Nil

### 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:**

(Rs. lakh)		
Particulars	March 31, 2016	March 31, 2015
Used	4457.59	4294
Earned	22121.03	24789

## Annexure- 4

**Report on Corporate Social Responsibility (CSR) as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014**

### ANNUAL REPORT DETAILS OF THE CSR ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.  
The CSR Policy is available on the Company's website. The web link of the same is [www.kgdenim.com](http://www.kgdenim.com). A gist of the programs that the Company can undertake under the CSR policy is mentioned below.  
Rural development project / eradication of hunger and poverty.  
The activities and funding are monitored internally by the Company.
2. The Composition of the CSR Committee.  
Shri KG Baalakrishnan (Executive Chairman);  
Shri G V S Desikan (Independent Director);  
Shri A Velusamy (Director).
3. Average net profit of the Company for last three Financial Years.  
The average Net Profit for the last three years is Rs.1184.58 lakh.
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above).  
The Company is required to spend Rs.23.69 lakh towards CSR for the Financial Year 2015-16.
5. Details of CSR spent during the Financial Year.
  - a. Total amount to be spent for the financial year: Rs.23.69 lakh.
  - b. Amount unspent, if any : Rs.9.35 Lakh
  - c. Manner in which the amount spent during the financial year detailed below:

# K G DENIM LIMITED

The details are as under: (Rs. in Lac)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No	CSR project or activity identified	Sector which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads : 1) Direct expenditure on projects 2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency
a)	Rural development project	Roads and infrastructure	Local area - Jadayampalayam	10	10	} 14	Through Panchayat
b)	Eradicating hunger, poverty	Flood relief	Chennai	4	4		

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

The Company has identified the projects for the balance and the same will be spent in 2016-17.

7. Pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014, we hereby confirm that the CSR Committee has implemented and monitored the CSR initiatives in line with CSR Objectives and Policy of the Company.

KG Baalakrishnan  
Executive Chairman  
DIN: 00002174  
Chairman of CSR Committee

Date : 26.05.2016  
Place : Coimbatore

## CONTENTS OF CSR POLICY

(approved by the Board of Directors on May 24, 2014)

Our aim is to be one of the most respected Companies in India delivering superior and sustainable value to all our customers, business partners, shareholders, employees and host communities.

The CSR initiatives focus on holistic development of host communities and create social, environmental and economic value to the society.

The Company's commitment to CSR projects and programs will be by investing resources into any of the following areas.

- Improving the quality of life in rural areas;
- Eradicating hunger, poverty and malnutrition;
- Promoting healthcare including preventive healthcare;
- Employment enhancing vocational skills;
- Promotion of education including investment in technology in schools;
- Ensuring environmental sustainability including measures for reducing inequalities faced by socially and economically backward groups;
- Promoting sports including rural and Olympic sports;
- Contribution to funds for promoting technology;
- Investing in various rural development projects;
- Contributing to the Prime Minister's National Relief Fund or any other fund setup by the Central Government for development and relief; and
- Other areas approved by the CSR Committee that are covered in the CSR Rules as amended from time-to-time.

# K G DENIM LIMITED

Annexure - 5

## CORPORATE GOVERNANCE REPORT

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2016, in terms of Regulation 34(3) read with schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

### 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. GOVERNANCE STRUCTURE

#### BOARD OF DIRECTORS

The current financial year of the Company covers a period of 12 months from 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016. The present strength of the Board is 10 Directors, out of which 5 are independent directors.

4 (Four) Board Meetings were held during the year, as against the minimum requirement of 4 meetings. The dates on which the meetings held were as follows: 23<sup>rd</sup> May 2015, 31<sup>st</sup> July 2015, 05<sup>th</sup> November 2015 and 05<sup>th</sup> February 2016. A meeting of Independent Directors was held on 05<sup>th</sup> February 2016 which was attended by all Independent Directors. The Annual General Meeting was held on 28<sup>th</sup> September 2015. 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-DIN:00002174	4	4	Present	8	-	-
Shri B Sriramulu-DIN : 00002560	4	4	Present	7	-	2
Shri B Srihari-DIN : 00002556	4	4	Present	10	-	1
Shri G V S Desikan-DIN : 00050597	4	4	Present	4	-	2
Shri V Jagadisan-DIN : 00058769	4	4	Present	2	-	5
Shri K N V Ramani-DIN : 00007931	4	4	Present	6	1	2
Shri G P Muniappan-DIN : 01653599	4	4	Present	4	-	1
Smt T Anandhi-DIN:00050786	4	4	Present	3	-	-
Shri M J Vijayaraaghavan-DIN:00013948	1	1	-	4	1	1
Shri Surinder Chhibber-DIN:00538853	1	1	-	1	-	-
Shri A Velusamy-DIN:00002204	4	4	Present	7	-	4
Shri S Muthuswamy-DIN:00004957	2	2	-	-	-	-
Shri A P Seturaaman-DIN:07331898	2	2	-	-	-	-

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 Director to be reappointed on retirement basis

Shri B Sriramulu aged 49 years is a Graduate Engineer in Textile Technology from Bharathiar University, Coimbatore and Master of Science (Textile Technology) from University of Manchester, UK. He has 23 years experience in textiles.

#### **Code of Conduct**

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

# K G DENIM LIMITED

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

## Insider Trading Code

The Securities and Exchange Board of India (SEBI) has promulgated the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("The PIT Regulations"). The PIT Regulations has come into effect from May 15, 2015 and replaced the earlier Regulations. The object of the PIT Regulations is to curb the practice of insider trading in the securities of a listed company. The Company has adopted an 'Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Insiders' ("the Code") in accordance with the requirements of the PIT Regulations. The Code is applicable to Promoters and Promoter's Group, all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company. The Company Secretary is the Compliance Officer for monitoring adherence to the said Regulations. The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

# 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 ie., 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 4 meetings and the Audit Committee meetings were held on 23<sup>rd</sup> May 2015, 31<sup>st</sup> July 2015, 05<sup>th</sup> November 2015 and 05<sup>th</sup> February 2016.

Composition of the Audit Committee as on 31<sup>st</sup> March, 2016 and the attendance during the year are as under:

Name of the Member	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 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.

Details of Attendance of Nomination and Remuneration Committee :

Name of the Director	Position	Category	No. of Meetings held	No. of Meetings Attended
Shri K N V Ramani	Chairman	Independent, Non - Executive	1	1
Shri G V S Desikan	Member	Independent, Non - Executive	1	1
Shri V Jagadisan	Member	Independent, Non - Executive	1	1

# K G DENIM LIMITED

## 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 21.05.2015, 29.07.2015, 03.11.2015 and 04.02.2016.

Shri S Muthuswamy, 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 13. Outstanding complaints as on 31<sup>st</sup> March 2016 were 'Nil'.

Details of Attendance of Stakeholders Relationship Committee :

Name of the Member	Position	Category	No. of Meetings held	No. of Meetings Attended
Shri G P Muniappan	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

## d. Corporate Social Responsibility Committee

The said Committee has been constituted during the year comprising of Shri KG Baalakrishnan, Shri G V S Desikan and Shri A Velusamy as members. In terms of provisions of Section 135 of the Companies Act, 2013 the Company was required to spend Rs.23.69 lakh for the Financial Year 2015-16. The Company has spent Rs.14.34 lakhs for 2015-16.

## 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.

Annual General Meeting for the Financial Year 2015-16

Type of Meeting	Date	Time	Venue	Details of Special Resolution passed
23 <sup>rd</sup> AGM	28 <sup>th</sup> September 2015	3.30 pm	Registered Office premises, Then Thirumalai, Jadayampalayam, Coimbatore - 641 302.	Revision of Managerial Remuneration
22 <sup>nd</sup> AGM	08 <sup>th</sup> September 2014	3.00 pm	-do-	1) Enhancement of borrowing powers 2) Creation of Charges on the Assets of the Company for the enhanced limit.
21 <sup>st</sup> AGM	11 <sup>th</sup> September 2013	9.30 am	-do-	Re-appointment of Shri KG Baalakrishnan, Executive Chairman who had exceeded 70 years of age.

Postal ballots were used for voting at the 23<sup>rd</sup> Annual General Meeting.

## ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR 2015-16

Day and Date	Wednesday, 28.09.2016
Time	4.00 p.m.
Venue (Registered Office of the Company)	Then Thirumalai, Jadayampalayam Coimbatore - 641 302.
Financial Year	01.04.2015 to 31.03.2016
Book Closure dates for Dividend	September 22, 2016 to September 28, 2016 (Both days inclusive)
Last date of receipt of proxy forms	Monday, September 26, 2016 before 4.00 p.m.

# K G DENIM LIMITED

## 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 31<sup>st</sup> March 2016, 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	11041946	-	11041946
Shri B Srihari, Managing Director	11041946	-	11041946
Smt T Anandhi, Non-Executive Director	3680649	-	3680649
Shri A Velusamy, Director(01.04.2015 to 23.05.2015)	147750	-	147750
Shri S Muthuswamy, Director & Company Secretary (01.04.2015 to 31.07.2015)	434038	18000	452038

\* 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 31<sup>st</sup> March 2016 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	37500	Nil
Shri M J Vijayaraaghavan	7500	Nil
Shri A P Seturaaman	15000	Nil

# K G DENIM LIMITED

## 8. GENERAL SHAREHOLDER INFORMATION

1. 24<sup>th</sup> AGM to be held on : 28.09.2016  
at : 4.00 p.m.  
venue : Registered Office Premises, Then Thirumalai, Jadayampalayam, Coimbatore 641 302
2. Financial Calendar-Board Meetings (Tentative)  
First Quarter - Second week of August 2016  
Second Quarter - Second week of November 2016  
Third Quarter - Second week of February 2017  
Results for the year ending 31<sup>st</sup> March 2017 last week of May 2017
3. Date of Book Closure 22.09.2016 to 28.09.2016 (Both days inclusive)
4. Listing of Equity Shares Listed in Bombay Stock Exchange. The Company has paid the listing fees for the year 2016 - 2017.
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 92.82% of the total equity shares (23810841 Shares) were held in the dematerialised form as on 31<sup>st</sup> March 2016. 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 31<sup>ST</sup> MARCH 2016

Category	No. of Shareholders	%	No. of Shares	%
Upto 5,000	12662	87.04	2184324	8.51
5,001 - 10,000	950	6.53	818388	3.19
10,001 - 20,000	412	2.83	666872	2.60
20,001 - 30,000	146	1.00	381521	1.49
30,001 - 40,000	68	0.47	252827	0.99
40,001 - 50,000	69	0.47	333968	1.30
50,001 - 1,00,000	110	0.76	887590	3.46
1,00,001 and above	131	0.90	20128415	78.46
<b>Total</b>	<b>14548</b>	<b>100.00</b>	<b>25653905</b>	<b>100.00</b>



# K G DENIM LIMITED

## 10. CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2016

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	-	-
	<b>Sub Total (A)</b>	<b>7900</b>	<b>0.03</b>
B	Non-Institutions		
(a)	Bodies Corporate & Trusts	687450	2.68
(b)	Individuals	9927152	38.70
	<b>Sub Total (B)</b>	<b>10614602</b>	<b>41.38</b>
	<b>Grand Total</b>	<b>25653905</b>	<b>100.00</b>

## 11. SHARE PRICE DATA

Market price data of the company's equity shares in Bombay Stock Exchange for the period from April 2015 to March 2016 is as below:

Month	BSE Price	
	High	Low
April 2015	26.05	20.00
May 2015	23.90	19.45
June 2015	37.20	20.00
July 2015	49.90	31.30
August 2015	49.90	36.10
September 2015	45.00	34.00
October 2015	63.95	40.50
November 2015	61.90	47.00
December 2015	65.45	52.30
January 2016	63.90	45.45
February 2016	61.25	42.05
March 2016	74.95	45.65

## 12. COMPLIANCE WITH NON MANDATORY REQUIREMENT

- As the Company communicates corporate, financial and product information online on the web site [www.kgdenim.com](http://www.kgdenim.com) individual communication of half yearly results is not sent to the shareholders.

### AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of K G Denim Limited

We have examined the compliance of conditions of Corporate Governance by K G Denim Limited, for the year ended March 31, 2016 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015).

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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,

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

We 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  
26.05.2016

# K G DENIM LIMITED

Annexure - 6

FORM MR - 3

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members of K G DENIM LIMITED (CIN : L17115TZ1992PLC003798 )

I have conducted a secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **K G DENIM LIMITED** (here in after called " the Company"). I have conducted the Secretarial Audit in a manner that provided me a reasonable basis for evaluating the Company's corporate conducts/statutory compliances and expressing my opinion there on.

I am issuing this report based on my verification of the books, papers, minutes books and other records maintained by the Company, forms and returns filed, compliance related action taken by the Company, during the financial year ended 31<sup>st</sup> March, 2016 and also after 31<sup>st</sup> March, 2016 but before the issue of this report and the information provided by the Company, its officers, agents and authorized representatives during my conduct of secretarial audit.

I hereby report that, in my opinion, during the audit period covering the financial year ended on 31<sup>st</sup> March 2016 (hereinafter referred to as "the year"), the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made here in after. The members are requested to read this report along with my letter of even date annexed to this report as Annexure- A.

1. I have examined the books, papers, minutes books and other records maintained by the Company and the forms and returns filed during the year according to the applicable provisions of:

- i. The Companies Act, 2013 (the Act), the rules made there under.
- ii. The Companies Act, 1956.
- iii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.
- iv. The Depositories Act, 1996 and the regulations and bye-laws framed there under.
- v. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- vi. 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 (up to 14<sup>th</sup> May, 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective 15<sup>th</sup> May, 2015);
  - (c) The Securities and Exchange Board of India (Registrars to an issue and share transfer agents) Regulations, 1993 regarding the Companies Act 2013 and dealing with client; and
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

## K G DENIM LIMITED

2. I am informed that, during the year the Company was not required to maintain any books, papers, minute books or other records or to file any forms / returns according to the provisions of:

The following Regulations and Guidelines prescribed under the SEBI Act:

- (a) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 / Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28<sup>th</sup> October, 2014);
  - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008;
  - (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations 1998;
  - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009;
3. I am also informed that for the year, there were no other laws specifically applicable to the company, the books, papers, minute books, forms and returns of which were required to be examined by me for the purpose of this report.
4. i) I have also examined compliance with the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India (effective 1<sup>st</sup> July, 2015).
- ii) The Listing Agreement entered into by the Company with BSE Limited (upto 30<sup>th</sup> November, 2015) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective 1<sup>st</sup> December, 2015).
5. During the period under review, and also considering the compliance related action taken by the Company after 31<sup>st</sup> March, 2016 but before the issue of this report, the Company has complied with the provisions of the Acts, Rules, Regulations and Agreements mentioned under paragraph 1 above, to the extent applicable.
6. I further report that:
- (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. 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.
  - (ii) Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent at least seven days in advance (effective 1<sup>st</sup> July, 2015).
  - (iii) A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings. Majority decision is carried through. I am informed that there were no dissenting members' views on any of the matters during the year that were required to be captured and recorded as part of the minutes.
  - (iv) There are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

M.R.L.Narasimha  
Practicing Company Secretary  
Membership No: 2851  
Certificate of Practice: 799

# K G DENIM LIMITED

## Annexure - A to Secretarial Audit Report of even date

To,  
The Members,  
**K G DENIM LIMITED**, [CIN:L17115TZ1992PLC3798]  
Address of the Registered Office.

**My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31<sup>st</sup> March, 2016 is to be read along with this letter.**

1. Maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, I have also taken into consideration the compliance related action taken by the Company after 31<sup>st</sup> March, 2016 but before the issue of this report.
4. I have verified the records to see whether the correct facts are reflected in the secretarial records. I also examined the compliance procedures followed by the Company. I believe that the processes and practices I followed provide a reasonable basis for my opinion. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
5. I have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
6. My 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  
Practising Company Secretary  
Membership No:2851  
Certificate of Practice:799  
Place, 34-C, 3rdCross, R.L.Nagar  
K.K.Pudur, Coimbatore - 641038.

Date : 26.05.2016

# K G DENIM LIMITED

## Annexure - 7

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:

Sl.No.	Name of the Director	Ratio of the remuneration to the median remuneration of the employees
1.	Shri B Sriramulu	92.02
2.	Shri B Srihari	92.02
3.	Shri A Velusamy	8.32
4.	Shri S Muthuswamy	10.97

Shri K N V Ramani, Shri V Jagadisan, Shri G V S Desikan, Shri G P Muniappan and Shri A P Seturaaman, 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	Percentage increase in remuneration
1.	Shri S Muthuswamy	14.28%
2.	Shri M Balaji	6.77%

There were no increase of remuneration to other Directors.

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

16.83%

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

816

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

Sl.No.	Average increase in remuneration	Company performance
1.	Rs.38,300	Rs.21.12 Crore

(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 31st March, 2016
1.	Rs.2,56,91,765	Rs.21.12 Crore

(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 offer.

Sl.No.	Particular	As at March 31, 2016		As at March 31, 2015	
1.	Market Capitalisation	BSE	192.27 Crore	BSE	53.87 Crore
2.	Price Earnings Ratio	BSE	9.11	BSE	263

# K G DENIM LIMITED

**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 31<sup>st</sup> March, 2016 the Market Quotation of the Company Share Price (Closing Price) is as follows:

BSE Limited : Rs.74.95

**(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.**

The increase in remuneration is 14.5% for employees other than Managerial Personnel and KMP while it is 10.52% for Managerial Personnel including KMP.

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

Sl.No	Name	Remuneration of Key Managerial Personnel	Performance of the Company for the year ended 31 <sup>st</sup> March, 2016
1.	Shri B Sriramulu	Rs.1,10,41,946	Rs.21.12 Crore
2.	Shri B Srihari	Rs.1,10,41,946	Rs.21.12 Crore
3.	Shri S Muthuswamy	Rs.13,63,268	Rs.21.12 Crore
4.	Shri M Balaji	Rs.22,44,604	Rs.21.12 Crore

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

Whole time Directors were paid only minimum remuneration as fixed basis during the year. Executive Chairman and Managing Directors are entitled and paid to 3% of Net Profits each.

**(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 Baalakrishnan**  
Executive Chairman  
DIN : 00002174

Place : Coimbatore  
Date : 26.05.2016

## Annexure - 8

**Particulars of Employees as per [Rule 5(2) and Rule5(3) of Companies (Appointment & Remuneration of Managerial Personnel Rules), 2014] :**

Name (Age in Years)	Designation	Gross Remuneration Paid (Rs.lakhs)	Qualification	Date of commencement of employment (Experience in Years)	Previous employment
Shri KG Baalakrishnan (76 Years)	Executive Chairman	109.21	B.Com., B.L.	03.11.2003 53 Years	-
Shri B Sriramulu (49 Years)	Managing Director	110.42	B.E.Textile Technology MS Textile Technology	03.11.2003 23 Years	-
Shri B Srihari (47 Years)	Managing Director	110.42	B.E.Chemical Technology MS Chemical Technology	03.11.2003 23 Years	-

Shri KG Baalakrishnan, Executive Chairman, Shri B Sriramulu, Shri B Srihari, Managing Directors are related to each other and to Smt T Anandhi, Director.

# K G DENIM LIMITED

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF K G DENIM LIMITED

### REPORT ON THE STANDALONE FINANCIAL STATEMENTS

1. We have audited the accompanying standalone financial statements of **K G DENIM LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, 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

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to 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 the Companies (Accounts) Rules, 2014. This responsibility also includes 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

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.
6. 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

7. 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

8. 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 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. 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 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2016 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

g. 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 knowledge and belief and according to the information and explanations given to us:

(i) The Company has disclosed the impact, if any, of pending litigations as at March 31, 2016 on its financial position in its standalone financials refer to Note No.28(1)(a) to financial statement.

(ii) The Company did not have any pending litigations which would impact its financial position.

(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

Coimbatore

Membership No.27497

26.05.2016

Firm Regn. No.000960S



## ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

**Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of K G Denim Limited on the standalone financial statements for the year ended March 31, 2016.**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of K G Denim Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the 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, as required under the Act.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that
- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
  - (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
  - (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **GOPALAIYER AND SUBRAMANIAN**

Chartered Accountants

**CA. R MAHADEVAN**

Partner

Coimbatore

26.05.2016

Membership No.27497

Firm Regn. No.000960S

# K G DENIM LIMITED

## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

**Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of K G Denim Limited on the standalone financial statements for the year ended March 31, 2016.**

In terms of information and implementation sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report the following :

- I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets are 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 the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note No.11 on fixed assets to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory excluding stocks with third parties has been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.
- iii. The Company has not granted unsecured loans to companies, firms, LLPs or other parties covered in the register maintained under Section 189 of the Act.
- iv. The Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of investments made and the guarantees provided by it.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, 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) The Company is generally regular in depositing the undisputed statutory dues in respect of sales tax, VAT, provident fund, employees' state insurance, income tax, service tax, duty of customs, duty of excise, cess and other material statutory dues, as applicable, with the appropriate authorities.
- (b) There are no dues of income tax, sales tax and VAT which have not been deposited on account of any dispute. The particulars of dues of service tax, duty of customs and duty of excise as at March 31, 2016 which have not been deposited on account of a dispute, are as follows:

# K G DENIM LIMITED

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 1.00 3.34 10.79	FY 2009-10 FY 2010-11 FY 2011-12 FY 2013-14	Customs Excise and Service Tax Appellate Tribunal, Chennai. Out of this, demand of Rs.448.69 lakhs was stayed by CESTAT, Chennai.
Customs Act	Custom Duty	7.49 336.08 112.61	FY 2006-07 FY 2008-09 FY 2013-14	

- viii. Based on our audit procedures, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. Based on our audit procedures, we are of the opinion that the term loans have been applied for the purposes for which they were obtained.
- x. Based on the audit procedures performed, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and therefore Clause 3(xii) of the Order is not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore Clause 3(xiv) of the Order is not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him, Therefore Clause 3(xv) of the Order is not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934, Therefore Clause 3(xvi) of the Order is not applicable to the Company.

For **GOPALAIYER AND SUBRAMANIAN**

Chartered Accountants

**CA. R MAHADEVAN**

Partner

Coimbatore

26.05.2016

Membership No.27497

Firm Regn. No.000960S

# K G DENIM LIMITED

## BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2016

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
(Rs.in lakhs)			
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	1	2566.51	2566.51
(b) Reserves and Surplus	2	5436.53	3556.03
(c) Money received against share warrants		-	-
<b>2 SHARE APPLICATION MONEY PENDING ALLOTMENT</b>			
<b>3 NON-CURRENT LIABILITIES</b>			
(a) Long-term Borrowings	3	5139.40	6369.25
(b) Deferred Tax Liabilities (Net)	4	1874.86	775.86
(c) Other Long-term Liabilities	5	240.00	271.35
(d) Long-term Provisions	6	300.49	265.46
<b>4 CURRENT LIABILITIES</b>			
(a) Short-term Borrowings	7	7078.87	7233.77
(b) Trade Payables	8	11337.07	12494.03
(c) Other Current Liabilities	9	2799.91	2915.25
(d) Short-term Provisions	10	537.09	746.10
<b>TOTAL</b>		<b>37310.73</b>	<b>37193.61</b>
<b>II. ASSETS</b>			
<b>1 NON-CURRENT ASSETS</b>			
(a) Fixed Assets	11		
(i) Tangible Assets		13155.47	9782.69
(ii) Capital Work-in-Progress		844.36	5667.39
(b) Non-Current Investments	12	783.22	537.27
(c) Long-term Loans and Advances	13	582.14	635.01
<b>2 CURRENT ASSETS</b>			
(a) Inventories	14	10776.41	12378.09
(b) Trade Receivables	15	7431.50	4177.94
(c) Cash and Cash Equivalents	16	943.32	821.05
(d) Short-term Loans and Advances	17	2318.06	1946.55
(e) Other Current Assets	18	476.25	1247.62
<b>TOTAL</b>		<b>37310.73</b>	<b>37193.61</b>

The notes form an integral part of these financial statements

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

**CA. R MAHADEVAN**  
Partner

Coimbatore  
26th May, 2016

Membership No.27497  
Firm Regn. No.000960S

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**S MUTHUSWAMY**  
Company Secretary

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**M BALAJI**  
Chief Financial Officer

**B SRIHARI**  
Managing Director  
DIN : 00002556

# K G DENIM LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016

PARTICULARS	NOTE NO.	31.03.2016	31.03.2015
(Rs.in lakhs)			
I. Revenue from operations	19	65172.93	59178.33
II. Other Income	20	606.58	264.13
III. <b>Total Revenue (I+II)</b>		<b>65779.51</b>	<b>59442.46</b>
IV. Expenses:			
Cost of materials consumed	21	37592.66	37375.49
Purchases of Stock-in-Trade	22	68.14	9.87
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	1391.75	(1123.31)
Other Manufacturing Expenses	24	11694.66	12187.94
Employee Benefits Expenses	25	3558.43	3045.85
Finance Costs	26	3241.24	2796.67
Depreciation and Amortization Expense		2047.63	2097.88
Other Expenses	27	2647.22	2853.86
<b>Total Expenses</b>		<b>62241.73</b>	<b>59244.25</b>
V. <b>Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>3537.78</b>	<b>198.21</b>
VI. Exceptional Items		-	-
VII. <b>Profit before extraordinary items and tax (V-VI)</b>		<b>3537.78</b>	<b>198.21</b>
VIII. Extraordinary Items:		-	-
IX. <b>Profit before tax (VII-VIII)</b>		<b>3537.78</b>	<b>198.21</b>
X. Tax Expense :			
(1) Current Tax		773.93	489.12
(2) MAT Credit Entitlement		(447.22)	-
(3) Deferred Tax		1099.00	(312.00)
		<b>1425.71</b>	<b>177.12</b>
XI. <b>Profit for the period from continuing operations (IX-X)</b>		<b>2112.07</b>	<b>21.09</b>
XII. Profit from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. <b>Profit from discontinuing operations (after tax) (XII-XIII)</b>		<b>-</b>	<b>-</b>
XV. <b>Profit for the period (XI + XIV)</b>		<b>2112.07</b>	<b>21.09</b>
XVI. Earnings per equity share			
(1) Basic		8.23	0.08
(2) Diluted		8.23	0.08
Weighted Number of Equity Shares		<b>25653905</b>	<b>25653905</b>

The notes form an integral part of these financial statements

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

**CA. R MAHADEVAN**  
Partner

Coimbatore  
26th May, 2016

Membership No.27497  
Firm Regn. No.000960S

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**S MUTHUSWAMY**  
Company Secretary

**B SRIRAMULU**  
Managing Director  
DIN : 00002560`

**M BALAJI**  
Chief Financial Officer

**B SRIHARI**  
Managing Director  
DIN : 00002556

# K G DENIM LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2016

PARTICULARS	31.03.2016	31.03.2015
	(Rs. in lakhs)	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit before tax and extraordinary items	3537.78	198.21
Adjustments for:		
Depreciation	2047.63	2097.88
Profit/Loss on sale of assets	-228.20	-19.47
Dividend Received	-0.09	-
Interest Charges	3241.24	2796.67
<b>Operating Profit before working capital changes</b>	<b>8598.36</b>	<b>5073.29</b>
Adjustments for:		
Trade and other receivables	-3253.56	66.12
Inventories	1601.68	-1139.11
Loans & Advances	-318.65	364.16
Other Current Assets	771.38	405.39
Trade and other payables	-1443.64	880.57
<b>Cash generated from operations</b>	<b>5955.57</b>	<b>5650.42</b>
<b>Cash flow before extraordinary items</b>	<b>5955.57</b>	<b>5650.42</b>
Extraordinary items	-	-
<b>Cash flow after extraordinary items</b>	<b>5955.57</b>	<b>5650.42</b>
Income Tax	-326.71	-489.12
<b>Net cash from operating activities</b>	<b>5628.86</b>	<b>5161.30</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Withdrawn / Sale of fixed assets	775.22	59.66
Acquisitions of fixed assets	-1143.90	-5447.19
Dividend received	0.09	-
Investments	-249.09	-0.43
<b>Net cash used in investing activities</b>	<b>-617.68</b>	<b>-5387.96</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Provision for Equity Dividend	-192.40	-192.40
Distribution Tax on Equity Dividend	-39.17	-39.17
Long Term Borrowings from Banks	-1229.85	2478.12
Short Term Borrowings from Banks	-154.90	671.86
Other Loans	-31.35	31.35
Interest paid	-3241.24	-2796.67
<b>Net cash used in financing activities</b>	<b>-4888.91</b>	<b>153.09</b>
<b>Net Increase in cash and cash equivalents</b>	<b>122.27</b>	<b>-73.57</b>
Cash and cash equivalents as at 1st April, 2015 (Opening Balance)	<b>821.05</b>	<b>894.62</b>
Cash and cash equivalents as at 31st March, 2016 (Closing Balance)	<b>943.32</b>	<b>821.05</b>

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

**CA. R MAHADEVAN**  
Partner

Coimbatore  
26th May, 2016

Membership No.27497  
Firm Regn. No.000960S

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

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**B SRIRAMULU**  
Managing Director  
DIN : 00002560`

**M BALAJI**  
Chief Financial Officer

**B SRIHARI**  
Managing Director  
DIN : 00002556

# K G DENIM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
<b>Note 1 - Share Capital</b> (Rs.in lakhs)		
<b>Authorised</b>		
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
<b>Issued</b>		
25691305 Equity Shares of Rs.10 each	2569.13	2569.13
<b>Subscribed &amp; Paid up</b>		
25653905 Equity Shares of Rs.10 each, fully paid	2565.39	2565.39
<b>Forfeited Shares</b>		
(Amount originally paid up)	1.12	1.12
	<b>2566.51</b>	<b>2566.51</b>

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

Particulars	31.03.2016	31.03.2015
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	31.03.2016		31.03.2015	
	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	<b>444.44</b>	<b>444.44</b>

#### b. Other Reserves

##### General Reserve

Opening Balance	1555.71	1555.71
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<b>1555.71</b>	<b>1555.71</b>

#### c. Surplus

Opening Balance	1555.88	2196.87
(+) Net Profit for the current year	2112.07	21.09
(+) 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	39.17
(-) Additional depreciation as per Schedule II of Companies Act, 2013*	-	615.46
Closing Balance	<b>3436.38</b>	<b>1555.88</b>
<b>Total</b>	<b>5436.53</b>	<b>3556.03</b>

#### \* 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 31.03.2016	ASAT 31.03.2015
<b>Note 3 - Long-Term Borrowings</b>		(Rs.in lakhs)
<b>Secured</b>		
<b>(a) Term Loans</b>		
Indian Rupee Loan	-	-
From Banks (Secured)	4954.31	6090.12
From Others-House property loan from HDFC Limited	141.44	172.04
(b) Long term maturities of finance lease obligations (Secured by Vehicles on Hire Purchase Loan)	43.65	107.09
There is no case of continuing default as on the Balance Sheet date in repayment of loans and interest		
<b>Total</b>	<b>5139.40</b>	<b>6369.25</b>

## Security Clause

Bank borrowings of Term Loan

Term Loans from Indian Bank (IB), Bank of India (BOI), State Bank of India (SBI) 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 and second pari passu charge on current assets of the Company.

Term Loan for 10 MW Power Plant from Indian Bank Rs.1480 lakhs, Bank of India Rs.1480 lakhs and The South Indian Bank Limited Rs.1470 lakhs are secured by pari passu first charge on Fixed Assets relating to power plant project and pari passu second charge on Current Assets of the Company.

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 Loans and One Corporate Loan from Indian Bank and Loan outstanding is - Term Loan III Rs.315.08 lakhs and Term Loan IV Rs.1110.99 lakhs and Corporate Loan Rs.333.32 lakhs (Previous Year Rs.555.08 lakhs, Rs.1356.99 lakhs & Rs.666.64 lakhs respectively). 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 12.40% p.a. as at year end. (Previous Year 13.00% 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.508.56 lakhs and Term Loan IV Rs.1202.45 (Previous Year Rs.738.56 lakhs and Rs.1387.49 lakhs respectively). 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 12.25% p.a as at year end. (Previous Year 14.00% 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.328.86 lakhs (Previous Year Rs.608.86). 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 13.30% p.a. as at year end. (Previous Year 13.60% p.a).

The Company has availed Two Term Loans from Indian Overseas Bank and Loan outdstanding is- Term Loan I Rs.Nil and Term Loan II Rs.Nil (Previous Year Rs.82.44 lakhs & Rs.106.37 lakhs respectively) Term Loan I is repayable in 20 quarterly installments commencing from 19.06.2012. Last Installment is due on 19.03.2017. (Repayable with in one year) 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(Repayable with one year). 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.1155.05 (Previous Year Rs.1365.05 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.141.44 lakhs (Previous Year Rs.171.76 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 31.03.2016	AS AT 31.03.2015
	(Rs. in lakhs)	
<b>Note 4 - Deferred Tax Liabilities (Net)</b>		
Opening balance	775.86	1272.81
Add: Provision for the year	1099.00	(312.00)
Less: Adjustment for additional depreciation as per Schedule II of Companies Act, 2013*	-	184.95
Net Deferred Tax Liability	<u>1874.86</u>	<u>775.86</u>
* Refer Note 28		
<b>Note 5 - Other Long -Term Liabilities</b>		
(a) Trade Payables	-	-
(b) Others	-	-
(i) Unsecured Loan from Financial Institutions (NBFC)	-	31.35
(ii) Unsecured Loan from Promoter Director	240.00	240.00
<b>Total</b>	<u>240.00</u>	<u>271.35</u>
<b>Note 6 - Long-Term Provisions</b>		
(a) Provision for employee benefits Gratuity (unfunded)	300.49	265.46
<b>Total</b>	<u>300.49</u>	<u>265.46</u>
<b>Note 7 - Short-Term Borrowings</b>		
<b>Secured</b>		
(a) Loans repayable on demand Working Capital Loan from Banks (Secured)	7078.87	7233.77
There are no cases of default in repayment of loan and interest as on date of Balance Sheet		
<b>Total</b>	<u>7078.87</u>	<u>7233.77</u>
<b>Security Clause</b>		
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 Baalakrishnan, Executive Chairman.		
<b>Note 8 - Trade Payables</b>		
For Dues of Micro Enterprises and Small	20.19	54.25
For Other Dues	11316.88	12439.78
<b>Total</b>	<u>11337.07</u>	<u>12494.03</u>
<b>Note 9 - Other Current Liabilities</b>		
(a) Current maturities of long-term debt-Secured (See Note 3)	1943.49	1525.77
(b) Current maturities of finance lease obligations	107.65	120.46
(c) Current maturities of financial institutions (NBFC)	31.56	64.56
(d) Interest accrued and due on borrowings	-	38.54
(e) Customer Credit Balance	255.37	309.14
(f) Security Deposits	0.30	3.30
(g) Duties and Taxes	95.13	52.90
(h) Creditors for Capital Goods	329.42	771.95
(i) Unpaid (Unclaimed) Equity Dividend	36.99	28.63
<b>Total</b>	<u>2799.91</u>	<u>2915.25</u>
<b>Note 10 - Short-Term Provisions</b>		
(a) Provision for employee benefits Gratuity (unfunded)	15.07	13.80
(b) Others		
Income Tax Provision (Net of Advance Tax)	290.45	489.12
Wealth Tax Provision	-	11.61
Proposed Equity Dividend	192.40	192.40
Tax on Proposed Equity Dividend	39.17	39.17
<b>Total</b>	<u>537.09</u>	<u>746.10</u>

# K G DENIM LIMITED

## Note 11 - Fixed Assets

(Rs.in lakhs)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION					NET BLOCK		
	Balance as at 1st April, 2015	Additions	Disposals	Brought into use	Balance as at 31st March, 2016	Balance as at 1st April, 2015	Depreciation charge for the year	Transfer to Reserve*	On Disposals	Balance as at 31st March, 2016	Balance as at 31st March, 2016	Balance as at 31st March, 2015
<b>(a) Tangible Assets</b>												
Land	390.69	-	-	-	390.69	-	-	-	-	-	390.69	390.69
Buildings	4250.99	1268.78	4.38	-	5515.39	1250.79	182.09	-	4.16	1250.79	4086.67	3000.20
Plant & Equipment	20747.21	4100.08	1963.43	-	22886.66	15038.86	1670.39	-	1434.05	15038.86	7612.72	5708.35
Electrical Machinery	993.76	470.92	15.25	-	1449.44	843.58	102.83	-	14.49	843.58	516.30	150.18
Furniture & Fixtures	185.28	17.12	35.48	-	167.04	98.07	13.63	-	33.54	98.07	88.87	87.21
Vehicles	567.74	71.95	36.51	-	603.20	214.15	52.20	-	28.43	214.15	365.21	353.60
Office Equipment	564.29	38.08	91.80	-	508.13	471.83	26.50	-	85.17	471.83	95.01	92.46
Others (specify nature)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>27699.96</b>	<b>5966.93</b>	<b>2146.85</b>	<b>-</b>	<b>31520.54</b>	<b>17917.27</b>	<b>2047.62</b>	<b>615.46</b>	<b>1599.83</b>	<b>17917.27</b>	<b>13155.47</b>	<b>9782.69</b>
Previous Year	27370.98	494.86	165.88	-	27699.96	15329.63	2097.88	-	125.69	15329.63	9782.69	12041.35
<b>(b) Intangible Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>(c) Capital work in Progress</b>	5667.39	811.21	-	5634.24	844.36	-	-	-	-	-	844.36	5667.39
<b>Total</b>	<b>5667.39</b>	<b>811.21</b>	<b>-</b>	<b>5634.24</b>	<b>844.36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>844.36</b>	<b>5667.39</b>
Previous Year	715.05	4952.33	-	-	5667.39	-	-	-	-	-	5667.39	715.05
<b>Grand Total</b>	<b>33367.35</b>	<b>6778.14</b>	<b>2146.85</b>	<b>5634.24</b>	<b>32364.90</b>	<b>17917.27</b>	<b>2047.62</b>	<b>615.46</b>	<b>1599.83</b>	<b>17917.27</b>	<b>13999.83</b>	<b>15450.08</b>
Previous Year	28086.03	5447.19	165.88	-	33367.35	15329.63	2097.88	-	125.69	15329.63	15450.08	12756.40

\* Refer Note 28

Note: Building includes Prayer Hall and Gold Plating thereon of Rs.132.69 lakhs in Gross Block, Rs.23.55 lakhs in Depreciation Block and Rs.109.14 lakhs in Net Block (Previous Year Rs.132.69 lakhs in Gross Block, Rs.19.88 lakhs in Depreciation Block and Rs.112.81 lakhs in Net Block).

Furniture & Fittings includes Prayer Hall of Rs.13.95 lakhs in Gross Block, Rs.9.41 lakhs in Depreciation Block and Rs.4.54 lakhs in Net Block (Previous Year Rs.13.89 lakhs in Gross Block, Rs.7.40 lakhs in Depreciation Block and Rs.6.49 lakhs in Net Block)

Office Equipment includes Prayer Hall of Rs.0.52 lakhs in Gross Block, Rs.0.05 lakhs in Depreciation Block and Rs.0.47 lakhs in Net Block

31.03.2016

31.03.2015

## 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

45,00,000 Equity Shares of Rs.10/- each-Un quoted

450.00

200.00

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

0.44

0.44

**Sub-total**

450.44

200.44

#### 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

0.46

0.46

4,588 Equity Shares of Rs.10/- each-Un 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

30,000 Equity Shares of Rs.10/- each-Un quoted

- v Prakash Power Pvt. Limited

-

0.15

1,490 Equity Shares of Rs.10/- each-Un quoted

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

- vi Cotton Sourcing Company Limited

1.00

1.00

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

**Sub-total**

328.46

332.52

**Total (B - I+II)**

778.90

532.96

**Grand Total (A+B)**

783.22

537.27

Less : Provision for diminution in the value of investments

**Total**

783.22

537.27

Aggregate amount of quoted investments

4.32

4.78

Market value of quoted investments

2.88

5.28

Aggregate amount of unquoted investments

778.90

532.50

# K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
(Rs.in lakhs)		
<b>Note 13 - Long-Term Loans and Advances</b>		
<b>a. Capital Advances</b>		
Advance for Capital Goods-Un secured considered good	504.38	427.76
Others	-	-
	<u>504.38</u>	<u>427.76</u>
<b>b. Security Deposits</b>		
Security Deposits - Un secured considered good	72.34	202.30
	<u>72.34</u>	<u>202.30</u>
<b>c. Loans and advances to related parties</b>		
Advance to Subsidiary company-KG Denim (USA) Inc.	5.42	4.95
- Un secured considered good	-	-
	<u>5.42</u>	<u>4.95</u>
<b>Total</b>	<u>582.14</u>	<u>635.01</u>

## Note 14 - Inventories

<b>a. Raw Materials and components</b>	3487.56	3429.97
Goods-in transit-Grey Fabrics	-	186.72
	<u>3487.56</u>	<u>3616.69</u>
<b>b. Work-in-progress</b>	2291.55	1818.65
Goods-in transit	-	-
	<u>2291.55</u>	<u>1818.65</u>
<b>c. Finished Goods</b>	4025.16	5962.40
Goods-in transit-Fabrics	570.78	498.19
	<u>4595.94</u>	<u>6460.59</u>
<b>d. Stock-in-trade</b>	-	-
Goods-in transit	-	-
	<u>-</u>	<u>-</u>
<b>e. Stores and Spares</b>	399.07	477.00
Goods-in transit	-	-
	<u>399.07</u>	<u>477.00</u>
<b>f. Others (Specify nature)</b>		
Stock of Waste	2.29	5.16
	<u>2.29</u>	<u>5.16</u>
<b>Total</b>	<u>10776.41</u>	<u>12378.09</u>

Mode of Valuation : Refer Note 28.2 in Significant Accounting Policies

### Details of Raw Materials

Cotton	469.56	11.92
Yarn	1964.74	1623.62
Grey Fabric / Fabric	567.98	891.40
Fibre	100.71	402.51
Chemicals	384.57	439.00
Accessories	-	61.52
<b>Total</b>	<u>3487.56</u>	<u>3429.97</u>

# K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
(Rs.in lakhs)		
<b>Details of Work-in-process</b>		
Cotton Yarn and Processed Fabric	2261.95	1789.05
Fibre Yarn and Processed Fabric	29.60	29.60
<b>Total</b>	<b>2291.55</b>	<b>1818.65</b>
<b>Details of Finished Goods</b>		
Fabric	3772.73	4363.59
Garments	-	718.86
Home Textiles	148.98	776.50
Terry Towels	103.45	103.45
<b>Total</b>	<b>4025.16</b>	<b>5962.40</b>
<b>Note 15 - Trade Receivables</b>		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	74.63	727.21
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	7356.87	3450.73
<b>Total</b>	<b>7431.50</b>	<b>4177.94</b>
<b>Note 16 - Cash and Cash Equivalents</b>		
a. Balances with banks	168.09	100.07
b. Cheques, drafts on hand	-	0.01
c. Cash on hand	23.69	12.92
d. Other Bank Balances		
Unclaimed Dividend Account	36.99	28.63
e. Others		
EEFC Deposits	0.62	0.58
Margin Money Deposits	713.93	678.84
<b>Total</b>	<b>943.32</b>	<b>821.05</b>

# K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
(Rs.in lakhs)		
<b>Note 17 - Short-term loans and advances</b>		
Unsecured, considered good		
Advance Recoverable in Cash or in kind or for value to be received		
For Material Purchase	1291.42	1433.19
For Expenses / Others	180.21	158.37
For Duties & Taxes	281.99	222.02
MAT Credit Entitlement	447.22	-
Prepaid Expenses	117.22	132.97
<b>Total</b>	<b>2318.06</b>	<b>1946.55</b>
<b>Note 18 - Other Current Assets</b>		
Export Incentives Receivable	357.49	933.58
Excise Claim Receivable	18.79	4.37
Interest Subsidy from Govt. Agencies	62.79	291.67
Interest Receivable	37.18	18.00
<b>Total</b>	<b>476.25</b>	<b>1247.62</b>
	<b>31.03.2016</b>	<b>31.03.2015</b>
(Rs.in lakhs)		
<b>Note 19 - Revenue from Operations</b>		
Sale of Products	62890.96	58187.09
Sale of Services - Job Work	1513.47	566.21
Other Operating Revenues : Waste Cotton / Yarn / Accessories Sales	768.50	425.03
<b>Total</b>	<b>65172.93</b>	<b>59178.33</b>
<b>Details of Sale of Products</b>		
Fabrics	51052.00	41290.30
Garments	543.39	4066.18
Home Textiles	10269.31	12208.96
Terry Towel	504.87	621.65
Power	521.39	-
<b>Total</b>	<b>62890.96</b>	<b>58187.09</b>
<b>Note 20 - Other Income</b>		
Interest Income	59.88	67.17
Interest Subsidy received	27.64	134.11
Dividend Income	0.08	-
Lease Rent Receipts	0.64	0.64
Insurance Claim Received	8.89	3.62
Profit on sale of fixed assets	228.20	19.47
Exchange Gain on Export Sales	289.29	32.57
Other non-operating income (net of expenses directly attributable to such income)	(8.04)	6.55
<b>Total</b>	<b>606.58</b>	<b>264.13</b>

# K G DENIM LIMITED

PARTICULARS	31.03.2016	31.03.2015
<b>Note 21 - Cost of Materials Consumed</b>		(Rs. in lakhs)
Opening Stock	3616.69	3658.19
Purchases	37463.53	37333.99
<b>Sub-total</b>	<b>41080.22</b>	<b>40992.18</b>
Less : Closing Stock	3487.56	3616.69
<b>Raw Materials Consumed</b>	<b>37592.66</b>	<b>37375.49</b>
<b>Imported and Indigenous Raw Materials consumed</b>		
Imported	3282.65	2124.53
Indigenous	34310.01	35250.96
<b>Total</b>	<b>37592.66</b>	<b>37375.49</b>
<b>Details of Raw Material Consumed</b>		
Cotton	4267.99	4178.85
Yarn	16356.08	13518.29
Fibre	1337.31	931.25
Fabrics	9046.28	12244.70
Chemicals	5501.04	4875.26
Accessories	1083.96	1627.14
<b>Total</b>	<b>37592.66</b>	<b>37375.49</b>
<b>Note 22 - Purchases of Stock-in-Trade</b>		
Garments Purchase	68.14	9.87
<b>Total</b>	<b>68.14</b>	<b>9.87</b>
<b>Note 23 - Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade</b>		
<b>Opening Stock :</b>		
Work-in-Process	1818.65	1522.29
Finished Goods	6460.59	5633.64
Traded Items	-	-
	<b>8279.24</b>	<b>7155.93</b>
<b>Closing Stock :</b>		
Work-in-Process	2291.55	1818.65
Finished Goods	4595.94	6460.59
Traded Items	-	-
	<b>6887.49</b>	<b>8279.24</b>
<b>Total</b>	<b>1391.75</b>	<b>(1123.31)</b>
<b>Note 24 - Other Manufacturing Expenses</b>		
(a) Power & Fuel	3689.33	4436.67
(b) Consumptions of Stores & Spare Parts	169.74	367.59
(c) Processing Charges	5621.72	5671.08
(d) Repairs & Maintenance		
For Plant & Machinery	1441.35	1143.80
For Buildings	306.18	218.03
For Others	466.34	350.77
<b>Total</b>	<b>11694.66</b>	<b>12187.94</b>
<b>Imported and Indigenous Stores &amp; Spare Parts Consumed</b>		
Imported	139.64	237.64
Indigenous	30.10	129.95
<b>Total</b>	<b>169.74</b>	<b>367.59</b>

# K G DENIM LIMITED

PARTICULARS	31.03.2016	31.03.2015
<b>Note 25 - Employee Benefits Expenses</b>		(Rs.in lakhs)
(a) Salaries and Wages	2944.87	2693.38
(b) Salaries-Managing Directors/Whole Time Directors	372.95	73.94
(c) Contributions to Provident Fund and Other Funds	83.31	94.37
(d) Gratuity as per Actuarial Valuations	47.52	57.05
(e) Staff Welfare Expenses	109.78	127.11
<b>Total</b>	<b>3558.43</b>	<b>3045.85</b>
 <b>Note 26 - Finance Costs</b>		
Interest Expense	2795.63	2388.77
Other Borrowing Costs	444.03	408.20
Applicable Net Gain/Loss on Foreign Currency Transactions and Translation	1.58	(0.30)
<b>Total</b>	<b>3241.24</b>	<b>2796.67</b>
 <b>Note 27 - Other Expenses</b>		
Rent	33.86	39.68
Insurance	126.71	198.78
Rates and Taxes, excluding, Taxes on Income	162.59	160.74
<b>Payments to the Auditor as</b>		
a) As Statutory Auditor	3.44	3.37
b) For Taxation Matters	1.67	1.12
c) For Other Services	-	0.81
Legal, Professional & Consultancy Charges	124.81	129.79
Printing and Stationery	53.92	65.63
Postage, Telegrams and Telephones	166.06	153.93
Travelling Expenses and Maintenance of Vehicles	472.84	427.75
Director Sitting Fees	4.73	4.98
Software Maintenance Expenses	-	0.12
Brokerage	33.18	22.51
Commission on Sales	355.80	394.04
Discount on Sales	173.03	185.12
Selling Expenses	406.09	395.54
Freight Outwards	349.98	464.48
Exchange Loss on Export Sales	13.54	42.32
Prayer Hall Repairs and Maintenance	16.43	32.15
Corporate Social Responsibility Expenses	14.34	-
Bad Debts Written Off	-	5.67
Miscellaneous Expenses	134.20	125.33
<b>Total</b>	<b>2647.22</b>	<b>2853.86</b>



**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 except for Power Plant Equipments.

Depreciation on Power Plant Equipments is provided on the straight line basis over the useful lives of the assets estimated by management based on internal assessment. The management estimates the useful lives of Power Plant Equipments as 20 years.

The management believes that the useful life as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II to the Companies Act, 2013.

## **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.

# K G DENIM LIMITED

## 28.14 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.

## 28.15 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.

## 28.16 RECOGNITION OF IMPAIRMENT OF ASSETS

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

## NOTE 29

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

	2015 - 2016	2014 - 2015
	(Rs.in Lakhs)	
(i) Contingent Liabilities		
a) Claims against the company not acknowledged as debt:		
Disputed Excise / Customs duties	476.63	476.63
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	93.00	193.00
c) Other Money for which the company is contingently liable		
Bills discounted with banks	3233.68	4544.93
(ii) Commitments		
Estimated amount of contracts remaining to be executed in capital account and not provided for	375.00	257.00

## NOTE 30

The Company has investment of Rs.450 lakhs in the shares of M/s Trigger Apparels Limited (TAL), a wholly owned subsidiary of the company. 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 diminution in value of shares.

# K G DENIM LIMITED

## NOTE 31 : GRATUITY

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

I.	Principal Actuarial Assumptions	31.03.2016	31.03.2015
	(Expressed as weighted averages)		
	Discount Rate	7.90 %	7.80 %
	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	279.27	236.06
	Interest Cost	21.39	20.85
	Current Service Cost	28.98	29.29
	Past Service Cost - (Non Vested Benefits)	0	0
	Past Service Cost - (Vested Benefits)	0	0
	Benefits Paid	(10.00)	(13.84)
	Actuarial Loss / (Gain) on obligation (Balancing Figure)	(4.08)	6.91
	PVO as at the end of the period	315.56	279.27
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	10.00	13.84
	Benefits Paid	(10.00)	(13.84)
	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	4.08	(6.91)
	Actuarial Gain / (Loss) for the period - plan assets	0	0
	Total Gain / (Loss) for the period	(4.08)	6.91
	Actuarial Gain / (Loss) recognised in the period	(4.08)	6.91
	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	315.56	279.27
	Fair Value of plan assets	0	0
	Difference	315.56	279.27
	Unrecognised transitional liability	0	0
	Unrecognised past service cost-non vested benefits	0	0
	Liability recognised in the balance sheet	315.56	279.27
VII.	Expenses recognised in the statement of profit and loss	(Rs.lakhs)	(Rs.lakhs)
	Current Service Cost	28.98	29.29
	Interest Cost	21.39	20.85
	Expected return on plan assets	0	0
	Net actuarial (Gain) / Loss recognised in the year	(4.08)	6.91
	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	46.30	57.05
VIII.	Movements in the Liability recognised in the balance sheet	(Rs.lakhs)	(Rs.lakhs)
	Opening net liability	279.26	236.06
	Expense as above	46.30	57.05
	Contribution paid	(10.00)	(13.84)
	Closing net liability	315.56	279.27

# K G DENIM LIMITED

## NOTE 32

In accordance with Accounting Standard - 17 'Segment Reporting', segment information has been given in the Consolidated financial statements. Therefore, no separate disclosure on segment information is given in these financial statements.

### Annexure to Notes on Accounts :

	31.03.2016	31.03.2015
	(Rs.in lakhs)	
<b>33 Value of Imports on CIF basis</b>		
I Raw Materials	1258.26	627.01
II Chemicals	2024.39	1497.52
III Spares & Components	408.74	237.64
IV Fuel	736.27	1444.08
V Capital Goods	67.18	94.38
	<b>4494.84</b>	<b>3900.63</b>
<b>34 Expenditure in Foreign Currency</b>		
Commission	404.63	426.22
Advertisement and Trade Fair	107.14	65.51
Traveling etc.,	112.62	77.24
Testing Charges	7.45	1.44
	<b>631.84</b>	<b>570.41</b>
<b>35 Earnings in Foreign Currency (FOB)</b>		
Export of goods on Direct Export	22121.03	24789.64

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

(Rs.in lakhs)

Particulars	2015-2016				2014-2015			
	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	0.83	8.06	-	-	14.18	81.65	-	-
Sale of goods	3469.92	79.08	-	-	591.91	12.38	-	-
Processing Charges paid	-	2859.06	-	-	-	2448.53	-	-
Service Charges paid	-	-	-	-	-	39.77	-	-
Processing Charges Received	481.66	7.95	-	-	189.67	46.15	-	-
Rent Received	-	0.64	-	-	-	0.64	-	-
Loans and advances paid	0.61	-	-	-	0.75	-	-	-
Managerial Remuneration	-	-	336.14	37.29	-	-	93.40	2.59

### Disclosure in respect of material transactions with related party during the year (included in Note.36)

Rs. in lakhs

Processing Charges Paid	2015-16	2014-15
Sri Kannapiran Mills Limited	2735.48	2437.11

# K G DENIM LIMITED

## 36.2 Balance outstanding as on 31.03.2016

(Rs.in lakhs)

Particulars	2015-16				2014-2015			
	Subsidiary	Other Related Party	Key Management Personnel	Relative of Key Management Personnel	Subsidiary	Other Related Party	Key Management Personnel	Relative of key Management Personnel
Trade Receivable	3262.84	-	-	-	1129.01	52.27	-	-
Trade Payable	-	775.01	-	-	-	784.20	-	-
Investments	450.46	327.46	-	-	200.44	327.46	-	-
Loans and advances	5.85	-	-	-	4.95	-	-	-

## 36.3 Note :

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

37 Segment Reporting: In accordance with Accounting Standard - 17, Segment information has been given in the Consolidated Financial Statements of the Company and therefore no separate disclosure on segment information in these financial statements.

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 2016 is as follows:

(Rs.in lakhs)

Particulars	Provision for Income Tax		Provision for Wealth Tax		Provision for Gratuity	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Opening Balance	-	-	11.61	2.61	279.27	236.05
Additions	773.93	489.12	-	11.61	46.29	57.05
Utilisation/Adv Tax Adjustments	500.00	-	-	-	10.00	13.84
Reversals	-	-	11.61	2.61	-	-
Closing Balance	273.93	489.12	-	11.61	315.56	279.26
Provided as Long Term Liability	-	-	-	-	300.49	265.46
Provided as Short Term Liability	-	-	-	-	15.07	13.80

# 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.22.11 lakhs of more than 30 days and exceeding Rs.1 lakh to the following parties; Sri Abirami Tubes Rs.5.93 lakhs, Nava Bharath Packaging Rs.1.94 lakhs, Acme Textiles Rs.0.97 lakhs, Asmaco Industries Rs.7.81 lakhs, Harini Packs Rs.4.31 Lakhs and Sri Guhan Packs Rs.1.15 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 a) The Company has the following forward cover outstanding relating to export of its products

	as on 31.03.2016	as on 31.03.2015
USD in lakhs	13.90	24.30
b) The unhedged foreign currency exposure as on 31.03.2016		
	USD in lakhs	
	2015-16	2014-15
Trade Receivable	48.44	72.91
Trade Payable	3.83	0.81

44 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  
DIN : 00002174

**B SRIRAMULU**  
Managing Director  
DIN : 00002560`

**B SRIHARI**  
Managing Director  
DIN : 00002556

**CA. R MAHADEVAN**  
Partner

**S MUTHUSWAMY**  
Company Secretary

**M BALAJI**  
Chief Financial Officer

Coimbatore  
26th May, 2016

Membership No.27497  
Firm Regn. No.000960S

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## INDEPENDENT AUDITORS' REPORT

To the Members of K G Denim Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of K G Denim Limited ("hereinafter referred to as "the Holding Company") and its subsidiary Companies ("the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2016, 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 (hereinafter referred to as "the Consolidated Financial Statements").

### Management's Responsibility for the Consolidated Financial Statements

The Board of Directors of the Holding Company is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") 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 including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and the 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 Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated 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 consolidated state of affairs of the Group as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## Other Matter

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 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.

Our opinion on the Consolidated Financial Statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done, and the financial statements certified by the Management.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid Consolidated Financial Statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and financial statements of foreign subsidiary.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

(d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Accounting Standard (AS) - 30 ON 'Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India (ICAI);

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 and taken on record by the Board of Directors of the Holding Company reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our Report in Annexure A; and

(g) With respect to the other matters to be included in the Auditors' 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 Consolidated Financial Statements disclose the impact of pending litigations on the Consolidated Financial position of the Group. Refer Note 27.4(1) to the Consolidated Financial Statements.

ii. The Company and its subsidiaries 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

Coimbatore  
26.05.2016

Membership No.27497  
Firm Regn. No.000960S

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## ANNEXURE-A TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF K G DENIM LIMITED

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of K G Denim Limited ( "the Holding Company") and its subsidiary company which are companies incorporated in India, for the year ended March 31, 2016 in conjunction with our audit of the Consolidated Financial Statements of the Company.

### Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding company, its subsidiary companies and jointly controlled entities, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the 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, as required under the Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Holding Company, its subsidiary company which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

Coimbatore  
26.05.2016

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2016

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
(Rs.in lakhs)			
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	1	2566.51	2566.51
(b) Reserves and Surplus	2	4957.43	3146.62
(c) Money received against share warrants		-	-
<b>2 SHARE APPLICATION MONEY PENDING ALLOTMENT</b>			
<b>3 NON-CURRENT LIABILITIES</b>			
(a) Long-term Borrowings	3	5139.40	6369.25
(b) Deferred Tax Liabilities (Net)	4	1685.46	637.48
(c) Other Long-term Liabilities	5	697.09	544.29
(d) Long-term Provisions	6	350.01	298.29
<b>4 CURRENT LIABILITIES</b>			
(a) Short-term Borrowings	7	7655.43	7770.36
(b) Trade Payables	8	12245.69	12818.93
(c) Other Current Liabilities	9	2876.17	2975.06
(d) Short-term Provisions	10	545.44	749.58
<b>TOTAL</b>		<b>38718.63</b>	<b>37876.37</b>
<b>II. ASSETS</b>			
<b>1 NON-CURRENT ASSETS</b>			
(a) Fixed Assets	11		
(i) Tangible Assets		13740.90	9835.59
(ii) Capital Work-in-Progress		844.36	5667.39
(b) Non-Current Investments	12	332.78	336.83
(c) Long-term Loans and Advances	13	576.87	630.66
<b>2 CURRENT ASSETS</b>			
(a) Inventories	14	13301.35	13416.14
(b) Trade Receivables	15	5724.30	3774.34
(c) Cash and Cash Equivalents	16	1084.64	868.32
(d) Short-term Loans and Advances	17	2546.29	2095.61
(e) Other Current Assets	18	567.14	1251.49
<b>TOTAL</b>		<b>38718.63</b>	<b>37876.37</b>

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  
DIN : 00002174

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**B SRIHARI**  
Managing Director  
DIN : 00002556

**CA. R MAHADEVAN**  
Partner

**S MUTHUSWAMY**  
Company Secretary

**M BALAJI**  
Chief Financial Officer

Coimbatore  
26th May, 2016

Membership No.27497  
Firm Regn. No.000960S

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016

PARTICULARS	NOTE NO.	31.03.2016	31.03.2015
		(Rs. in lakhs)	
I. Revenue from operations	19	71552.56	61882.66
II. Other Income	20	626.05	280.62
III. <b>Total Revenue (I+II)</b>		<b>72178.61</b>	<b>62163.28</b>
IV. Expenses:			
Cost of materials consumed	21	39968.52	38369.05
Purchases of Stock-in-Trade	22	1584.55	412.57
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	297.78	(1222.37)
Other Manufacturing Expenses	24	12450.01	12754.51
Employee Benefits Expenses	25	5132.25	3232.67
Finance Costs	26	3355.46	2874.30
Depreciation and Amortization Expense		2071.54	2117.74
Other Expenses	27	3900.48	3414.24
<b>Total Expenses</b>		<b>68760.59</b>	<b>61952.71</b>
V. <b>Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>3418.02</b>	<b>210.57</b>
VI. Exceptional Items		-	-
VII. <b>Profit before extraordinary items and tax (V-VI)</b>		<b>3418.02</b>	<b>210.57</b>
VIII. Extraordinary Items:			
Prior Year Expenses		-	-
IX. <b>Profit before tax (VII-VIII)</b>		<b>3418.02</b>	<b>210.57</b>
X. Tax Expense :			
(1) Current Tax		774.83	491.55
(2) MAT Credit Entitlement		(447.22)	(12.76)
(3) Deferred Tax		1047.97	(304.87)
		<b>1375.58</b>	<b>173.92</b>
XI. <b>Profit for the period from continuing operations (IX-X)</b>		<b>2042.44</b>	<b>36.65</b>
XII. Profit from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. <b>Profit from discontinuing operations (after tax) (XII-XIII)</b>		-	-
XV. <b>Profit for the period (XI + XIV)</b>		<b>2042.44</b>	<b>36.65</b>
XVI. Earnings per equity share			
(1) Basic		7.96	0.14
(2) Diluted		7.96	0.14
Weighted Number of Equity Shares		<b>25653905</b>	<b>25653905</b>
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  
DIN : 00002174

**B SRIRAMULU**  
Managing Director  
DIN : 00002560`

**B SRIHARI**  
Managing Director  
DIN : 00002556

**CA. R MAHADEVAN**  
Partner

**S MUTHUSWAMY**  
Company Secretary

**M BALAJI**  
Chief Financial Officer

Coimbatore  
26th May, 2016

Membership No.27497  
Firm Regn. No.000960S

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2016

PARTICULARS	31.03.2016	31.03.2015
	(Rs.in lakhs)	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit before tax and extraordinary items	3418.02	210.57
Adjustments for:		
Depreciation	2071.54	2117.73
Profit/Loss on sale of assets	-228.20	-19.47
Dividend Received	-0.09	-
Interest Charges	3355.46	2874.30
<b>Operating Profit before working capital changes</b>	<b>8616.73</b>	<b>5183.13</b>
Adjustments for:		
Trade and other receivables	-4083.80	244.05
Inventories	114.79	-1254.67
Loans & Advances	-397.82	352.52
Other Current Assets	684.76	405.39
Trade and other payables	1622.43	643.34
<b>Cash generated from operations</b>	<b>6557.07</b>	<b>5573.76</b>
<b>Cash flow before extraordinary items</b>	<b>6557.07</b>	<b>5573.76</b>
Extraordinary items (Additional Gratuity Liability)	-126.76	-0.64
<b>Cash flow after extraordinary items</b>	<b>6430.31</b>	<b>5573.12</b>
Income Tax	-327.61	-478.79
<b>Net cash from operating activities</b>	<b>6102.70</b>	<b>5094.33</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Share Capital	250.02	-
Withdrawn / Sale of fixed assets	775.22	59.66
Acquisitions of fixed assets	-1700.37	-5453.62
Dividend received	0.09	-
Investments	-249.09	-0.43
<b>Net cash used in investing activities</b>	<b>-924.13</b>	<b>-5394.39</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Provision for Equity Dividend	-192.40	-192.40
Distribution Tax on Equity Dividend	-39.17	-39.17
Long Term Borrowings from Banks	-1229.85	2478.12
Short Term Borrowings from Banks	-114.93	809.45
Other Loans	-30.44	31.69
Interest paid	-3355.46	-2874.30
<b>Net cash used in financing activities</b>	<b>-4962.25</b>	<b>213.39</b>
<b>Net Increase in cash and cash equivalents</b>	<b>216.32</b>	<b>-86.67</b>
Cash and cash equivalents as at 1st April, 2015 (Opening Balance)	868.32	954.99
Cash and cash equivalents as at 31st March, 2016 (Closing Balance)	<b>1084.64</b>	<b>868.32</b>

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**B SRIHARI**  
Managing Director  
DIN : 00002556

**CA. R MAHADEVAN**  
Partner

**S MUTHUSWAMY**  
Company Secretary

**M BALAJI**  
Chief Financial Officer

Coimbatore  
26th May, 2016

Membership No. 27497  
Firm Regn. No. 000960S

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
<b>Note 1 - Share Capital</b> (Rs.in lakhs)		
<b>Authorised</b>		
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
<b>Issued</b>		
25691305 Equity Shares of Rs.10 each	2569.13	2569.13
<b>Subscribed &amp; Paid up</b>		
25653905 Equity Shares of Rs.10 each, fully paid	2565.39	2565.39
<b>Forfeited Shares</b>		
(Amount originally paid up)	1.12	1.12
	2566.51	2566.51

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

Particulars	31.03.2016	31.03.2015
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	31.03.2016		31.03.2015	
	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

<b>a. Securities Premium Reserves</b>		
Opening Balance	444.44	444.44
Add : Addition / Deletions	-	-
Closing Balance	444.44	444.44
<b>b. Other Reserves</b>		
<b>General Reserve</b>		
Opening Balance	1555.71	1555.71
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	1555.71	1555.71
<b>c. Surplus</b>		
Opening Balance	1146.41	1774.84
(+) Net Profit for the current year	2042.44	36.65
(+) 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	39.17
(-) Additional depreciation as per Schedule II of Companies Act, 2013	-	619.65
Closing Balance	2957.28	1146.47
<b>Total</b>	4957.43	3146.62

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 31.03.2016	AS AT 31.03.2015
(Rs.in lakhs)		
<b>Note 3 - Long-Term Borrowings</b>		
<b>Secured</b>		
<b>(a) Term Loans</b>		
Indian Rupee Loan		
From Banks (Secured)	4954.31	6090.12
From Others-House property loan from HDFC Limited	141.44	172.04
(b) Long term maturities of finance lease obligations	-	-
(Secured by Vehicles on Hire Purchase Loan)	43.65	107.09
There is no case of continuing default as on the Balance Sheet date in repayment of loans and interest		
<b>Total</b>	<b>5139.40</b>	<b>6369.25</b>

## Security Clause

Bank borrowings of Term Loan

Term Loans from Indian Bank (IB), Bank of India (BOI), State Bank of India (SBI) 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 and second pari passu charge on current assets of the Company.

Term Loan for 10 MW Power Plant from Indian Bank Rs.1480 lakhs, Bank of India Rs.1480 lakhs and The South Indian Bank Limited Rs.1470 lakhs are secured by pari passu first charge on Fixed Assets relating to power plant project and pari passu second charge on Current Assets of the Company.

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 Loans and One Corporate Loan from Indian Bank and Loan outstanding is - Term Loan III Rs.315.08 lakhs and Term Loan IV Rs.1110.99 lakhs and Corporate Loan Rs.333.32 lakhs (Previous Year Rs.555.08 lakhs, Rs.1356.99 lakhs & Rs.666.64 lakhs respectively). 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 12.40% p.a. as at year end. (Previous Year 13.00% 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.508.56 lakhs and Term Loan IV Rs.1202.45 (Previous Year Rs.738.56 lakhs and Rs.1387.49 lakhs respectively). 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 12.25% p.a as at year end. (Previous Year 14.00% 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.328.86 lakhs (Previous Year Rs.608.86). 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 13.30% p.a. as at year end. (Previous Year 13.60% p.a).

The Company has availed Two Term Loans from Indian Overseas Bank and Loan outstanding is- Term Loan I Rs.Nil and Term Loan II Rs.Nil (Previous Year Rs.82.44 lakhs & Rs.106.37 lakhs respectively) Term Loan I is repayable in 20 quarterly installments commencing from 19.06.2012. Last Installment is due on 19.03.2017. (Repayable with in one year) 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(Repayable with one year). 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.1155.05 (Previous Year Rs.1365.05 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.141.44 lakhs (Previous Year Rs.171.76 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 31.03.2016	AS AT 31.03.2015
	(Rs.in lakhs)	
<b>Note 4 - Deferred Tax Liabilities (Net)</b>		
Opening balance	637.49	1128.55
Add: Provision for the year	1047.97	-316.10
Add: Carried forward loss	-	11.23
Less: Adjustment for additional depreciation as per Schedule II of Companies Act, 2013	-	186.20
Net Deferred Tax Liability	<u>1685.46</u>	<u>637.48</u>
<b>Note 5 - Other Long -Term Liabilities</b>		
(a) Trade Payables	457.09	272.94
(b) Others		
(i) Unsecured Loan from Financial Institutions (NBFC)	-	31.35
(ii) Unsecured Loan from Promoter Director	240.00	240.00
<b>Total</b>	<u>697.09</u>	<u>544.29</u>
<b>Note 6 - Long-Term Provisions</b>		
(a) Provision for employee benefits		
Gratuity (unfunded)	350.01	298.29
<b>Total</b>	<u>350.01</u>	<u>298.29</u>
<b>Note 7 - Short-Term Borrowings</b>		
<b>Secured</b>		
(a) Loans repayable on demand		
Working Capital Loan from Banks (Secured)	7655.43	7770.36
There are no cases of default in repayment of loan and interest as on date of Balance Sheet	-	-
<b>Total</b>	<u>7655.43</u>	<u>7770.36</u>
<b>a. Holding Company</b>		
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 Baalakrishnan, Executive Chairman.		
<b>b. Subsidiary</b>		
Working capital loan from Indian Overseas Bank is secured by an exclusive first charges on the fixed and current assets. The loan are also personally guaranteed by Shri KG Baalakrishnan, Director.		
<b>Note 8 - Trade Payables</b>		
For Dues of Micro Enterprises and Small Enterprises	20.19	54.25
For Other Dues	12225.50	12764.68
<b>Total</b>	<u>12245.69</u>	<u>12818.93</u>
<b>Note 9 - Other Current Liabilities</b>		
(a) Current maturities of long-term debt Secured (See Note 3)	1943.49	1525.77
(b) Current maturities of finance lease obligations	107.65	120.46
(c) Current maturities of financial institutions (NBFC)	31.56	64.56
(d) Interest accrued and due on borrowings	-	38.54
(e) Customer Credit Balance	300.02	355.67
(f) Security Deposits	0.30	6.16
(g) Duties and Taxes	126.75	63.32
(h) Creditors for Capital goods	329.42	771.95
(i) Unpaid (Unclaimed) Equity Dividend	36.99	28.63
<b>Total</b>	<u>2876.17</u>	<u>2975.06</u>



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	(Rs.in lakhs)	
<b>Note 10 - Short-Term Provisions</b>		
(a) Provision for employee benefits		
Gratuity (unfunded)	23.43	14.85
(b) Others		
Income Tax Provision (Net of Advance Tax)	290.45	491.55
Wealth Tax Provision	-	11.61
Proposed Equity Dividends	192.40	192.40
Tax on Proposed Equity Dividend	39.17	39.17
<b>Total</b>	<b>545.44</b>	<b>749.58</b>

## Note 11 - Fixed Assets (Rs.in lakhs)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION					NET BLOCK		
	Balance as at 1st April, 2015	Additions	Disposals	Brought into use	Balance as at 31st March, 2016	Balance as at 1st April, 2015	Depreciation charge for the year	Transfer to Reserve	On Disposals	Balance as at 31st March, 2016	Balance as at 31st March, 2016	Balance as at 31st March, 2015
<b>(a) Tangible Assets</b>												
Land	390.69	-	-	-	390.69	-	-	-	-	-	390.69	390.69
Buildings	4250.99	1268.78	4.38	-	4250.99	1250.79	182.09	-	4.16	1428.72	4086.68	3000.20
Plant & Equipment	20747.63	4616.68	1963.43	-	20747.63	15038.89	1673.09	-	1434.05	15276.69	8126.99	5708.73
Electric Machinery	993.76	471.78	15.25	-	993.76	843.58	102.93	-	14.49	933.24	517.06	150.18
Furniture & Fixtures	277.17	26.62	35.48	-	277.17	144.00	14.26	-	33.54	124.72	143.71	133.17
Vehicles	567.74	77.11	36.51	-	567.74	214.15	52.54	-	28.43	238.33	370.02	353.59
Office Equipment	592.22	56.27	91.80	-	592.22	493.23	45.97	-	85.17	453.98	100.27	98.99
Others (specify nature)	-	6.14	-	-	-	-	0.66	-	-	0.66	5.48	-
<b>Total</b>	<b>27820.20</b>	<b>6523.38</b>	<b>2146.85</b>	<b>-</b>	<b>27820.20</b>	<b>17984.65</b>	<b>2071.53</b>	<b>-</b>	<b>1599.83</b>	<b>18456.34</b>	<b>13740.90</b>	<b>9835.59</b>
Previous Year	27484.79	501.29	165.88	-	27484.79	15372.95	2117.74	619.65	125.69	17984.65	9835.59	15372.95
<b>(b) Intangible Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>(c) Capital work in Progress</b>	5667.39	811.21	-	5634.24	5667.39	-	-	-	-	-	844.36	5667.39
<b>Total</b>	<b>5667.39</b>	<b>811.21</b>	<b>-</b>	<b>-</b>	<b>5667.39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>844.36</b>	<b>5667.39</b>
Previous Year	715.05	4952.33	-	-	715.05	-	-	-	-	-	5667.39	715.05
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>33487.59</b>	<b>7334.59</b>	<b>2146.85</b>	<b>-</b>	<b>33487.59</b>	<b>17984.65</b>	<b>2071.53</b>	<b>-</b>	<b>1599.83</b>	<b>18456.34</b>	<b>14585.26</b>	<b>15502.98</b>
Previous Year	28199.84	5453.62	165.88	-	28199.84	15372.95	2117.74	619.65	125.69	17984.65	15502.98	12826.90

Note :Building includes Prayer Hall and Gold Plating thereon of Rs.132.69 lakhs in Gross Block, Rs.23.55 lakhs in Depreciation Block and Rs.109.14 lakhs in Net Block (Previous Year Rs.132.69 lakhs in Gross Block, Rs.19.88 lakhs in Depreciation Block and Rs.112.81 lakhs in Net Block).

Furniture & Fittings includes Prayer Hall of Rs.13.95 lakhs in Gross Block, Rs.9.41 lakhs in Depreciation Block and Rs.4.54 lakhs in Net Block (Previous Year Rs.13.89 lakhs in Gross Block, Rs.7.40 lakhs in Depreciation Block and Rs.6.49 lakhs in Net Block)

Office Equipment includes Prayer Hall of Rs.0.52 lakhs in Gross Block, Rs.0.05 lakhs in Depreciation Block and Rs.0.47 lakhs in Net Block

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	(Rs.in lakhs)	
<b>Note 12 - Non-Current Investments</b>		
<b>A Non-Trade Investments</b>		
Equity (Quoted)		
i Allahabad Bank - 5,265 Equity Shares of Rs.10/- each	4.32	4.32
<b>Total-A</b>	<u>4.32</u>	<u>4.32</u>
<b>B Equity Investments</b>		
<b>I Trade Investments</b>		
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-Un 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
30,000 Equity Shares of Rs.10/- each-Un quoted		
v Prakash Power Pvt. Limited	-	0.15
1,490 Equity Shares of Rs.10/- each-Un quoted		
vi Cotton Sourcing Company Limited	1.00	1.00
10,000 Equity Shares of Rs.10/- each-Un quoted		
<b>Total B</b>	<u>328.46</u>	<u>332.52</u>
<b>Grand Total ( A+B )</b>	<u>332.78</u>	<u>336.83</u>
Less : Provision for dimunition in the value of investments	-	-
<b>Total</b>	<u>332.78</u>	<u>336.83</u>
Aggregate amount of quoted investments	4.32	4.78
Market value of quoted investments	2.88	5.28
Aggregate amount of unquoted investments	328.46	332.06

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
(Rs. in lakhs)		
<b>Note 13 - Long-Term Loans and Advances</b>		
<b>a. Capital Advances</b>		
Advance for Capital Goods-Un secured considered good	504.38	427.76
Others	-	-
	<u>504.38</u>	<u>427.76</u>
<b>b. Security Deposits</b>		
Security Deposits - Un secured considered good	72.94	202.90
	<u>72.94</u>	<u>202.90</u>
<b>Total</b>	<u>577.33</u>	<u>630.66</u>
<b>Note 14 - Inventories</b>		
<b>a. Raw Materials and Components</b>	3952.03	3501.54
Goods-in transit-Grey Fabrics	-	186.72
	<u>3952.03</u>	<u>3688.26</u>
<b>b. Work in progress</b>	2709.80	1949.20
Goods-in transit	-	-
	<u>2709.80</u>	<u>1949.20</u>
<b>c. Finished Goods</b>	5667.38	6798.33
Goods-in transit-Fabrics	570.78	498.19
	<u>6238.16</u>	<u>7296.52</u>
<b>d. Stock-in-trade</b>	-	-
Goods-in transit	-	-
	<u>-</u>	<u>-</u>
<b>e. Stores and Spares</b>	399.07	477.00
Goods-in transit	-	-
	<u>399.07</u>	<u>477.00</u>
<b>f. Others (Specify nature)</b>		
Stock of Waste	2.29	5.16
	<u>2.29</u>	<u>5.16</u>
<b>Total</b>	<u>13301.35</u>	<u>13416.14</u>
<b>Mode of Valuation : Refer Note 28.3 in Significant Accounting Policies</b>		
<b>Details of Raw Materials</b>		
Cotton	469.56	11.92
Yarn	1964.74	1623.62
Grey Fabric / Fabric	857.99	939.77
Fibre	100.71	402.51
Chemicals	384.57	439.00
Accessories	174.46	84.72
<b>Total</b>	<u>3952.03</u>	<u>3501.54</u>
<b>Details of Work-in-process</b>		
Cotton Yarn and Processed Fabric	2680.20	1919.60
Fibre Yarn and Processed Fabric	29.60	29.60
<b>Total</b>	<u>2709.80</u>	<u>1949.20</u>
<b>Details of Finished Goods</b>		
Fabric	3772.73	4363.59
Garments	1642.22	1554.79
Home Textiles	148.98	776.50
Terry Towels	103.45	103.45
<b>Total</b>	<u>5667.39</u>	<u>6798.33</u>

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	(Rs. in lakhs)	
<b>Note 15 - Trade Receivables</b>		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	373.55	1034.83
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	5350.74	2739.51
<b>Total</b>	<u>5724.30</u>	<u>3774.34</u>
<b>Note 16 - Cash and Cash Equivalents</b>		
a. Balances with banks	295.13	130.43
b. Cheques, drafts on hand	-	0.01
c. Cash on hand	24.24	17.00
d. Others Bank Balances		
Unclaimed Dividend Account	36.99	28.63
e. Others		
EEFC Deposits	0.62	0.58
Margin Money Deposits	727.67	691.67
<b>Total</b>	<u>1084.64</u>	<u>868.32</u>
<b>Note 17 - Short-term loans and advances</b>		
Unsecured, considered good		
Advance Recoverable in Cash or in kind or for value to be received		
For Material Purchase	1365.53	1446.17
For Expenses / Others	285.77	257.29
For Duties & Taxes	308.76	245.72
MAT Credit Entitlement	447.22	-
Prepaid Expenses	139.01	146.43
<b>Total</b>	<u>2546.29</u>	<u>2095.61</u>
<b>Note 18 - Other Current Assets</b>		
a. Export Incentives Receivable	444.13	933.58
b. Excise Claim Receivable	18.79	4.37
c. Interest Subsidy from Govt. Agencies	62.79	291.67
d. Interest Receivable	37.18	18.00
e. Miscellaneous Expenditure	4.25	3.87
<b>Total</b>	<u>567.14</u>	<u>1251.49</u>

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	31.03.2016	31.03.2015
	(Rs. in lakhs)	
<b>Note 19 - Revenue from Operations</b>		
Sale of Products	69216.76	60891.42
Sale of Services - Job Work	1567.30	566.21
Other Operating Revenues : Waste Cotton / Yarn / Accessories Sales	768.50	425.03
<b>Total</b>	<u>71552.56</u>	<u>61882.66</u>
<b>Details of Sale of Products</b>		
Fabrics	48394.66	41295.59
Garments	9526.53	6765.22
Home Textiles	10269.31	12208.96
Terry Towel	504.87	621.65
Power	521.39	-
<b>Total</b>	<u>69216.76</u>	<u>60891.42</u>
<b>Note 20 - Other Income</b>		
Interest Income	60.73	67.74
Interest Subsidy received	27.64	134.11
Dividend Income	0.09	-
Lease Rent Receipts	0.64	0.64
Insurance Claim Received	8.89	3.62
Profit on sale of fixed assets	228.20	19.47
Exchange Gain on Export Sales	288.88	32.57
Other non-operating income (Net of expenses directly attributable to such income)	10.99	22.47
<b>Total</b>	<u>626.05</u>	<u>280.62</u>
<b>Note 21 - Cost of Materials Consumed</b>		
Opening Stock	3688.26	3713.25
Purchases	40232.29	38344.06
<b>Sub-total</b>	43920.55	42057.31
Less : Closing Stock	3952.04	3688.26
<b>Raw Materials Consumed</b>	<u>39968.52</u>	<u>38369.05</u>
<b>Imported and Indigenous Raw Materials consumed</b>		
Imported	3414.94	2124.53
Indigenous	36553.58	36244.52
<b>Total</b>	<u>39968.52</u>	<u>38369.05</u>
<b>Details of Raw Material Consumed</b>		
Cotton	4267.99	4178.85
Yarn	16356.08	13518.29
Fibre	1337.31	931.25
Fabrics	10091.07	12978.56
Chemicals	5501.04	4875.26
Accessories	2415.03	1886.84
<b>Total</b>	<u>39968.52</u>	<u>38369.05</u>

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	31.03.2016	31.03.2015
	(Rs.in lakhs)	
<b>Note 22 - Purchases of Stock-in-Trade</b>		
Garments Purchase	1584.55	412.57
<b>Total</b>	<u>1584.55</u>	<u>412.57</u>
<b>Note 23 - Changes in Inventories of Finished Goods</b>		
<b>Work-in-Progress and Stock-in-Trade</b>		
<b>Opening Stock :</b>		
Work-in-Process	1949.20	1614.91
Finished Goods	7296.53	6408.46
Traded Items	-	-
	<u>9245.73</u>	<u>8023.37</u>
<b>Closing Stock :</b>		
Work-in-Process	2709.80	1949.20
Finished Goods	6238.15	7296.53
Traded Items	-	-
	<u>8947.95</u>	<u>9245.73</u>
<b>Total</b>	<u>297.78</u>	<u>(1222.37)</u>
<b>Note 24 - Other Manufacturing Expenses</b>		
(a) Power & Fuel	3748.06	4436.67
(b) Consumptions of Stores & Spare Parts	169.74	367.59
(c) Processing Charges	6278.71	6223.97
(d) Repairs & Maintenance		
For Plant & Machinery	1441.35	1143.80
For Buildings	306.19	218.03
For Others	505.98	364.45
<b>Total</b>	<u>12450.01</u>	<u>12754.51</u>
<b>Imported and Indigenous Stores &amp; Spare Parts Consumed</b>		
Imported	139.64	237.64
Indigenous	30.10	129.95
<b>Total</b>	<u>169.74</u>	<u>367.59</u>

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	31.03.2016	31.03.2015
	(Rs. in lakhs)	
<b>Note 25 - Employee Benefits Expenses</b>		
(a) Salaries and Wages	4478.00	2868.53
(b) Salaries-Managing Directors/Whole Time Directors	372.95	73.94
(c) Contributions to Provident Fund and Other Funds	83.31	94.37
(d) Gratuity as per Actuarial Valuations	71.52	64.39
(e) Staff Welfare Expenses	126.46	131.44
<b>Total</b>	<u>5132.25</u>	<u>3232.67</u>
<b>Note 26 - Finance Costs</b>		
Interest Expense	2815.54	2459.82
Other Borrowing Costs	538.34	414.78
Applicable Net Gain/Loss on Foreign Currency Transactions and Translation	1.58	(0.30)
<b>Total</b>	<u>3355.46</u>	<u>2874.30</u>
<b>Note 27 - Other Expenses</b>		
Rent	104.29	83.67
Insurance	172.06	212.28
Rates and Taxes, excluding, Taxes on Income	183.50	173.52
<b>Payments to the Auditor as</b>		
a) As Statutory Auditor	4.01	3.93
b) For Taxation Matters	2.47	2.02
c) For Other Services	0.47	1.37
Legal, Professional & Consultancy Charges	135.96	142.54
Printing and Stationery	71.34	69.15
Postage, Telegrams and Telephones	183.62	161.50
Travelling Expenses and Maintenance of Vehicles	611.56	483.58
Director Sitting Fees	4.73	4.98
Software Maintenance Expenses	-	0.12
Brokerage	33.18	22.51
Commission on Sales	923.84	645.34
Discount on Sales	193.35	202.40
Selling Expenses	481.49	457.69
Freight Outwards	517.31	523.02
Exchange Loss on Export Sales	13.54	42.32
Prayer Hall Repairs and Maintenance	16.43	32.15
Corporate Social Responsibility Expenses	14.34	-
Bad Debts Written Off	-	5.67
Miscellaneous Expenses	232.99	144.48
Loss on sale of fixed assets	-	-
<b>Total</b>	<u>3900.48</u>	<u>3414.24</u>

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

### 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 31.03.2016
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.

28.6 Segment Reporting :

Rs. lakhs

S.No.	Particulars	Consolidated	
		Audited 31.03.2016	Audited 31.03.2015
1	Segment Revenue (Net Sales / Income from Operations)		
	(a) Textiles	61,870	59,184
	(b) Power	3,615	-
	(c) Garmenting	8,983	2,699
	<b>Total</b>	<b>74,468</b>	<b>61,883</b>
	Add: Other Unallocable Income		
	Less: Inter Segment Sales	2,915	-
	<b>Net Sales / Income from operations</b>	<b>71,553</b>	<b>61,883</b>
2	Segment Results (Profit before Interest & Tax)		
	(a) Textiles	5,958	2,939
	(b) Power	793	-
	(c) Garmenting	(5)	12
	<b>Total</b>	<b>6,746</b>	<b>2,951</b>
	Less:		
	a) Interest & Finance Charges(Net)	3,328	2,740
	b) Other Unallocable expenditure(Net of Unallocable Income)	-	-
	<b>Profit Before Extra Ordinary Items &amp; Tax</b>	<b>3,418</b>	<b>211</b>
3	Capital Employed		
	(a) Textiles	8,652	7,799
	(b) Power	6,224	5,667
	(c) Garmenting	521	96
	(d) Unallocable	-	-
	<b>Total Capital Employed in Company</b>	<b>15,397</b>	<b>13,562</b>





**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-FOURTH ANNUAL GENERAL MEETING of the Members of K G DENIM LIMITED will be held on Wednesday, the 28<sup>th</sup> day of September, 2016 at 4.00 p.m. at the Registered Office Premises, Then Thirumalai, Jadayampalayam, Coimbatore 641 302 to transact the following business:

**ORDINARY BUSINESS**

1. To consider and adopt Standalone and Consolidated Annual Financial Statements including the Balance Sheet as at 31<sup>st</sup> March 2016, the Statement of Profit and Loss and Cash Flow Statements for the year ended 31<sup>st</sup> March 2016 and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri B Sriramulu (DIN-00002560), who retires by rotation and being eligible, offers himself 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 Gopalaier and Subramanian, Chartered Accountants (ICAI Regn. No.000960S), 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 an Ordinary Resolution :

**"RESOLVED THAT** pursuant to provisions of Section 196, 197 and 198 read with Schedule V and other applicable provisions of the Companies Act, 2013, approval of the members be and is hereby accorded for the re-fixing remuneration of Shri KG Baalakrishnan (DIN - 00002174) as the Executive Chairman of the Company with effect from 01.04.2016 to 03.11.2018 at a fixed remuneration of Rs.60 lakhs per annum which shall also be minimum remuneration payable in terms of part II of Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT :**

- a. The Executive Chairman 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, telephone and internet facility at the residence of the Executive Chairman. Provision of car with driver for use of the Company's business, telephone and internet 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 Executive Chairman.

- c. He shall in addition be entitled to (i) contribution to provident fund / super annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961, (ii) gratuity payable at a rate not exceeding half a month salary for each completed year of services and (iii) encashment of leave at the end of the tenure.

- 6. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution

**"RESOLVED THAT** pursuant to provisions of Section 196, 197, 198 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013, approval of the members be and is hereby accorded for the re-fixing remuneration of Shri B Sriramulu (DIN-00002560) as the Managing Director of the Company with effect from 01.04.2016 to 03.11.2018 at a fixed remuneration of Rs.60 lakhs per annum which shall also be minimum remuneration payable in terms of part II of Schedule V of the Companies Act, 2013."

**" RESOLVED FURTHER THAT :**

- a. The Managing Director 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, telephone and internet facility at the residence of the Managing Director. Provision of car with driver for use of the company's business, telephone and internet 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 Managing Director.
- c. He shall in addition be entitled to (i) contribution to provident fund / super annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961, (ii) gratuity payable at a rate not exceeding half a month salary for each completed year of services and (iii) encashment of leave at the end of the tenure."

- 7. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution

**"RESOLVED THAT** pursuant to provisions of Section 196, 197, 198 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013, approval of the members be and is hereby accorded for the re-fixing remuneration of Shri B Srihari (DIN-00002556) as the Managing Director of the Company with effect from 01.04.2016 to 03.11.2018 at a fixed remuneration of Rs.60 lakhs per annum which shall also be minimum remuneration payable in terms of part II of Schedule V of the Companies Act, 2013."

**"RESOLVED FURTHER THAT :**

- a. The Managing Director 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, telephone and internet facility at the residence of the Managing Director. Provision of car with driver for use of the company's business, telephone and internet 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 Managing Director.
- c. He shall in addition be entitled to (i) contribution to provident fund / super annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961, (ii) gratuity payable at a rate not exceeding half a month salary for each completed year of services and (iii) encashment of leave at the end of the tenure."

8. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :
- “ **RESOLVED THAT** remuneration of 0.5% of net profits be paid to Smt T Anandhi (DIN : 00050786), Non-executive Director subject to Section 197 and other provisions of Companies Act, 2013 with effect from 01.04.2016.”
9. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :
- “**RESOLVED THAT** pursuant to Section 188 and 192 of the Companies Act, 2013 and other necessary approvals, the approval of the Company be and is hereby accorded for entering into a non-cash transaction with Smt B Sathyabama, a related party for land of 2.57 acres, adjacent to the Power Plant, against Swap of land belonging to the Company at Karamadai of 12.82 acres at a Swap Value of Rs.223.89 lakhs.”
10. 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, 2017 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.”
11. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:
- “**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Rules made there under read with Schedule IV to the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force) , Shri A P Seturaaman (DIN : 07331898), who was appointed as an Additional (Independent) Director of the Company by the Board of Directors at its meeting held on 05.11.2015 and whose term of office expires at this Annual General Meeting (‘AGM’) and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act , be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 05.11.2015.”

Coimbatore  
25.07.2016

By Order of the Board  
**KG Baalakrishnan**  
Executive Chairman  
DIN : 00002174

**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 Thursday the 22<sup>nd</sup> September 2016 to Wednesday, the 28<sup>th</sup> September, 2016 (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 28<sup>th</sup> September, 2016. 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 21<sup>st</sup> September, 2016. 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 11 are enclosed.
8. Re-appointment of Directors:  
At the ensuing Annual General Meeting Shri B Sriramulu retires by rotation and being eligible offer himself 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 24<sup>th</sup> Annual General Meeting scheduled to be held at 4.00 p.m., on Wednesday the 28<sup>th</sup> September, 2016, 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 25.09.2016 and ends on at 05.00 PM on 27.09.2016. 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 21.09.2016, 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., 21.09.2016 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](http://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](http://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](http://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](http://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](mailto: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](mailto: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](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

Coimbatore  
25.07.2016

By Order of the Board  
**KG Baalakrishnan**  
Executive Chairman  
DIN : 00002174

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

### **ITEM No.5**

The Board at its meeting held on 29.05.2013 re-appointed Shri KG Baalakrishnan (DIN - 00002174) as Executive Chairman for the period of 5 years from 03.11.2013 on a remuneration of 3% of the net profits of the company. It is now proposed to refix the remuneration in term of the resolution given above.

Shri KG Baalakrishnan aged 76 years is B.Com., B.L., and is a renowned industrialist. He has been associated with the textile industry for more than 53 years and instrumental in building K G Group in Coimbatore. He is also the Managing Director of Sri Kannapiran Mills Limited that promoted K G Denim Limited. He is the Executive Chairman from 03.11.2003.

Excepting Shri KG Baalakrishnan, Executive Chairman, Shri B Sriramulu, Managing Director, Shri B Srihari, Managing Director and Smt T Anandhi, Director who are all related to each other as per Section 2(77) of the Companies Act, 2013, no other Director of the Company is concerned or interested in the resolution.

The revised remuneration has been approved by the Nomination and Remuneration Committee on 26.05.2016 and also by the Board on the same date.

The above remuneration will also be the minimum remuneration as per Section II of Part II of Schedule V of Companies Act, 2013.

### **ITEM No.6**

The Board at its meeting held on 29.05.2013 re-appointed Shri B Sriramulu (DIN-00002560) as Managing Director for the period of 5 years from 03.11.2013 on a remuneration of 3% of the net profits of the company. It is now proposed to refix the remuneration in term of the resolution given above.

The revised remuneration has been approved by the Nomination and Remuneration Committee on 26.05.2016 and also by the Board on the same date.

Shri B Sriramulu is the eldest son of Shri KG Baalakrishnan, Executive Chairman. He is a Graduate Engineer in Textile Technology from Bharathiar University, Tamil Nadu and Master of Science (Textile Technology) from the University of Manchester, UK.

The above remuneration will also be the minimum remuneration as per Section II of Part II of Schedule V of Companies Act, 2013.

None of the Directors excepting Shri B Sriramulu, Managing Director, Shri KG Baalakrishnan, Executive Chairman, Shri B Srihari, Managing Director and Smt T Anandhi who are related as per Section 2(77) of the Companies Act, 2013 are concerned or interested in the resolution.

### **ITEM No.7**

The Board at its meeting held on 29.05.2013 re-appointed Shri B Srihari (DIN-00002556) as Managing Director for the period of 5 years from 03.11.2013 on a remuneration of 3% of the net profits of the company. It is now proposed to refix the remuneration in term of the resolution given above.

The revised remuneration has been approved by the Nomination and Remuneration Committee on 26.05.2016 and also by the Board on the same date.

Shri B Srihari is the younger son of Shri KG Baalakrishnan, Executive Chairman. He is a Graduate Engineer in Chemical Technology from Bharathidasan University, Tamil Nadu and Master of Science (Chemical Technology) from Cornell University, USA.

The above remuneration will also be the minimum remuneration as per Section II of Part II of Schedule V of Companies Act, 2013.

None of the Directors excepting Shri B Srihari, Managing Director, Shri KG Baalakrishnan, Executive Chairman, Shri B Sriramulu, Managing Director and Smt T Anandhi who are related as per Section 2(77) of the Companies Act, 2013 are concerned or interested in the resolution.

**ITEM No. 8**

Smt T Anandhi (DIN : 00050786) has been drawing remuneration at the rate of 1% of net profits in accordance with the resolution of the Board of Directors and also approved by the Nomination and Remuneration Committee till 2015-16.

In term of Regulation 17(6)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the approval of shareholders in a general meeting is required. Hence the present resolution.

The revised remuneration at 0.5 % has been approved by the Remuneration Committee on 26.05.2016 and also by the Board on the same date.

Smt T Anandhi is the daughter of Shri KG Baalakrishnan, Executive Chairman. She 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.

None of the Directors excepting Shri B Srihari, Managing Director, Shri KG Baalakrishnan, Executive Chairman, Shri B Sriramulu, Managing Director and Smt T Anandhi who are related as per Section 2(77) of the Companies Act, 2013 are concerned or interested in the resolution.

**ITEM No.9**

The Company has put up a 9.9 MW co-generation plant in 2015-16 for ensuring an uninterrupted supply of power and steam for its manufacturing operations.

For this purpose it had already taken on lease 2.57 acres of land from September 2014 from Smt B Sathyabama a related party and had also put up certain infrastructure facilities for the co-generation plant. The acquisition of the land is in the long term interest of the Company.

Now, it proposes to enter into a non-cash transaction with the above related party by way of Swap of 12.82 acres at Karamadai owned by the Company with the land owned by Smt B Sathyabama. The Swap value of the land is fixed considering the guideline value, Independent Engineer's Valuation report which has been reviewed by the Audit Committee and recommended by the Board at the meeting on 25.07.2016.

<b>Land owned by</b>	<b>Acres</b>	<b>Guideline Value Rs. lakhs</b>	<b>Swap Value Rs. lakhs</b>
i) K G Denim Limited at Karamadai	12.82	196.22	223.89
ii) Smt B Sathyabama at Jadayampalayam	2.57	223.89	223.89

As per Sections 188 and 192 of Companies Act, 2013 the approval of shareholders in general meeting is required for the above transaction.

Shri KG Baalakrishnan, Shri B Sriramulu, Shri B Srihari and Smt T Anandhi are interested in the above purchase contract and will not participate in the discussion.



#### **ITEM No.10**

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 February 05, 2016, 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, 2017.

The Resolution at item no.11 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.10.

#### **ITEM No. 11**

Shri A P Seturaaman (DIN : 07331898) was appointed as an Additional (Independent) Director of the Company with effect from 05.11.2015 by the Board of Directors. In terms of Section 161(1) of the Companies Act, 2013, Shri A P Seturaaman (DIN : 07331898) holds office upto the date of this Annual General Meeting but is eligible for the appointment as a Director. The Company has received a Notice from a Member in writing along with requisite deposit under Section 160 of the Act, proposing his candidature for the office of Director.

Shri A P Seturaaman (DIN : 07331898) has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act.

Shri A P Seturaaman (DIN : 07331898) son of late Shri T P Ponnusamy is a Business man. He has graduated in Commerce from Pudukottai District and joined his father's business while pursuing his studies. Accordingly, the Board recommends the passing of the Ordinary Resolution as set out in the Item No.6 of the Notice for appointment of Shri A P Seturaaman (DIN : 07331898) as an Independent Director, not liable to retire by rotation.

Except Shri A P Seturaaman (DIN : 07331898), being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.11.

Coimbatore  
25.07.2016

By Order of the Board  
**KG Baalakrishnan**  
Executive Chairman  
DIN : 00002174

# Route map of AGM Venue

