



**ANNUAL REPORT**  
**2016-2017**

**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  
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)

<b>CONTENTS</b>	Page
Directors' Report	2
Auditors' Report	38
Balance Sheet	44
Statement of Profit & Loss	45
Cash Flow Statement	46
Notes	47
Consolidated Financial Statements	66
Notice	I to V

# K G DENIM LIMITED

## DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

We have pleasure in presenting the Twenty-Fifth Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2017.

### FINANCIAL RESULTS

(Rs. in lakhs)

PARTICULARS	Standalone		Consolidated	
	For the year ended 31 <sup>st</sup> March 2017	For the year ended 31 <sup>st</sup> March 2016	For the year ended 31 <sup>st</sup> March 2017	For the year ended 31 <sup>st</sup> March 2016
Gross Profit	<b>7860</b>	8827	<b>8005</b>	8845
Less : Finance Cost	<b>2603</b>	3241	<b>2751</b>	3355
Profit prior to Depreciation and write off	<b>5257</b>	5586	<b>5254</b>	5490
Less : Depreciation	<b>1378</b>	2048	<b>1452</b>	2072
Net Profit	<b>3879</b>	3538	<b>3802</b>	3418
Current, Deferred & earlier year tax	<b>1461</b>	1426	<b>1529</b>	1376
Net Profit for the year	<b>2418</b>	2112	<b>2273</b>	2042
Balance Brought forward	<b>3436</b>	1556	<b>2957</b>	1147
Proposed Dividend & Tax thereon	<b>232</b>	232	<b>232</b>	232
Balance Carried Forward	<b>5623</b>	3436	<b>4999</b>	2957

### STATE OF THE COMPANY'S AFFAIRS

During the period under review, the Company has earned revenue of Rs.62149 lakh and Net Profit of Rs.2418 lakh on standalone basis and Rs.69853 lakh and Rs.2273 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 31.03.2017 total Fabric production was 359 lakh meters as against 361 lakh meters in 2015-16.

Sale of Fabric was 346 lakh meters as against 361 lakh meters in 2015-16.

The net profit has increased due to savings in power & fuel costs, interest and depreciation after absorbing increases in material costs and overheads.

### 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 2016-17. The Dividend tax payable amounts to Rs.39 lakh.

### INDUSTRY STRUCTURE AND DEVELOPMENTS

Textile Industry in India is rising upto the challenges posed by various governmental policies like Demonetisation, implementation of Goods and Services Tax Act (GST) and strengthening of Rupee etc. Geo Political factors like devaluation of currencies by neighboring countries, favorable import benefits to neighboring countries by European countries and the recent African Growth and Opportunity Act (AGOA), which affords favorable imports benefits to USA from African countries, are acting as deterrents in the export market.

Company is making efforts to target high end and middle segment brands and retailers in India to augment domestic sales instead of depending on export segment which get affected by governmental and extraneous factors.

The Company is also working on new developments moving towards Sustainability and fabrics are produced using Organic Cotton, BCI Cotton and other rejected fibers.

### OPPORTUNITIES AND THREATS

The recent governmental actions like Demonetisation, GST etc, though had met with temporary slow down in sales, are expected to bring discipline in domestic market and improved sales. Export sales have to gear up for new challenges post-GST/strengthening of Rupee.

Good Monsoon forecast in the current year augurs well for the overall improvement in the economy.

Company is making efforts to make business with new customers and countries to augment sales.

Necessary forward covers are also made to insulate against foreign currency fluctuations.

# 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 2017-18.

## 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, the gross turnover in Trigger Apparels Limited was Rs.11164.33 lakh against Rs.9302.03 lakh during the previous year. The Subsidiary Company has registered a loss of Rs.143.75 lakh as against a loss of Rs.69.65 lakh in the previous year.

KG Denim (USA) Inc. has commenced operation from July 2016 and is marketing made-up fabrics supplied by the holding company, K G Denim Ltd. KG Denim (USA) Inc. has achieved a turnover of Rs.34.93 lakh and a loss of Rs.1.26 lakh in the first year of operation.

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, 2017.

## MEETINGS OF THE BOARD OF DIRECTORS

During the year ended 31<sup>st</sup> March, 2017, four Board Meetings were held.

The dates on which the Board meetings were held are 26<sup>th</sup> May 2016, 25<sup>th</sup> July 2016, 04<sup>th</sup> November 2016 and 09<sup>th</sup> February 2017.

A meeting of the Independent Directors of the Board was held on 08<sup>th</sup> February, 2017.

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 2017 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, 2017 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 declarations of independence, as required pursuant to Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in sub-section(6).

## **NOMINATION AND REMUNERATION COMMITTEE**

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

Brief description of terms of reference:

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

## **NOMINATION AND REMUNERATION POLICY**

### **THE OBJECTIVES OF THE POLICY**

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

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

The details of Loans, Guarantees given and Investments made during the Financial Year ended on 31<sup>st</sup> March, 2017 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 2016-17 were on Arm's length basis.

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

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

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

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

# K G DENIM LIMITED

## **TRANSFER OF AMOUNT TO RESERVES**

The Company does not propose to transfer any amount to the general reserve for the Financial Year ended 31<sup>st</sup> March, 2017.

## **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 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 Baal Krishnan, 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**

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association No.34, Shri B Srihari 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

The Board, at its meeting held on 23<sup>rd</sup> May 2017 has approved the re-designation of Shri S Muthuswamy as Chief Financial Officer and Shri M Balaji as Company Secretary with effect from 01<sup>st</sup> June 2017.

## **DEPOSITS**

The Company has not accepted any deposits from the public in terms of Section 73 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, 2017 and there are no qualifications in Auditors' Report.

## **INTERNAL AUDITORS**

The Board of Directors of the Company had appointed M/s Mohan & Venkataraman, Chartered Accountants (ICAI Regn. No.007321S) to conduct Internal Audit of the Company till 31.03.2017.

## **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 Division 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 2017-18. 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.

## **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.

# K G DENIM LIMITED

## 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, 2017.

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, 2017, 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 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 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, 2017 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.

Coimbatore  
23.05.2017

On behalf of the Board  
**KG Baalakrishnan**  
Executive Chairman  
DIN: 00002174

## ADDENDUM TO DIRECTORS' REPORT

### STATUTORY AUDITORS

The Company's Auditors, M/s. Gopalaiyer and Subramanian, Chartered Accountants (ICAI Regn. No.000960S), Coimbatore hold office till the conclusion of the ensuing Annual General Meeting to be held on 16<sup>th</sup> September, 2017. M/s. Gopalaiyer and Subramanian will retire at the ensuing AGM and will not be eligible for reappointment as per Companies Act, 2013.

M/s Mohan & Venkataraman, Chartered Accountants (ICAI Regn. No.007321S), Coimbatore are appointed as Auditors of the Company subject to shareholders' approval, to hold office as Auditors for a term of five financial years commencing from 2017-18 to 2021-22 and to hold office from the conclusion of this AGM and till conclusion of AGM to be held in 2021-22.

Coimbatore  
28.07.2017

On behalf of the Board  
**KG Baalakrishnan**  
Executive Chairman  
DIN: 00002174

# K G DENIM LIMITED

Annexure - 1

Form AOC-1

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

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

Part "A": Subsidiaries														Rs. in lakh
Sr. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Share capital	Reserves & surplus	Total assets	Total liabilities	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	(622.87)	5855.76	6028.63	-	11139.05	(76.63)	67.12	(143.75)	-	100%
2.	KG Denim (USA) Inc.		Exchange Rate Rs.65 per USD	0.46	-	22.84	23.64	-	34.93	(1.26)	-	(1.26)	-	100%

## Part "B": Associates and Joint Ventures

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

There are no Associates / Joint Ventures

**KG BAALAKRISHNAN**

**B SRIRAMULU**

**B SRIHARI**

**S MUTHUSWAMY**

**M BALAJI**

Executive Chairman

Managing Director

Managing Director

Company Secretary

Chief Financial Officer

DIN : 00002174

DIN : 00002560

DIN : 00002556

Coimbatore, 23rd May, 2017

# K G DENIM LIMITED

Annexure - 2

Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on 31.03.2017

[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 2016)				No. of Shares held at the end of the year (As on 31st March 2017)				% 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>(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	647850	39400	687250	2.68	584888	39300	624188	2.43	-0.25
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	3407303	1400764	4808067	18.74	3573934	1370764	4944698	19.27	0.53
ii) Individual shareholders holding nominal share capital excess of Rs.1 lakh	3907118	198200	4105318	16.00	4071702	176400	4248102	16.56	0.56
c) Others (Specify)									
Clearing Members	139007	0	139007	0.54	31348	0	31348	0.12	-0.42
HUF	399368	0	399368	1.56	359925	0	359925	1.40	-0.16
Non Resident Indians	278592	189900	468492	1.83	212541	186900	399441	1.56	-0.27
Others	0	6900	6900	0.03	0	6700	6700	0.03	0
Trusts	200	0	200	0	200	0	200	0	0
<b>Sub-total (B)(2):</b>	<b>817167</b>	<b>196800</b>	<b>1013967</b>	<b>3.95</b>	<b>604014</b>	<b>193600</b>	<b>797614</b>	<b>3.11</b>	<b>-0.84</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>8779438</b>	<b>1835164</b>	<b>10614602</b>	<b>41.38</b>	<b>8834538</b>	<b>1780064</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>23810841</b>	<b>1843064</b>	<b>25653905</b>	<b>100</b>	<b>23865941</b>	<b>1787964</b>	<b>25653905</b>	<b>100</b>	<b>0</b>

# K G DENIM LIMITED

## ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April 2016)			Shareholding at the end of the year (As on 31st March 2017)			% Change in Shareholding during the year
		No. of Shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	KG BAALAKRISHNAN	2578560	10.05	0	2578560	10.05	0	0
2	B SATHYABAMA	1886500	7.35	0	1886500	7.35	0	0
3	B SRIRAMULU	2208659	8.61	0	2208659	8.61	0	0
4	B SRIHARI	2231859	8.70	0	2231859	8.70	0	0
5	T ANANDHI	150000	0.58	0	150000	0.58	0	0
6	NIRUPA SRIRAMULU	169185	0.66	0	169185	0.66	0	0
7	DEEPIKA KARTHIKEYAN	72600	0.28	0	72600	0.28	0	0
8	PRANAV SRIRAMAN	67736	0.26	0	67736	0.26	0	0
9	ADHYA SRIHARI	52050	0.20	0	52050	0.20	0	0
10	SRI KANNAPIRAN MILLS LIMITED	3065183	11.95	65.25	3065183	11.95	65.25	0
11	KG FABRIKS LIMITED	200000	0.78	0	200000	0.78	0	0
12	GANAPATHYKUMARAN INVESTMENTS PRIVATE LIMITED	1014255	3.95	0	1014255	3.95	0	0
13	KUMARANGANAPATHY INVESTMENTS PRIVATE LIMITED	882707	3.44	0	882707	3.44	0	0
14	G BAKTHAVATHSALAM	104609	0.41	0	104609	0.41	0	0
15	B DHANALAKSHMI	173400	0.68	0	173400	0.68	0	0
16	R VASANTHI	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, 2017 (please specify, if there is no change)

Note : There is no change in shareholdings for promoters.

### (iv) Shareholding Pattern of top ten Shareholders as on 31st March, 2017 (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2016)	% of Total Shares of the Company	Date	Increase/ Decrease in shareholding	Reason	Cumulative shares during the year	% of total shares of the company during the year
1.	Mr Shivani Tejas Trivedi	635050	2.48		No Change		635050	2.48

# K G DENIM LIMITED

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2016)	% 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 Anil Kumar Goel	480000	1.87				480000	1.87
				24.06.2016	1679	Purchase	481679	1.88
				30.06.2016	3321	Purchase	485000	1.89
				15.07.2016	5000	Purchase	490000	1.91
	At the end of the year (31.03.2017)						490000	1.91

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2016)	% 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.	Ms Seema Jain	335072	1.31				335072	1.31
				24.06.2016	10852	Purchase	345924	1.35
	At the end of the year (31.03.2017)						345924	1.35

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2016)	% 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 Tejas Bhalchandra Trivedi	317337	1.24				317337	1.24
				17.02.2017	(14329)	Sale	303008	1.18
				24.02.2017	(15802)	Sale	287206	1.12
				03.03.2017	(36098)	Sale	251108	0.98
				24.03.2017	(7900)	Sale	243208	0.95
	At the end of the year (31.03.2017)						243208	0.95

# K G DENIM LIMITED

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2016)	% 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 Rajiv Khanna	201633	0.79				201633	0.79
				15.07.2016	(2000)	Sale	199633	0.78
				03.03.2017	(2000)	Sale	197633	0.77
	At the end of the year (31.03.2017)						197633	0.77

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2016)	% 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.	M/s Acira Consultancy Private Limited	182111	0.71				182111	0.71
				21.10.2016	(50380)	Sale	131731	0.51
				28.10.2016	(81731)	Sale	50000	0.19
				04.11.2016	(50000)	Sale	0	0
	At the end of the year (31.03.2017)						0	0

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2016)	% 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.	M/s Geojit BNP Paribas Financial Services Limited	129643	0.51				129643	0.51
				01.04.2016	(54638)	Sale	75005	0.29
				08.04.2016	(74625)	Sale	380	0
				15.04.2016	(280)	Sale	100	0
				22.04.2016	(100)	Sale	0	0
				06.05.2016	220	Purchase	220	0
				13.05.2016	805	Purchase	1025	0
				20.05.2016	(965)	Sale	60	0
				27.05.2016	15090	Purchase	15150	0.06
				03.06.2016	(15139)	Sale	11	0



# K G DENIM LIMITED

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2016)	% 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
				10.06.2016	(11)	Sale	0	0
				17.06.2016	100	Purchase	100	0
				24.06.2016	1663	Purchase	1763	0
				30.06.2016	(998)	Sale	765	0
				01.07.2016	2200	Purchase	2965	0.01
				08.07.2016	(2490)	Sale	475	0
				15.07.2016	602	Purchase	1077	0
				22.07.2016	(607)	Sale	470	0
				29.07.2016	3157	Purchase	3627	0.01
				05.08.2016	(1566)	Sale	2061	0
				12.08.2016	(838)	Sale	1223	0
				19.08.2016	(323)	Sale	900	0
				26.08.2016	(460)	Sale	440	0
				02.09.2016	(10)	Sale	430	0
				09.09.2016	1670	Purchase	2100	0
				16.09.2016	(2080)	Sale	20	0
				21.09.2016	4950	Purchase	4970	0.02
				23.09.2016	(4015)	Sale	955	0
				30.09.2016	170	Purchase	1125	0
				07.10.2016	15130	Purchase	16255	0.06
				14.10.2016	(14542)	Sale	1713	0
				21.10.2016	(1033)	Sale	680	0
				28.10.2016	150	Purchase	830	0
				04.11.2016	4160	Purchase	4990	0.02
				11.11.2016	(2722)	Sale	2268	0
				18.11.2016	(2168)	Sale	100	0
				25.11.2016	100	Purchase	200	0
				02.12.2016	(54)	Sale	146	0
				09.12.2016	404	Purchase	550	0
				16.12.2016	(450)	Sale	100	0
				23.12.2016	57	Purchase	157	0
				30.12.2016	(107)	Sale	50	0
				06.01.2017	1150	Purchase	1200	0
				13.01.2017	(975)	Sale	225	0
				20.01.2017	11571	Purchase	11796	0.05
				27.01.2017	20839	Purchase	32635	0.13
				03.02.2017	(31539)	Sale	1096	0
				10.02.2017	101112	Purchase	102208	0.40
				17.02.2017	(102158)	Sale	50	0
				24.02.2017	(43)	Sale	7	0
				03.03.2017	(7)	Sale	0	0
				10.03.2017	550	Purchase	550	0
				17.03.2017	(400)	Sale	150	0
				24.03.2017	150	Purchase	300	0
				31.03.2017	225	Purchase	525	0
	At the end of the year (31.03.2017)						525	0

# K G DENIM LIMITED

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2016)	% 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 Devesh Sonkia	107500	0.42				107500	0.42
				11.11.2016	(17500)	Sale	90000	0.35
	At the end of the year (31.03.2017)						90000	0.35

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2016)	% 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 Surendra Kumar Jain	106215	0.41		No Change		106215	0.41

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2016)	% 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 Pratyush Mittal	105771	0.41				105771	0.41
				08.04.2016	(496)	Sale	105275	0.41
				15.04.2016	(500)	Sale	104775	0.41
				20.05.2016	(710)	Sale	104065	0.41
	At the end of the year (31.03.2017)						104065	0.41

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2016)	% 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 C Ramasamy Anandakrishnan	0	0				0	0
				20.01.2017	108053	Purchase	108053	0.42
	At the end of the year (31.03.2017)						108053	0.42

# K G DENIM LIMITED

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2016)	% 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.	Mr Ananda Krishnan C R	33044	0.13				33044	0.13
				08.04.2016	25206	Purchase	58250	0.23
				15.04.2016	24609	Purchase	82859	0.32
				22.04.2016	25194	Purchase	108053	0.42
				20.01.2017	(108053)	Sale	0	0
	At the end of the year (31.03.2017)						0	0

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2016)	% 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 John M T	99001	0.39				99001	0.39
				08.04.2016	(100)	Sale	98901	0.39
				29.04.2016	770	Purchase	99671	0.39
				13.05.2016	(455)	Sale	99216	0.39
				20.05.2016	(215)	Sale	99001	0.39
				27.05.2016	500	Purchase	99501	0.39
				10.06.2016	500	Purchase	100001	0.39
				24.06.2016	199	Purchase	100200	0.39
				15.07.2016	301	Purchase	100501	0.39
				22.07.2016	(200)	Sale	100301	0.39
				05.08.2016	(200)	Sale	100101	0.39
				26.08.2016	(1200)	Sale	98901	0.39
				02.09.2016	(898)	Sale	98003	0.38
				21.09.2016	(2)	Sale	98001	0.38
				30.09.2016	1000	Purchase	99001	0.39
				07.10.2016	1000	Purchase	100001	0.39
				23.12.2016	(500)	Sale	99501	0.39
				30.12.2016	500	Purchase	100001	0.39
				03.03.2017	1000	Purchase	101001	0.39
				10.03.2017	(1000)	Sale	100001	0.39
	At the end of the year (31.03.2017)						100001	0.39

# K G DENIM LIMITED

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2016)	% 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.	Mr Bhavin Mahendra Dagli	0	0				0	0
				20.01.2017	60000	Purchase	60000	0.23
				10.03.2017	25000	Purchase	25000	0.33
				24.03.2017	10000	Purchase	95000	0.37
	At the end of the year (31.03.2017)						95000	0.37

(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	-	-	-	-

# K G DENIM LIMITED

## 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	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>
<b>Change in Indebtedness during the financial year</b>				
Addition	54.87	-	-	54.87
Reduction	-2754.55	-31.56	-	-2786.11
Net Change	-2699.68	-31.56	-	-2731.24
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	11569.73	240.00	-	11809.73
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>11569.73</b>	<b>240.00</b>	<b>-</b>	<b>11809.73</b>

## 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 Balakrishnan Executive Chairman	Shri B. Siramulu Managing Director	Shri B. Sihari Managing Director	
		Rs.	Rs.	Rs.	Rs.
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	60,00,000	54,00,000	54,00,000	1,68,00,000
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission -as % of profit -others, specify..	-	-	-	-
5.	Others, please specify	-	-	-	-
	<b>Total(A)</b>	<b>60,00,000</b>	<b>54,00,000</b>	<b>54,00,000</b>	<b>1,68,00,000</b>
	Ceiling as per the Act-				

# K G DENIM LIMITED

## B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount Rs.
		Sri KNV Ramani	Sri V Jagadisan	Sri GVS Desikan	Sri GP Muniappan	Sri AP Seturaaman	
1.	Independent Directors	Rs.	Rs.	Rs.	Rs.	Rs.	
	Fee for attending board / committee meetings	1,47,500	1,47,500	1,12,500	47,500	47,500	5,02,500
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	<b>Total(1)</b>	<b>1,47,500</b>	<b>1,47,500</b>	<b>1,12,500</b>	<b>47,500</b>	<b>47,500</b>	<b>5,02,500</b>
2.	Other Non-Executive Director	<b>Smt T Anandhi</b>					
	Fee for attending board / committee meetings	-	-	-	-	-	-
	Commission	20,36,214	-	-	-	-	20,36,214
	Others, please specify	-	-	-	-	-	-
	<b>Total(2)</b>	<b>20,36,214</b>	-	-	-	-	<b>20,36,214</b>
	<b>Total (B)=(1+2)</b>	<b>21,83,500</b>	<b>1,47,500</b>	<b>1,12,500</b>	<b>47,500</b>	<b>47,500</b>	<b>25,38,500</b>
	Total Managerial Remuneration						<b>1,88,36,214</b>
	Overall Ceiling as per the Act						

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary S Muthuswamy	CFO M Balaji	Total Rs.
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	15,31,003	23,69,604	39,00,607
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	-as % of profit	-	-	-
	-others, specify...	-	-	-
5.	Others, please specify	-	-	-
	<b>Total</b>	<b>15,31,003</b>	<b>23,69,604</b>	<b>39,00,607</b>

# K G DENIM LIMITED

## 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.

### 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 :

1. Formed an Energy Cell headed by Certified Energy auditor who conducts energy review meeting on monthly basis. Bench mark figures are arrived in all the utilities and deviations are monitored. Corrective and preventive actions are taken on priority basis.
2. The major efforts are mentioned below. As a consequence the following measures were taken :
  - a) Installed 4 nos of additional air operated pumps for recovering condensate from laundry, sizing, processing, vam condensate.
  - b) Fresh water usage in mercerizing and washing is reduced by using the recovered condensate.
  - c) Hot water line installed for laundry which reduces the fresh water consumption in turn reduction in steam consumption.
  - d) Replacing lights to LED in mill area.
  - e) Installed Variable Frequency Drive in DM water pump to get 15 % power saving.
  - f) Installed sonic soot blowers in thermic oil heater which avoids soot formation, improves heat transfer.

#### 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:**

Particulars	March 31, 2017	March 31, 2016
Outgo	4426.98	4457.59
Earned	18433.38	22121.03

(Rs. lakh)

# K G DENIM LIMITED

## 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. 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.1581.60 lakh.
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above).  
The Company is required to spend Rs.31.63 lakh towards CSR for the Financial Year 2016-17.
5. Details of CSR spent during the Financial Year.
  - a. Total amount spent in the Financial Year Rs.41.77 lakh (Rs.32.27 lakh for 2016-17 & Rs.9.50 lakh for 2015-16(balance)).
  - b. Amount unspent, if any : Rs.Nil
  - c. Manner in which the amount spent during the Financial Year detailed below:

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No	CSR project or activity identified	Sector in 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)	Transfer to KG Denim Trust Foundation	Promoting health care	Rural Hospital Then Thirumalai, Mettupalayam Taluk, Coimbatore, Tamilnadu	41.50	41.50	} 41.77	Through KG Denim Trust Foundation
b)	World People Welfare Trust	Skill Development	Tamilnadu, Coimbatore	0.27	0.27		Through World People Welfare Trust

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 fully spent the CSR expenses for 2016-17. The Company has transferred Rs.41.50 lakh to KG Denim Trust Foundation. KG Denim Trust Foundation is a trust set up exclusively for CSR activities. The said Trust has identified setting and running of rural hospital for promoting health care.

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 : 23.05.2017  
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.

Annexure - 5

## CORPORATE GOVERNANCE REPORT

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2017, 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](http://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 2016 to 31<sup>st</sup> March 2017. 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: 26<sup>th</sup> May 2016, 25<sup>th</sup> July 2016, 04<sup>th</sup> November 2016 and 09<sup>th</sup> February 2017. A meeting of Independent Directors was held on 08<sup>th</sup> February 2017 which was attended by all Independent Directors. The Annual General Meeting was held on 28<sup>th</sup> September 2016. 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.

# K G DENIM LIMITED

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	6	-	2
Shri B Srihari-DIN : 00002556	4	4	Present	12	-	1
Shri G V S Desikan-DIN : 00050597	4	4	Present	2	2	2
Shri V Jagadisan-DIN : 00058769	4	4	Present	2	1	2
Shri K N V Ramani-DIN : 00007931	4	4	Present	6	1	5
Shri G P Muniappan-DIN : 01653599	4	4	Present	4	3	4
Smt T Anandhi-DIN:00050786	4	4	Present	3	-	-
Shri A Velusamy-DIN:00002204	4	4	Present	5	-	4
Shri A P Seturaaman-DIN:07331898	4	4	Present	-	-	-

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

#### **Profile of Director to be reappointed on retirement basis**

Shri B Srihari aged 48 years is a Graduate Engineer in Chemical Technology from Bharatidasan University, Tamil Nadu and Master of Chemical Technology from Cornell University, USA. He has 24 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. 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 Promoters' 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 (UPSII)' in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

## 3. COMMITTEES OF THE BOARD

### a. Audit Committee

The terms of reference of the Audit Committee include the matters specified in Clause 49 of the Listing Agreement with the Stock Exchange and in Section 177 of the Companies Act, 2013 as follows:-

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

During the year, the Committee had met four times, as against the minimum requirement of 4 meetings and the Audit Committee meetings were held on 26<sup>th</sup> May 2016, 25<sup>th</sup> July 2016, 04<sup>th</sup> November 2016 and 09<sup>th</sup> February 2017.

# K G DENIM LIMITED

Composition of the Audit Committee as on 31<sup>st</sup> March, 2017 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

#### **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 25.05.2016, 22.07.2016, 02.11.2016 and 08.02.2017.

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 1. Outstanding complaints as on 31<sup>st</sup> March 2017 were 'Nil'.

# K G DENIM LIMITED

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 has constituted a trust under the name of 'KG Denim Trust Foundation ' to carry out the Corporate Social Responsibility expenditure. An amount of Rs.41.77 lakh has been transferred to the said trust during the year covering Rs.9.50 lakh unspent amount for 2015-16 and Rs.32.27 lakh for 2016-17.

#### 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 2016-17

Type of Meeting	Date	Time	Venue	Details of Special Resolution passed
24 <sup>th</sup> AGM	28 <sup>th</sup> September 2016	4.00 pm	Registered Office premises, Then Thirumalai, Jadayampalayam, Coimbatore - 641 302.	Nil
23 <sup>rd</sup> AGM	28 <sup>th</sup> September 2015	3.30 pm	-do-	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.

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

#### ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR 2016-17

Day and Date	Saturday, 16.09.2017
Time	10.45 a.m.
Venue (Registered Office of the Company)	Then Thirumalai, Jadayampalayam Coimbatore - 641 302.
Financial Year	01.04.2016 to 31.03.2017
Book Closure dates for Dividend	September 11, 2017 to September 16, 2017 (Both days inclusive)
Last date of receipt of proxy forms	Thursday, September 14, 2017 before 10.45 a.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 2017, the remuneration paid to the Directors is as indicated below:-

Name of the Director & Designation	Salary Amount (Rs.)	Perquisites and other benefits (Rs.)	Total (Rs.)
Shri KG Baalakrishnan, Executive Chairman	60,00,000	-	60,00,000
Shri B Sriramulu, Managing Director	54,00,000	-	54,00,000
Shri B Srihari, Managing Director	54,00,000	-	54,00,000
Smt T Anandhi, Non-Executive Director	20,36,214	-	20,36,214

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 2017 were as follows :-

Name of the Directors	Sitting Fee (Rs.)	No. of Shares held
Shri G V S Desikan	1,12,500	200
Shri V Jagadisan	1,47,500	Nil
Shri K N V Ramani	1,47,500	10000
Shri G P Muniappan	47,500	Nil
Shri A P Seturaaman	47,500	Nil

# K G DENIM LIMITED

## 8. GENERAL SHAREHOLDER INFORMATION

- |  |  |
|--|--|
| 1. 25 <sup>th</sup> AGM to be held on :                            | 16.09.2017   |
| at :   | 10.45 a.m.   |
| venue :  | Registered Office Premises, Then Thirumalai, Jadayampalayam, Coimbatore 641 302  |
| 2. Financial Calendar-Board Meetings (Tentative)                   | First Quarter - Second week of August 2017<br>Second Quarter - Second week of November 2017<br>Third Quarter - Second week of February 2018<br>Results for the year ending 31 <sup>st</sup> March 2018 last week of May 2018   |
| 3. Date of Book Closure  | 11.09.2017 to 16.09.2017 (Both days inclusive)   |
| 4. Listing of Equity Shares  | Listed in BSE Ltd. The Company has paid the listing fees for the year 2017 - 2018.   |
| 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  | BSE Ltd. - 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<br><br>The share transfer committee, which is a Board Committee, approves the transfer of shares.                           |
| 9. Dematerialisation of Shares                                     | 93.03% of the total equity shares (23865941 Shares) were held in the dematerialised form as on 31 <sup>st</sup> March 2017. 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 2017

Category	No. of Shareholders	%	No. of Shares	%
Upto 5,000	13146	86.81	2242998	8.75
5,001 - 10,000	1003	6.62	862277	3.36
10,001 - 20,000	434	2.87	679259	2.65
20,001 - 30,000	163	1.08	426212	1.66
30,001 - 40,000	63	0.41	229356	0.89
40,001 - 50,000	83	0.55	398455	1.55
50,001 - 1,00,000	112	0.74	874266	3.41
1,00,001 and above	140	0.92	19941082	77.73
<b>Total</b>	<b>15144</b>	<b>100.00</b>	<b>25653905</b>	<b>100.00</b>



# K G DENIM LIMITED

## 10. CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2017

Sl.No.	Category	No.of Shares held	%
1	Shareholding of Promoter and Promoter Group	15031403	58.59
2	Public Shareholding		
<b>A</b>	<b>Institutions</b>		
(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>B</b>	<b>Non-Institutions</b>		
(a)	Bodies Corporate & Trusts	624388	2.44
(b)	Individuals	9990214	38.94
	<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 2016 to March 2017 is as below:

Month	BSE Price	
	High	Low
April 2016	95.90	74.25
May 2016	105.90	82.95
June 2016	92.50	75.75
July 2016	109.70	75.05
August 2016	95.30	84.00
September 2016	103.00	82.00
October 2016	103.40	86.25
November 2016	111.25	75.75
December 2016	88.90	77.00
January 2017	93.90	78.00
February 2017	95.50	77.00
March 2017	92.00	78.00

## 12. COMPLIANCE WITH NON MANDATORY REQUIREMENT

As the Company communicates corporate, financial and product information online on the web site www.kgdenim.com individual communication of half yearly results is not sent to the shareholders.

### 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, 2017 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  
23.05.2017

# K G DENIM LIMITED

Annexure - 6

FORM MR - 3

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017

[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, 2017 and also after 31<sup>st</sup> March, 2017 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 2017 (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 Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.
- iii. The Depositories Act, 1996 and the regulations and bye-laws framed there under.
- iv. 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;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 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 (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 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 31st March, 2017 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

Dated : 23.05.2017

# 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,2017 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, 2017 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 : 23.05.2017

# 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 KG Baalakrishnan	67.80
2.	Shri B Sriramulu	61.02
3.	Shri B Srihari	61.02

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 0.5% 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**

The Board and Annual General Meeting had approved a fixed annual remuneration of Rs.60 lakh each to Shri KG Baalakrishnan, Shri B Sriramulu and Shri B Srihari, Directors from 01.04.2016 instead of 3% of Net Profit payable earlier. Shri B Sriramulu and Shri B Srihari have drawn Rs.54 lakh each in this Company after considering Rs.6 lakh each earned in Sri Kannapiran Mills Limited as Managing Directors.

There were no increase of remuneration to other Directors, Chief Financial Officer and Company Secretary during the year.

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

Nil

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

805

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

Sl.No.	Average increase in remuneration	Company performance
		Nil

**(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, 2017
1.	Rs.1.47 Crore	Rs.24.18 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 officer.**

Sl.No.	Particular	As at March 31, 2017		As at March 31, 2016	
1.	Market Capitalisation	BSE	Rs.232.16 Crore	BSE	Rs.192.27 Crore
2.	Price Earnings Ratio	BSE	9.60	BSE	9.11

# 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, 2017 the Market Quotation of the Company Share Price (Closing Price) is as follows:

BSE Limited : Rs.90.50

**(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.**

There was no increase in the remuneration to employees. There was a reduction in remuneration to Managerial Personnel with change to fixed remuneration of Rs.60 lakh to Shri B Sriramulu/Shri B Srihari compared to 3% of net profit till previous year. There was no increase for Company Secretary / Chief Financial Officer.

**(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, 2017
1.	Shri B Sriramulu	Rs.54,00,000	Rs.24.18 Crore
2.	Shri B Srihari	Rs.54,00,000	Rs.24.18 Crore
3.	Shri S Muthuswamy	Rs.15,31,003	Rs.24.18 Crore
4.	Shri M Balaji	Rs.23,69,604	Rs.24.18 Crore

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

Executive Chairman and Managing Directors are each entitled to a fixed remuneration of Rs.60 lakh per annum only.

**(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 : 23.05.2017

## 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 (77 Years)	Executive Chairman	60.00	B.Com., B.L.	03.11.2003	53 Years
Shri B Sriramulu (50 Years)	Managing Director	54.00	B.E.Textile Technology MS Textile Technology	03.11.2003	23 Years
Shri B Srihari (48 Years)	Managing Director	54.00	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, 2017, 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, 2017, 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2017 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, 2017 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.

11. As required by Rule 11(d) of the Companies (Audit and Auditors) Amendment Rules, 2017 and amendment to Schedule III to Companies Act, 2013, we report that

The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

For **GOPALAIYER AND SUBRAMANIAN**

Chartered Accountants

**CA. R MAHADEVAN**

Partner

Membership No.27497

Firm Regn. No.000960S

Coimbatore

23.05.2017



## **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, 2017.**

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, 2017 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, 2017, 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

23.05.2017

# 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, 2017.**

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, 2017 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 10.79	FY 2009-10 FY 2010-11 FY 2013-14	Customs Excise and Service Tax Appellate Tribunal, Chennai. Out of this, demand of Rs.473.29 lakhs was stayed by CESTAT, Chennai.
Customs Act	Custom Duty	7.49 336.08 112.61 93.57	FY 2006-07 FY 2008-09 FY 2013-14 FY 2003-04	

- 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

Membership No.27497

Firm Regn. No.000960S

Coimbatore

23.05.2017

# K G DENIM LIMITED

## BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2017

PARTICULARS	NOTE NO.	AS AT 31.03.2017	AS AT 31.03.2016
(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	7622.90	5436.53
(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	3274.47	5139.40
(b) Deferred Tax Liabilities (Net)	4	1816.31	1874.86
(c) Other Long-term Liabilities	5	240.00	240.00
(d) Long-term Provisions	6	381.46	300.49
<b>4 CURRENT LIABILITIES</b>			
(a) Short-term Borrowings	7	6426.82	7078.87
(b) Trade Payables	8	12574.94	11337.07
(c) Other Current Liabilities	9	2307.35	2799.91
(d) Short-term Provisions	10	725.60	537.09
<b>TOTAL</b>		<b>37936.36</b>	<b>37310.73</b>
<b>II. ASSETS</b>			
<b>1 NON-CURRENT ASSETS</b>			
(a) Fixed Assets	11		
(i) Tangible Assets		12990.66	13155.47
(ii) Capital Work-in-Progress		882.65	844.36
(b) Non-Current Investments	12	783.24	783.22
(c) Long-term Loans and Advances	13	348.25	582.14
<b>2 CURRENT ASSETS</b>			
(a) Inventories	14	12049.01	10776.41
(b) Trade Receivables	15	7697.70	7431.50
(c) Cash and Cash Equivalents	16	1061.03	943.32
(d) Short-term Loans and Advances	17	1671.78	2318.06
(e) Other Current Assets	18	452.04	476.25
<b>TOTAL</b>		<b>37936.36</b>	<b>37310.73</b>

The notes form an integral part of these financial statements

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

**KG BAALAKRISHNAN**  
Executive Chairman  
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  
23rd May, 2017

Membership No.27497  
Firm Regn. No.000960S

# K G DENIM LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

PARTICULARS	NOTE NO.	31.03.2017	31.03.2016
(Rs.in lakhs)			
I. Revenue from operations	19	61769.42	65172.93
II. Other Income	20	379.40	606.58
<b>III. Total Revenue (I+II)</b>		<b>62148.82</b>	<b>65779.51</b>
IV. Expenses:			
Cost of materials consumed	21	37935.26	37592.66
Purchases of Stock-in-Trade	22	-	68.14
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	(1435.80)	1391.75
Other Manufacturing Expenses	24	11307.84	11694.66
Employee Benefits Expenses	25	3954.42	3558.43
Finance Costs	26	2603.23	3241.24
Depreciation and Amortization Expense		1377.75	2047.63
Other Expenses	27	2526.64	2647.22
<b>Total Expenses</b>		<b>58269.34</b>	<b>62241.73</b>
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>3879.48</b>	<b>3537.78</b>
VI. Exceptional Items		-	-
<b>VII. Profit before extraordinary items and tax (V-VI)</b>		<b>3879.48</b>	<b>3537.78</b>
VIII. Extraordinary Items:		-	-
<b>IX. Profit before tax (VII-VIII)</b>		<b>3879.48</b>	<b>3537.78</b>
X. Tax Expense :			
(1) Current Tax		1520.08	773.93
(2) MAT Credit Entitlement		-	(447.22)
(3) Deferred Tax		(58.55)	1099.00
		<b>1461.53</b>	<b>1425.71</b>
<b>XI. Profit for the period from continuing operations (IX-X)</b>		<b>2417.95</b>	<b>2112.07</b>
XII. Profit from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
<b>XIV. Profit from discontinuing operations (after tax) (XII-XIII)</b>		<b>-</b>	<b>-</b>
<b>XV. Profit for the period (XI + XIV)</b>		<b>2417.95</b>	<b>2112.07</b>
XVI. Earnings per equity share			
(1) Basic		9.43	8.23
(2) Diluted		9.43	8.23
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

**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  
23rd May, 2017

Membership No.27497  
Firm Regn. No.000960S

# K G DENIM LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2017

PARTICULARS	31.03.2017	31.03.2016
	(Rs. in lakhs)	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit before tax and extraordinary items	3879.48	3537.78
Adjustments for:		
Depreciation and Amortization expenses	1377.75	2047.63
Profit/Loss on sale of assets	5.23	-228.20
Dividend Received	-	-0.09
Interest Charges	2603.23	3241.24
<b>Operating Profit before working capital changes</b>	<b>7865.69</b>	<b>8598.36</b>
Adjustments for:		
Trade and other receivables	-266.20	-3253.56
Inventories	-1270.76	1601.68
Loans & Advances	880.17	-318.65
Other Current Assets	24.22	771.38
Trade and other payables	1012.95	-1443.64
<b>Cash generated from operations</b>	<b>8246.07</b>	<b>5955.57</b>
<b>Cash flow before extraordinary items</b>	<b>8246.07</b>	<b>5955.57</b>
Extraordinary items	-	-
<b>Cash flow after extraordinary items</b>	<b>8246.07</b>	<b>5955.57</b>
Income Tax	-1520.08	-326.71
<b>Net cash from operating activities</b>	<b>6725.99</b>	<b>5628.86</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Withdrawn / Sale of fixed assets	7.20	775.22
Acquisitions of fixed assets	-1263.68	-1143.90
Dividend received	-	0.09
Investments	-0.02	-249.09
<b>Net cash used in investing activities</b>	<b>-1256.50</b>	<b>-617.68</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	-1864.93	-1229.85
Short Term Borrowings from Banks	-652.05	-154.90
Other Loans	-	-31.35
Interest paid	-2603.23	-3241.24
<b>Net cash used in financing activities</b>	<b>-5351.78</b>	<b>-4888.91</b>
<b>Net Increase in cash and cash equivalents</b>	<b>117.71</b>	<b>122.27</b>
Cash and cash equivalents as at 1st April, 2016 (Opening Balance)	943.32	821.05
Cash and cash equivalents as at 31st March, 2017 (Closing Balance)	1061.03	943.32

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  
23rd May, 2017

Membership No.27497  
Firm Regn. No.000960S

# K G DENIM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(Rs. in lakhs)		
<b>Note 1 - Share Capital</b>		
<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
	<u>2566.51</u>	<u>2566.51</u>

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

Particulars	31.03.2017	31.03.2016
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	31.03.2017		31.03.2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sri Kannapiran Mills Limited	3065183	11.95	3065183	11.95
Shri KG Baalakrishnan	2578560	10.05	2578560	10.05
Shri B Srihari	2231859	8.70	2231859	8.70
Shri B Sriramulu	2208659	8.61	2208659	8.61
Smt B Sathyabama	1886500	7.35	1886500	7.35

### Terms and Conditions of Equity Shares :

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

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

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

### Note 2 - Reserves and Surplus

#### a. Securities Premium Reserves

Opening Balance	444.44	444.44
Add : Addition / Deletion	-	-
Closing Balance	<u>444.44</u>	<u>444.44</u>

#### b. Other Reserves

##### General Reserve

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

#### c. Surplus

Opening Balance	3436.38	1555.88
(+) Net Profit for the current year	2417.94	2112.07
(+) Adjustment for Deferred tax liability on additional depreciation as per Schedule II of Companies Act, 2013*	-	-
(-) 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*	-	-
Closing Balance	<u>5622.75</u>	<u>3436.38</u>
<b>Total</b>	<u>7622.90</u>	<u>5436.53</u>

#### \* 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 31.03.2017	ASAT 31.03.2016
(Rs.in lakhs)		
<b>Note 3 - Long-Term Borrowings</b>		
<b>Secured</b>		
<b>(a) Term Loans</b>		
Indian Rupee Loan	-	-
From Banks (Secured)	<b>3144.18</b>	4954.31
From Others-House property loan from HDFC Limited	<b>115.09</b>	141.44
(b) Long term maturities of finance lease obligations (Secured by Vehicles on Hire Purchase Loan)	<b>15.20</b>	43.65
There is no case of continuing default as on the Balance Sheet date in repayment of loans and interest		
<b>Total</b>	<b>3274.47</b>	5139.40

### Security Clause

Bank borrowings of Term Loan

Term Loans from Indian Bank (IB), State Bank of India (SBI) and The Southindian Bank Ltd.(SIB) 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.2868 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 Four Term loans and One Corporate Loan from Indian Bank and loan outstanding is - Term Loan III Rs.74.47 Lakhs and Term Loan IV Rs.865.14 lakhs and Term Loan V Rs.243.46 and Term Loan VI Rs.1015.96 and Corporate Loan Rs. Nil (Previous year Rs.315.08 lakhs, Rs.1110.99 lakhs, Rs.Nil, Rs.Nil & Rs. 333.32 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 12.20% p.a.as at year end. (Previous year 12.40% 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 11.70% p.a as at year end. (Previous year 12.25% p.a). Term Loan V is repayable 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 12.25%). Term Loan VI is repayable 96 monthly installments commencing from 25.12.2015. Last installment is due on 25.12.2023. Rate of interest 11.75% p.a. as year end (Previous year 12.25%). 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 11.70% p.a as at year end. (Previous year 12.30%).

The Company has availed one Term Loan from State Bank of India and loan outstanding is - Term Loan II for Rs.Nil (Previous year Rs.328.86). 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 12.70% p.a. as at year end.(Previous year 13.30% p.a)

The Company has availed a term loan from The South Indian Bank Ltd and loan outstanding is- Rs.945.13 lakhs (Previous year Rs.1155.05 lakhs). Term Loan is repayable in 84 monthly installments commencing from 25.12.2015. Last Installment is due on 25.12.2022. Rate of Interest 12.05% 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.118.90 lakhs (Previous year Rs.141.44 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 31.03.2017	ASAT 31.03.2016
	(Rs. in lakhs)	
<b>Note 4 - Deferred Tax Liabilities (Net)</b>		
Opening balance	1874.86	775.86
Add: Provision for the year	(58.55)	1099.00
Less: Adjustment for additional depreciation as per Schedule II of Companies Act, 2013*		-
Net Deferred Tax Liability	<u>1816.31</u>	<u>1874.86</u>
* Refer Note 28		
<b>Note 5 - Other Long -Term Liabilities</b>		
(a) Trade Payables	-	-
(b) Others	-	-
(i) Unsecured Loan from Financial Institutions (NBFC)	-	-
(ii) Unsecured Loan from Promoter Director	240.00	240.00
<b>Total</b>	<u>240.00</u>	<u>240.00</u>
<b>Note 6 - Long-Term Provisions</b>		
(a) Provision for employee benefits Gratuity (unfunded)	381.46	300.49
<b>Total</b>	<u>381.46</u>	<u>300.49</u>
<b>Note 7 - Short-Term Borrowings</b>		
<b>Secured</b>		
(a) Loans repayable on demand Working Capital Loan from Banks (Secured)	6426.82	7078.87
There are no cases of default in repayment of loan and interest as on date of Balance Sheet		
<b>Total</b>	<u>6426.82</u>	<u>7078.87</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 Enterprises	55.81	20.19
For Other Dues	12519.13	11316.88
<b>Total</b>	<u>12574.94</u>	<u>11337.07</u>
<b>Note 9 - Other Current Liabilities</b>		
(a) Current maturities of long-term debt-Secured (See Note 3)	1776.74	1943.49
(b) Current maturities of finance lease obligations	85.00	107.65
(c) Current maturities of financial institutions (NBFC)	-	31.56
(d) Interest accrued and due on borrowings	-	-
(e) Customer Credit Balance	238.25	255.37
(f) Security Deposits	2.50	0.30
(g) Duties and Taxes	68.53	95.13
(h) Creditors for Capital Goods	90.69	329.42
(i) Unpaid (Unclaimed) Equity Dividend	45.64	36.99
<b>Total</b>	<u>2307.35</u>	<u>2799.91</u>
<b>Note 10 - Short-Term Provisions</b>		
(a) Provision for employee benefits Gratuity (unfunded)	21.17	15.07
(b) Others		
Income Tax Provision (Net of Advance Tax)	472.86	290.45
Wealth Tax Provision	-	-
Proposed Equity Dividend	192.40	192.40
Tax on Proposed Equity Dividend	39.17	39.17
<b>Total</b>	<u>725.60</u>	<u>537.09</u>

# K G DENIM LIMITED

## Note 11 - Fixed Assets

(Rs.in lakhs)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION					NET BLOCK		
	Balance as at 1st April, 2016	Additions	Disposals	Brought into use	Balance as at 31st March, 2017	Balance as at 1st April, 2016	Depreciation charge for the year	Transfer to Reserve*	On Disposals	Balance as at 31st March, 2017	Balance as at 31st March, 2017	Balance as at 31st March, 2016
<b>(a) Tangible Assets</b>												
Land	390.69	-	-	-	390.69	-	-	-	-	-	390.69	390.69
Buildings	5515.40	205.82	-	-	5721.22	1428.72	195.92	-	-	1624.64	4096.58	4086.68
Plant & Equipment	22886.66	877.82	137.69	-	23626.79	15273.95	1024.15	-	130.78	16167.32	7459.47	7612.71
Electrical Machinery	1449.43	51.67	8.38	-	1492.72	933.12	54.35	-	3.10	984.37	508.35	516.31
Furniture & Fixtures	167.04	0.25	-	-	167.29	78.17	14.12	-	-	92.29	75.00	88.87
Vehicles	603.18	81.64	5.19	-	679.63	237.98	62.14	-	4.93	295.19	384.44	365.20
Office Equipment	508.13	8.19	-	-	516.32	413.12	27.07	-	-	440.19	76.13	95.01
Others (specify nature)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>31520.53</b>	<b>1225.39</b>	<b>151.26</b>	<b>-</b>	<b>32594.66</b>	<b>18365.06</b>	<b>1377.75</b>	<b>-</b>	<b>138.81</b>	<b>19604.00</b>	<b>12990.66</b>	<b>13155.47</b>
Previous Year	27699.96	5967.42	2146.85	-	31520.53	17917.28	2047.64	-	1599.86	18365.06	13155.47	9782.69
<b>(b) Intangible Assets</b>												
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>(c) Capital work in Progress</b>												
<b>Total</b>	<b>844.36</b>	<b>260.48</b>	<b>-</b>	<b>222.19</b>	<b>882.65</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>882.65</b>	<b>844.36</b>
Previous Year	5667.39	811.21	-	5634.24	844.36	-	-	-	-	-	844.36	5667.39
<b>Grand Total</b>	<b>32364.89</b>	<b>1485.87</b>	<b>151.26</b>	<b>222.19</b>	<b>33477.31</b>	<b>18365.06</b>	<b>1377.75</b>	<b>-</b>	<b>138.81</b>	<b>19604.00</b>	<b>13873.31</b>	<b>13999.83</b>
Previous Year	33367.35	6777.92	2146.85	5633.53	32364.89	17917.28	2047.64	-	1599.86	18365.06	13999.83	15450.08

\* Refer Note 28

Note: Building includes Prayer Hall and Gold Plating thereon of Rs.132.69 lakhs in Gross Block, Rs.27.21 lakhs in Depreciation Block and Rs.105.48 lakhs in Net Block (Previous Year Rs.132.69 lakhs in Gross Block, Rs.23.55 lakhs in Depreciation Block and Rs.109.14 lakhs in Net Block).

Furniture & Fittings includes Prayer Hall of Rs.13.95 lakhs in Gross Block, Rs.11.43 lakhs in Depreciation Block and Rs.2.52 lakhs in Net Block (Previous Year Rs.13.89 lakhs in Gross Block, Rs.9.41 lakhs in Depreciation Block and Rs.4.54 lakhs in Net Block)

Office Equipment includes Prayer Hall of Rs.0.52 lakhs in Gross Block, Rs.0.14 lakhs in Depreciation Block and Rs.0.38 lakhs in Net Block (Previous Year Rs.0.52 lakhs in Gross Block, Rs.0.05 lakhs in Depreciation Block and Rs.0.47 lakhs in Net Block)

## Note 12 - Non-Current Investments

31.03.2017

31.03.2016

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

450.00

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

0.46

0.44

**Sub-total**

450.46

450.44

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

0.46

0.46

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

1.00

1.00

**Sub-total**

328.46

328.46

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

778.92

778.90

**Grand Total (A+B)**

783.24

783.22

Less : Provision for diminution in the value of investments

-

-

**Total**

783.24

783.22

Aggregate amount of quoted investments

4.32

4.32

Market value of quoted investments

4.13

2.88

Aggregate amount of unquoted investments

778.92

778.90

# K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2017	ASAT 31.03.2016
(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	260.23	504.38
Others	-	-
	<u>260.23</u>	<u>504.38</u>
<b>b. Security Deposits</b>		
Security Deposits - Un secured considered good	81.94	72.34
	<u>81.94</u>	<u>72.34</u>
<b>c. Loans and advances to related parties</b>		
Advance to Subsidiary company-KG Denim (USA) Inc.	6.07	5.42
- Un secured considered good	-	-
	<u>6.07</u>	<u>5.42</u>
<b>Total</b>	<u>348.25</u>	<u>582.14</u>

## Note 14 - Inventories

<b>a. Raw Materials and components</b>	3258.80	3487.56
Goods-in transit	-	-
	<u>3258.80</u>	<u>3487.56</u>
<b>b. Work-in-progress</b>	2374.14	2291.55
Goods-in transit	-	-
	<u>2374.14</u>	<u>2291.55</u>
<b>c. Finished Goods</b>	5543.98	4025.16
Goods-in transit-Fabrics	405.17	570.78
	<u>5949.15</u>	<u>4595.94</u>
<b>d. Stock-in-trade</b>	-	-
Goods-in transit	-	-
	<u>-</u>	<u>-</u>
<b>e. Stores and Spares</b>	462.66	399.07
Goods-in transit	-	-
	<u>462.66</u>	<u>399.07</u>
<b>f. Others (Specify nature)</b>		
Stock of Waste	4.26	2.29
	<u>4.26</u>	<u>2.29</u>
<b>Total</b>	<u>12049.01</u>	<u>10776.41</u>

**Mode of Valuation : Refer Note 28.2 in Significant Accounting Policies**

### Details of Raw Materials

Cotton	262.46	469.56
Yarn	1809.07	1964.74
Grey Fabric / Fabric	743.86	567.98
Fibre	40.59	100.71
Chemicals	402.83	384.57
Accessories	-	-
<b>Total</b>	<u>3258.81</u>	<u>3487.56</u>

# K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
	(Rs. in lakhs)	
<b>Details of Work-in-process</b>		
Cotton Yarn and Processed Fabric	2114.63	2261.95
Fibre Yarn and Processed Fabric	259.51	29.60
<b>Total</b>	<u>2374.14</u>	<u>2291.55</u>
<b>Details of Finished Goods</b>		
Fabric	4992.96	3772.73
Garments	-	-
Home Textiles	514.32	148.98
Terry Towels	36.70	103.45
<b>Total</b>	<u>5543.98</u>	<u>4025.16</u>
<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	1226.01	74.63
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	6471.69	7356.87
<b>Total</b>	<u>7697.70</u>	<u>7431.50</u>
<b>Note 16 - Cash and Cash Equivalents</b>		
a. Balances with banks	189.11	168.09
b. Cheques, drafts on hand	-	-
c. Cash on hand	6.15	23.69
d. Other Bank Balances		
Unclaimed Dividend Account	45.64	36.99
e. Others		
EEFC Deposits	0.61	0.62
Margin Money Deposits	819.52	713.93
<b>Total</b>	<u>1061.03</u>	<u>943.32</u>

# K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
	(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	1241.50	1291.42
For Expenses / Others	198.96	180.21
For Duties & Taxes	67.50	281.99
MAT Credit Entitlement	-	447.22
Prepaid Expenses	163.82	117.22
<b>Total</b>	<b>1671.78</b>	<b>2318.06</b>
<b>Note 18 - Other Current Assets</b>		
Export Incentives Receivable	414.52	357.49
Excise Claim Receivable	-	18.79
Interest Subsidy from Govt. Agencies	27.62	62.79
Interest Receivable	9.90	37.18
<b>Total</b>	<b>452.04</b>	<b>476.25</b>
	31.03.2017	31.03.2016
	(Rs.in lakhs)	
<b>Note 19 - Revenue from Operations</b>		
Sale of Products	58821.93	62890.96
Sale of Services - Job Work	2449.48	1513.47
Other Operating Revenues : Waste Cotton / Yarn / Accessories Sales	498.01	768.50
<b>Total</b>	<b>61769.42</b>	<b>65172.93</b>
<b>Details of Sale of Products</b>		
Fabrics	49046.97	51052.00
Garments	-	543.39
Home Textiles	8758.15	10269.31
Terry Towel	382.70	504.87
Power	634.11	521.39
<b>Total</b>	<b>58821.93</b>	<b>62890.96</b>
<b>Note 20 - Other Income</b>		
Interest Income	52.10	59.88
Interest Subsidy received	11.09	27.64
Dividend Income	-	0.08
Lease Rent Receipts	0.73	0.64
Insurance Claim Received	14.15	8.89
Profit on sale of fixed assets	-	228.20
Exchange Gain on Export Sales	164.89	289.29
Other non-operating income (net of expenses directly attributable to such income)	136.44	(8.04)
<b>Total</b>	<b>379.40</b>	<b>606.58</b>

# K G DENIM LIMITED

PARTICULARS	31.03.2017	31.03.2016
(Rs. in lakhs)		
<b>Note 21 - Cost of Materials Consumed</b>		
Opening Stock	3487.56	3616.69
Purchases	37706.50	37463.53
<b>Sub-total</b>	<b>41194.06</b>	<b>41080.22</b>
Less : Closing Stock	3258.80	3487.56
<b>Raw Materials Consumed</b>	<b>37935.26</b>	<b>37592.66</b>
<b>Imported and Indigenous Raw Materials consumed</b>		
Imported	3518.00	3282.65
Indigenous	34417.26	34310.01
<b>Total</b>	<b>37935.26</b>	<b>37592.66</b>
<b>Details of Raw Material Consumed</b>		
Cotton	5136.08	4267.99
Yarn	16040.48	16356.08
Fibre	829.53	1337.31
Fabrics	10027.11	9046.28
Chemicals	5242.12	5501.04
Accessories	659.94	1083.96
<b>Total</b>	<b>37935.26</b>	<b>37592.66</b>
<b>Note 22 - Purchases of Stock-in-Trade</b>		
Garments Purchase	-	68.14
<b>Total</b>	<b>-</b>	<b>68.14</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	2291.55	1818.65
Finished Goods	4595.94	6460.59
Traded Items	-	-
	<b>6887.49</b>	<b>8279.24</b>
<b>Closing Stock :</b>		
Work-in-Process	2374.14	2291.55
Finished Goods	5949.15	4595.94
Traded Items	-	-
	<b>8323.29</b>	<b>6887.49</b>
<b>Total</b>	<b>(1435.80)</b>	<b>1391.75</b>
<b>Note 24 - Other Manufacturing Expenses</b>		
(a) Power & Fuel	2948.34	3689.33
(b) Consumptions of Stores & Spare Parts	395.03	169.74
(c) Processing Charges	5196.64	5621.72
(d) Repairs & Maintenance	-	-
For Plant & Machinery	2188.27	1441.35
For Buildings	405.19	306.18
For Others	174.37	466.34
<b>Total</b>	<b>11307.84</b>	<b>11694.66</b>
<b>Imported and Indigenous Stores &amp; Spare Parts Consumed</b>		
Imported	335.74	139.64
Indigenous	59.29	30.10
<b>Total</b>	<b>395.03</b>	<b>169.74</b>

# K G DENIM LIMITED

PARTICULARS	31.03.2017	31.03.2016
<b>Note 25 - Employee Benefits Expenses</b>		(Rs.in lakhs)
(a) Salaries and Wages	3466.35	2944.87
(b) Salaries-Managing Directors/Whole Time Directors	188.36	372.95
(c) Contributions to Provident Fund and Other Funds	79.09	83.31
(d) Gratuity as per Actuarial Valuations	97.27	47.52
(e) Staff Welfare Expenses	123.35	109.78
<b>Total</b>	<u>3954.42</u>	<u>3558.43</u>
 <b>Note 26 - Finance Costs</b>		
Interest Expense	2094.47	2795.63
Other Borrowing Costs	508.76	444.03
Applicable Net Gain/Loss on Foreign Currency Transactions and Translation	-	1.58
<b>Total</b>	<u>2603.23</u>	<u>3241.24</u>
 <b>Note 27 - Other Expenses</b>		
Rent	36.39	33.86
Insurance	168.93	126.71
Rates and Taxes, excluding, Taxes on Income	151.32	162.59
Payments to the Auditor as		
a) As Statutory Auditor	3.45	3.44
b) For Taxation Matters	2.49	1.67
c) For Other Services	-	-
Legal, Professional & Consultancy Charges	55.56	124.81
Printing and Stationery	45.75	53.92
Postage, Telegrams and Telephones	194.57	166.06
Travelling Expenses and Maintenance of Vehicles	455.94	472.84
Director Sitting Fees	5.03	4.73
Brokerage	13.31	33.18
Commission on Sales	288.08	355.80
Discount on Sales	156.55	173.03
Selling Expenses	529.88	406.09
Freight Outwards	233.52	349.98
Exchange Loss on Export Sales	-	13.54
Prayer Hall Repairs and Maintenance	23.92	16.43
Corporate Social Responsibility Expenses	41.77	14.34
Miscellaneous Expenses	114.81	134.20
Loss on sale of Fixed Assets	5.37	-
<b>Total</b>	<u>2526.64</u>	<u>2647.22</u>



## NOTE 28

### SIGNIFICANT ACCOUNTING POLICIES

#### 28.1 DISCLOSURE AND BASIS OF ACCOUNTING

- a) The financial statements have been prepared under the historical cost convention which is in accordance with the generally accepted accounting principles and provisions of the Companies Act, 2013. The Company has complied with the Accounting Standards prescribed by the Institute of Chartered Accountants of India and as referred u/s 133 of the Companies Act, 2013.
- b) The Company has been consistently following the accrual basis of accounting in respect of its Income and Expenditure.
- c) The Accounts are prepared on the basis of going concern concept.
- d) The presentation of financial statements require estimates and assumptions to be made which affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenue and expenditure during the reporting period.

#### 28.2 VALUATION OF INVENTORIES

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

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

#### 28.3 CASH FLOW STATEMENT

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

#### 28.4 CONTINGENT LIABILITY

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

#### 28.5 NET PROFIT FOR THE PERIOD AND PRIOR PERIOD ITEMS

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

# K G DENIM LIMITED

## **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)

	2016 - 2017	2015 - 2016
	(Rs. in Lakhs)	
(i) Contingent Liabilities		
a) Claims against the company not acknowledged as debt:		
Disputed Excise / Customs duties	566.86	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
c) Other Money for which the company is contingently liable		
Bills discounted with banks	2919.37	3233.68
(ii) Commitments		
Estimated amount of contracts remaining to be executed in capital account and not provided for	10.33	375.00

## 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 manufacturing/trading losses, However, considering the fact that there is growth in turnover over last two years by consolidation of exports and domestic apparel sales in this subsidiary and the steps taken to improve its performance, no provision is considered necessary by the management for diminution in value of shares.

## NOTE 31

Depreciation and Amortization includes depreciation of Plant and Machinery arising on reversal of capital subsidy for few items, amounting to Rs.47.04 lakhs.

# K G DENIM LIMITED

## NOTE 32 : GRATUITY

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

I.	Principal Actuarial Assumptions	31.03.2017	31.03.2016
	(Expressed as weighted averages)		
	Discount Rate	7.30 %	7.90 %
	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.	<b>Changes in the present value of the obligation (PVO) -</b>	(Rs.lakhs)	(Rs.lakhs)
	<b>Reconciliation of Opening and Closing Balances</b>		
	<b>PVO as at the beginning of the period</b>	315.56	279.27
	Interest Cost	24.53	21.39
	Current Service Cost	32.38	28.98
	Past Service Cost - (Non Vested Benefits)	0	0
	Past Service Cost - (Vested Benefits)	0	0
	Benefits Paid	(10.19)	(10.00)
	Actuarial Loss / (Gain) on obligation (Balancing Figure)	40.35	(4.08)
	<b>PVO as at the end of the period</b>	402.63	315.56
III.	<b>Changes in the fair value of plan assets -</b>	(Rs.lakhs)	(Rs.lakhs)
	<b>Reconciliation of Opening and Closing Balances</b>		
	<b>Fair Value of plan assets as at the beginning of the period</b>	0	0
	Expected return on plan assets	0	0
	Contributions	10.19	10.00
	Benefits Paid	(10.19)	(10.00)
	Actuarial Gain / (Loss) on plan assets (Balancing Figure)	0	0
	<b>Fair Value of plan assets as at the end of the period</b>	0	0
IV.	<b>Actual return on plan assets</b>	(Rs.lakhs)	(Rs.lakhs)
	Expected return on plan assets	0	0
	Actuarial Gain / (Loss) on plan assets	0	0
	<b>Actual return on plan assets</b>	0	0
V.	<b>Actuarial Gain / Loss recognised</b>	(Rs.lakhs)	(Rs.lakhs)
	Actuarial Gain / (Loss) for the period - Obligation	(40.35)	4.08
	Actuarial Gain / (Loss) for the period - plan assets	0	0
	Total Gain / (Loss) for the period	40.35	(4.08)
	<b>Actuarial Gain / (Loss) recognised in the period</b>	40.35	(4.08)
	Unrecognised actuarial (Gain) / Loss at the end of the year	0	0
VI.	<b>Amounts recognised in the balance sheet and related analysis</b>	(Rs.lakhs)	(Rs.lakhs)
	Present Value of the obligation	402.63	315.56
	Fair Value of plan assets	0	0
	Difference	402.63	315.56
	Unrecognised transitional liability	0	0
	Unrecognised past service cost-non vested benefits	0	0
	<b>Liability recognised in the balance sheet</b>	402.63	315.56
VII.	<b>Expenses recognised in the statement of profit and loss</b>	(Rs.lakhs)	(Rs.lakhs)
	Current Service Cost	32.38	28.98
	Interest Cost	24.52	21.39
	Expected return on plan assets	0	0
	Net actuarial (Gain) / Loss recognised in the year	40.35	(4.08)
	Transitional Liability recognised in the year	0	0
	Past Service Cost - Non-Vested Benefits	0	0
	Past Service Cost - Vested Benefits	0	0
	<b>Expenses recognised in the statement of profit and loss</b>	97.27	46.30
VIII.	<b>Movements in the Liability recognised in the balance sheet</b>	(Rs.lakhs)	(Rs.lakhs)
	Opening net liability	315.56	279.26
	Expense as above	97.26	46.30
	Contribution paid	(10.19)	(10.00)
	<b>Closing net liability</b>	402.63	315.56

# K G DENIM LIMITED

## NOTE 33

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 :

	31.03.2017	31.03.2016
	(Rs.in lakhs)	
<b>34 Value of Imports on CIF basis</b>		
I Raw Materials	656.09	1258.26
II Chemicals	1295.30	2024.39
III Spares & Components	335.74	408.74
IV Fuel	1816.64	736.27
V Capital Goods	<u>323.21</u>	<u>67.18</u>
	<b>4426.98</b>	<b>4494.84</b>
<b>35 Expenditure in Foreign Currency</b>		
Commission	222.64	404.63
Advertisement and Trade Fair	113.03	107.14
Traveling etc.,	72.08	112.62
Testing Charges	<u>8.33</u>	<u>7.45</u>
	<b>416.08</b>	<b>631.84</b>
<b>36 Earnings in Foreign Currency (FOB)</b>		
Export of goods on Direct Export	<b>18433.38</b>	22121.03

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

(Rs.in lakhs)

Particulars	2016-2017				2015-2016			
	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	2.14	90.13	-	-	0.83	8.06	-	-
Sale of goods	2598.48	706.15	-	-	3469.92	79.08	-	-
Processing Charges paid	1.16	2733.70	-	-	-	2859.06	-	-
Service Charges paid	-	-	-	-	-	-	-	-
Processing Charges Received	896.89	37.43	-	-	481.66	7.95	-	-
Rent Received	-	0.71	-	-	-	0.64	-	-
Rent paid	-	-	-	0.30	-	-	-	0.47
Loans and advances paid	-	-	-	-	0.61	-	-	-
Managerial Remuneration	-	-	168.00	20.36	-	-	336.14	36.82

### Disclosure in respect of material transactions with related party during the year (included in Note.37)

Rs. in lakhs

Processing Charges Paid	2016-17	2015-16
Sri Kannapiran Mills Limited	2598.27	2735.48

# K G DENIM LIMITED

## 37.2 Balance outstanding as on 31.03.2017

(Rs.in lakhs)

Particulars	2016-17				2015-2016			
	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	3791.72	-	-	-	3262.84	-	-	-
Trade Payable	-	452.33	-	-	-	775.01	-	-
Investments	450.46	327.46	-	-	450.46	327.46	-	-
Loans and advances	6.07	-	-	-	5.85	-	-	-

## 37.3 Note :

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

38 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.

39 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 2017 is as follows:

(Rs.in lakhs)

Particulars	Provision for Income Tax		Provision for Gratuity	
	2016-17	2015-16	2016-17	2015-16
Opening Balance	290.45	-	315.56	279.27
Additions	1520.08	489.12	97.74	46.29
Utilisation/Adv Tax Adjustments	1337.67	198.67	10.67	10.00
Reversals	-	-	-	-
Closing Balance	472.86	290.45	402.63	315.56
Provided as Long Term Liability	-	-	381.46	300.49
Provided as Short Term Liability	-	-	21.17	15.07

# K G DENIM LIMITED

- 40 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.55.80 lakhs of more than 30 days and exceeding Rs.1 lakh to the following parties; Sri Abirami Tubes Rs.9.70 lakhs, Nava Bharath Packaging Rs.6.19 lakhs, Acme Textiles Rs.1.64 lakhs, Asmaco Industries Rs.3.02 lakhs, Harini Packs Rs.18.57 Lakhs and Sri Guhan Packs Rs.16.68 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.
- 41 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.
- 42 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.
- 43 Previous year's figures have been regrouped wherever necessary.
- 44 a) The Company has the following forward cover outstanding relating to export of its products

	as on 31.03.2017	as on 31.03.2016
USD in lakhs	12.00	13.90

- b) The unhedged foreign currency exposure as on 31.03.2017

	USD in lakhs 2016-17	2015-16
Trade Receivable	5.74	48.44
Trade Payable	4.00	3.83

- 45 As per Companies Act, 2013, Amendment in Schedule III Notification No.GSR 308(E) (F.No.17/62/2015-CL-(VOL.I) DT 30.03.2017, the following details is provided.

Particulars	SBN'S Rs.	OTHER DENOMINATION Rs.	TOTAL Rs.
Closing Cash in Hand as on 08.11.2016	551000.00	695573.00	1246573.00
Add: Permitted Receipts	-	4620803.00	4620803.00
Less: Permitted Payments	-	3656816.00	3656816.00
Less: Amount Deposited in Banks	551000.00	-	551000.00
Closing Cash in Hand as on 30.12.2016	-	-	1659560.00
Amount Deposited Directly into Company's Bank Account by Customers	-	53300.00	53300.00

- 46 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  
23rd May, 2017

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, 2017, 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, 2017, 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 subsidiaries, we have conducted the audit of one of the subsidiary incorporated in India - Trigger Apparels Limited. The other subsidiary - KG Denim (USA) Inc. was not audited by us and we have relied upon the unaudited financial statements of the said subsidiary whose financial statements reflect total Assets of Rs. 22.84 lakhs as on 31<sup>st</sup> March 2017 and total Revenue of Rs. 34.93 lakhs and net cash flows amounted to Rs. 4.92 lakhs for the year ended as on that date. These financial statements have been certified by the management and compiled by the auditors whose reports have been furnished to us and our report so far as it relates to the amounts included in respect of the subsidiary is based solely on such approved unaudited financial statements.

Our opinion is not modified in respect of these matters.

## 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 31<sup>st</sup> March, 2017 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 31<sup>st</sup> March, 2017 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.

2. As required by Rule 11(d) of the Companies (Audit and Auditors) Amendment Rules, 2017 and amendment to Schedule III to Companies Act, 2013, we report that

The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants  
**CA. R MAHADEVAN**  
Partner

Coimbatore  
23.05.2017

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, 2017 in conjunction without 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, 2017, 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  
23.05.2017

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2017

PARTICULARS	NOTE NO.	AS AT 31.03.2017	AS AT 31.03.2016
(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	6998.74	4957.43
(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	3274.47	5139.40
(b) Deferred Tax Liabilities (Net)	4	1694.02	1685.46
(c) Other Long-term Liabilities	5	972.27	697.09
(d) Long-term Provisions	6	478.20	350.01
<b>4 CURRENT LIABILITIES</b>			
(a) Short-term Borrowings	7	6868.39	7655.43
(b) Trade Payables	8	13447.31	12245.69
(c) Other Current Liabilities	9	2438.77	2876.17
(d) Short-term Provisions	10	728.05	545.44
<b>TOTAL</b>		<b>39466.73</b>	<b>38718.63</b>
<b>II. ASSETS</b>			
<b>1 NON-CURRENT ASSETS</b>			
(a) Fixed Assets	11		
(i) Tangible Assets		13580.01	13740.90
(ii) Capital Work-in-Progress		882.65	844.36
(b) Non-Current Investments	12	332.78	332.78
(c) Long-term Loans and Advances	13	342.77	577.33
<b>2 CURRENT ASSETS</b>			
(a) Inventories	14	15225.00	13301.35
(b) Trade Receivables	15	5367.34	5724.30
(c) Cash and Cash Equivalents	16	1213.27	1084.64
(d) Short-term Loans and Advances	17	1878.38	2546.29
(e) Other Current Assets	18	644.53	566.68
<b>TOTAL</b>		<b>39466.73</b>	<b>38718.63</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  
23rd May, 2017

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 2017

PARTICULARS	NOTE NO.	31.03.2017	31.03.2016
		(Rs. in lakhs)	
I. Revenue from operations	19	69448.50	71552.56
II. Other Income	20	404.68	626.05
III. <b>Total Revenue (I+II)</b>		<b>69853.18</b>	<b>72178.61</b>
IV. Expenses:			
Cost of materials consumed	21	40160.65	39968.52
Purchases of Stock-in-Trade	22	1875.90	1584.55
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	(2122.60)	297.78
Other Manufacturing Expenses	24	12059.87	12450.01
Employee Benefits Expenses	25	5694.16	5132.25
Finance Costs	26	2750.61	3355.46
Depreciation and Amortization Expense		1451.60	2071.54
Other Expenses	27	4181.40	3900.48
<b>Total Expenses</b>		<b>66051.59</b>	<b>68760.59</b>
V. <b>Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>3801.59</b>	<b>3418.02</b>
VI. Exceptional Items		-	-
VII. <b>Profit before extraordinary items and tax (V-VI)</b>		<b>3801.59</b>	<b>3418.02</b>
VIII. Extraordinary Items:			
Prior Year Expenses		-	-
IX. <b>Profit before tax (VII-VIII)</b>		<b>3801.59</b>	<b>3418.02</b>
X. Tax Expense :			
(1) Current Tax		1520.08	774.83
(2) MAT Credit Entitlement		-	(447.22)
(3) Deferred Tax		8.57	1047.97
		<b>1528.65</b>	<b>1375.58</b>
XI. <b>Profit for the period from continuing operations (IX-X)</b>		<b>2272.94</b>	<b>2042.44</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>2272.94</b>	<b>2042.44</b>
XVI. Earnings per equity share			
(1) Basic		8.86	7.96
(2) Diluted		8.86	7.96
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  
23rd May, 2017

Membership No.27497  
Firm Regn. No.000960S

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2017

PARTICULARS	31.03.2017	31.03.2016
	(Rs.in lakhs)	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit before tax and extraordinary items	3801.59	3418.02
Adjustments for:		
Depreciation and Amortization expenses	1452.34	2071.54
Profit/Loss on sale of assets	5.23	-228.20
Dividend Received	-	-0.09
Interest Charges	2750.61	3355.46
<b>Operating Profit before working capital changes</b>	<b>8009.77</b>	<b>8616.73</b>
Adjustments for:		
Trade and other receivables	-149.59	-4083.80
Inventories	-1921.82	114.79
Loans & Advances	901.79	-397.82
Other Current Assets	-78.10	684.76
Trade and other payables	1854.90	1622.43
<b>Cash generated from operations</b>	<b>8616.95</b>	<b>6557.07</b>
<b>Cash flow before extraordinary items</b>	<b>8616.95</b>	<b>6557.07</b>
Extraordinary items	-	-126.76
<b>Cash flow after extraordinary items</b>	<b>8616.95</b>	<b>6430.31</b>
Income Tax	-1520.08	-327.61
<b>Net cash from operating activities</b>	<b>7096.87</b>	<b>6102.70</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Share Capital	-	250.02
Withdrawn / Sale of fixed assets	7.20	775.22
Acquisitions of fixed assets	-1341.44	-1700.37
Dividend received	-	0.09
Investments	-0.02	-249.09
<b>Net cash used in investing activities</b>	<b>-1334.26</b>	<b>-924.13</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	-1864.93	-1229.85
Short Term Borrowings from Banks	-787.04	-114.93
Other Loans	0.17	-30.44
Interest paid	-2750.61	-3355.46
<b>Net cash used in financing activities</b>	<b>-5633.98</b>	<b>-4962.25</b>
<b>Net Increase in cash and cash equivalents</b>	<b>128.63</b>	<b>216.32</b>
Cash and cash equivalents as at 1st April, 2016 (Opening Balance)	<b>1084.64</b>	<b>868.32</b>
Cash and cash equivalents as at 31st March, 2017 (Closing Balance)	<b>1213.27</b>	<b>1084.64</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  
23<sup>rd</sup> May, 2017

Membership No.27497  
Firm Regn.No.000960S

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(Rs. in lakhs)		
<b>Note 1 - Share Capital</b>		
<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
	<u>2566.51</u>	<u>2566.51</u>

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

Particulars	31.03.2017	31.03.2016
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	31.03.2017		31.03.2016	
	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	<u>444.44</u>	<u>444.44</u>
<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	<u>1555.71</u>	<u>1555.71</u>
<b>c. Surplus</b>		
Opening Balance	2957.22	1146.41
(+) Net Profit for the current year	2272.94	2042.44
(+) Adjustment for Deferred tax liability on additional depreciation as per Schedule II of Companies Act, 2013	-	-
(-) 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	-	-
Closing Balance	<u>4998.59</u>	<u>2957.28</u>
<b>Total</b>	<u>6998.74</u>	<u>4957.43</u>

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

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(Rs.in lakhs)		
<b>Note 3 - Long-Term Borrowings</b>		
<b>Secured</b>		
<b>(a) Term Loans</b>		
Indian Rupee Loan		
From Banks (Secured)	3144.18	4954.31
From Others-House property loan from HDFC Limited	115.09	141.44
(b) Long term maturities of finance lease obligations (Secured by Vehicles on Hire Purchase Loan)	15.20	43.65
There is no case of continuing default as on the Balance Sheet date in repayment of loans and interest		
<b>Total</b>	<b>3274.47</b>	<b>5139.40</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) acquired for the Expansion cum Diversification Scheme (ECDS) and New Capex Plan through Deed of Hypothecation and second *pari passu* charges 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 South Indian bank Ltd 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.

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 within 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 within 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 lakhs (Previous year Rs.1365.05 lakhs). Term Loan is repayable in 84 monthly 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 Mumbai Office Premises - mortgage of the property - Office space in Mumbai.

The Company has availed a term Loan from HDFC Ltd and loan outstanding is Rs.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 31.03.2017	AS AT 31.03.2016
	(Rs.in lakhs)	
<b>Note 4 - Deferred Tax Liabilities (Net)</b>		
Opening balance	1685.45	637.49
Add: Provision for the year	8.57	1047.97
Add: Carried forward loss	-	-
Less: Adjustment for additional depreciation as per Schedule II of Companies Act, 2013	-	-
Net Deferred Tax Liability	<u>1694.02</u>	<u>1685.46</u>
<b>Note 5 - Other Long -Term Liabilities</b>		
(a) Trade Payables	732.27	457.09
(b) Others		
(i) Unsecured Loan from Financial Institutions (NBFC)	-	-
(ii) Unsecured Loan from Promoter Director	240.00	240.00
<b>Total</b>	<u>972.27</u>	<u>697.09</u>
<b>Note 6 - Long-Term Provisions</b>		
(a) Provision for employee benefits Gratuity (unfunded)	<u>478.20</u>	<u>350.01</u>
<b>Total</b>	<u>478.20</u>	<u>350.01</u>
<b>Note 7 - Short-Term Borrowings</b>		
<b>Secured</b>		
(a) Loans repayable on demand Working Capital Loan from Banks (Secured)	6868.39	7655.43
There are no cases of default in repayment of loan and interest as on date of Balance Sheet	-	-
<b>Total</b>	<u>6868.39</u>	<u>7655.43</u>
<b>Security Clause</b>		
<b>a. Holding Company</b>		
Working capital facilities from Indian Bank Consortium (Indian Bank, Bank of India, Allahabad Bank and State Bank of India) are secured by a first pari passu charge on the whole of the current assets through Deed of Hypothecation and second pari passu charge on (a) all the immovable properties situated in (i) 102.1897 acres of land at Jadayampalayam, Alankombu and Karamadai Villages in Mettupalayam Taluk, Coimbatore District, Tamil Nadu and (ii) 2155.62 sq. meters of land at Amdha Village, Dharampur Taluk, Valsad District, Gujarat through equitable mortgage created with Indian Bank and (b) all plant and machineries (excluding vehicles charged to financiers) through Deed of Hypothecation. The entire working capital facilities are also guaranteed by Shri KG Baalakrishnan , Executive Chairman.		
<b>b. Subsidiary</b>		
Working capital loan from Indian Overseas Bank is secured by an exclusive first charge 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	55.81	20.19
For Other Dues	13391.49	12225.50
<b>Total</b>	<u>13447.31</u>	<u>12245.69</u>
<b>Note 9 - Other Current Liabilities</b>		
(a) Current maturities of long-term debt Secured (See Note 3)	1776.74	1943.49
(b) Current maturities of finance lease obligations	85.00	107.65
(c) Current maturities of financial institutions (NBFC)	-	31.56
(d) Interest accrued and due on borrowings	-	-
(e) Customer Credit Balance	315.61	300.02
(f) Security Deposits	2.50	0.30
(g) Duties and Taxes	122.59	126.75
(h) Creditors for Capital goods	90.69	329.42
(i) Unpaid (Unclaimed) Equity Dividend	45.64	36.99
<b>Total</b>	<u>2438.77</u>	<u>2876.17</u>



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

**PARTICULARS** AS AT  
31.03.2017 AS AT  
31.03.2016

(Rs.in lakhs)

## Note 10 - Short-Term Provisions

(a) Provision for employee benefits		
Gratuity (unfunded)	23.62	23.43
(b) Others		
Income Tax Provision (Net of Advance Tax)	472.86	290.45
Wealth Tax Provision	-	-
Proposed Equity Dividends	192.40	192.40
Tax on Proposed Equity Dividend	39.17	39.17
<b>Total</b>	<b>728.05</b>	<b>545.44</b>

## Note 11 - Fixed Assets

(Rs.in lakhs)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION					NET BLOCK		
	Balance as at 1st April, 2016	Additions	Disposals	Brought into use	Balance as at 31st March, 2017	Balance as at 1st April, 2016	Depreciation charge for the year	Transfer to Reserve	On Disposals	Balance as at 31st March, 2017	Balance as at 31st March, 2017	Balance as at 31st March, 2016
<b>(a) Tangible Assets</b>												
Land	390.69	-	-	-	390.69	-	-	-	-	-	390.69	390.69
Buildings	5515.40	205.82	-	-	5721.22	1428.72	195.92	-	-	1624.64	4096.58	4086.68
Plant & Equipment	23403.68	925.40	137.69	-	24191.39	15276.69	1058.57	-	130.80	16204.46	7986.93	8126.99
Electric Machinery	1450.30	51.67	8.38	-	1493.59	933.24	54.44	-	3.10	984.58	509.01	517.06
Furniture & Fixtures	268.43	21.58	-	-	290.01	124.72	40.53	-	-	165.25	124.76	143.71
Vehicles	608.35	81.64	5.19	-	684.80	238.33	62.63	-	4.93	296.03	388.77	370.02
Office Equipment	554.25	17.03	-	-	571.28	453.98	38.34	-	-	492.32	78.96	100.27
Others (specify nature)	6.14	-	-	-	6.14	0.66	1.17	-	-	1.83	4.31	5.48
<b>Total</b>	<b>32197.24</b>	<b>1303.14</b>	<b>151.26</b>	<b>-</b>	<b>33349.12</b>	<b>18456.34</b>	<b>1451.60</b>	<b>-</b>	<b>138.83</b>	<b>19769.11</b>	<b>13580.01</b>	<b>13740.90</b>
Previous Year	27820.20	6523.89	2146.85	-	32197.24	17984.62	2071.54	-	1599.82	18456.34	13740.90	9835.59
<b>(b) Intangible Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>(c) Capital work in Progress</b>	844.36	260.48	-	222.19	882.65	-	-	-	-	-	882.65	844.36
<b>Total</b>	<b>844.36</b>	<b>260.48</b>	<b>-</b>	<b>222.19</b>	<b>882.65</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>882.65</b>	<b>844.36</b>
Previous Year	5667.39	811.21	-	5634.24	844.36	-	-	-	-	-	844.36	5667.39
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>33041.60</b>	<b>1563.62</b>	<b>151.26</b>	<b>222.19</b>	<b>34231.77</b>	<b>18456.34</b>	<b>1451.60</b>	<b>-</b>	<b>138.83</b>	<b>19769.11</b>	<b>14462.66</b>	<b>14585.26</b>
Previous Year	33487.59	7335.10	2146.85	5634.24	33041.60	17984.62	2071.54	-	1599.82	18456.34	14585.26	15502.98

Note :Building includes Prayer Hall and Gold Plating thereon of Rs.132.69 lakhs in Gross Block, Rs.27.21 lakhs in Depreciation Block and Rs.105.48 lakhs in Net Block (Previous Year Rs.132.69 lakhs in Gross Block, Rs.23.55 lakhs in Depreciation Block and Rs.109.14 lakhs in Net Block).

Furniture & Fittings includes Prayer Hall of Rs.13.95 lakhs in Gross Block, Rs.11.43 lakhs in Depreciation Block and Rs.2.52 lakhs in Net Block (Previous Year Rs.13.89 lakhs in Gross Block, Rs.9.41 lakhs in Depreciation Block and Rs.4.54 lakhs in Net Block)

Office Equipment includes Prayer Hall of Rs.0.52 lakhs in Gross Block, Rs.0.14 lakhs in Depreciation Block and Rs.0.38 lakhs in Net Block (Previous Year 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 31.03.2017	AS AT 31.03.2016
	(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 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>328.46</u>
<b>Grand Total ( A+B )</b>	<u>332.78</u>	<u>332.78</u>
Less : Provision for dimunition in the value of investments	-	-
<b>Total</b>	<u>332.78</u>	<u>332.78</u>
Aggregate amount of quoted investments	4.32	4.32
Market value of quoted investments	4.13	2.88
Aggregate amount of unquoted investments	328.46	328.46

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(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	260.23	504.38
Others	-	-
	<u>260.23</u>	<u>504.38</u>
<b>b. Security Deposits</b>		
Security Deposits - Un secured considered good	82.54	72.94
	<u>82.54</u>	<u>72.94</u>
<b>Total</b>	<u>342.77</u>	<u>577.33</u>
<b>Note 14 - Inventories</b>		
<b>a. Raw Materials and Components</b>	3687.54	3952.03
Goods-in transit-Grey Fabrics	-	-
	<u>3687.54</u>	<u>3952.03</u>
<b>b. Work in progress</b>	2931.13	2709.80
Goods-in transit	-	-
	<u>2931.13</u>	<u>2709.80</u>
<b>c. Finished Goods</b>	7734.24	5667.38
Goods-in transit-Fabrics	405.17	570.78
	<u>8139.41</u>	<u>6238.16</u>
<b>d. Stock-in-trade</b>	-	-
Goods-in transit	-	-
	<u>-</u>	<u>-</u>
<b>e. Stores and Spares</b>	462.66	399.07
Goods-in transit	-	-
	<u>462.66</u>	<u>399.07</u>
<b>f. Others (Specify nature)</b>		
Stock of Waste	4.26	2.29
	<u>4.26</u>	<u>2.29</u>
<b>Total</b>	<u>15225.00</u>	<u>13301.35</u>
<b>Mode of Valuation : Refer Note 28.3 in Significant Accounting Policies</b>		
<b>Details of Raw Materials</b>		
Cotton	262.46	469.56
Yarn	1809.07	1964.74
Grey Fabric / Fabric	1030.15	857.99
Fibre	40.59	100.71
Chemicals	402.83	384.57
Accessories	142.45	174.46
<b>Total</b>	<u>3687.56</u>	<u>3952.03</u>
<b>Details of Work-in-process</b>		
Cotton Yarn and Processed Fabric	2671.62	2680.20
Fibre Yarn and Processed Fabric	259.51	29.60
<b>Total</b>	<u>2931.13</u>	<u>2709.80</u>
<b>Details of Finished Goods</b>		
Fabric	4992.96	3772.73
Garments	2179.71	1642.22
Home Textiles	514.32	148.98
Terry Towels	36.70	103.45
<b>Total</b>	<u>7723.70</u>	<u>5667.39</u>

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(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	443.50	373.55
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	4923.84	5350.74
<b>Total</b>	<b>5367.34</b>	<b>5724.30</b>
<b>Note 16 - Cash and Cash Equivalents</b>		
a. Balances with banks	306.36	295.13
b. Cheques, drafts on hand	-	-
c. Cash on hand	25.59	24.24
d. Others Bank Balances		
Unclaimed Dividend Account	45.64	36.99
e. Others		
EEFC Deposits	0.61	0.62
Margin Money Deposits	835.07	727.67
<b>Total</b>	<b>1213.27</b>	<b>1084.64</b>
<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	1288.86	1365.53
For Expenses / Others	313.84	285.77
For Duties & Taxes	85.77	308.76
MAT Credit Entitlement	-	447.22
Prepaid Expenses	189.91	139.01
<b>Total</b>	<b>1878.38</b>	<b>2546.29</b>
<b>Note 18 - Other Current Assets</b>		
a. Export Incentives Receivable	603.53	444.10
b. Excise Claim Receivable	-	18.79
c. Interest Subsidy from Govt. Agencies	27.62	62.79
d. Interest Receivable	9.90	37.18
e. Miscellaneous Expenditure	3.49	3.82
<b>Total</b>	<b>644.53</b>	<b>566.68</b>

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	31.03.2017	31.03.2016
	(Rs. in lakhs)	
<b>Note 19 - Revenue from Operations</b>		
Sale of Products	66512.24	69216.76
Sale of Services - Job Work	2487.05	1567.30
Other Operating Revenues : Waste Cotton / Yarn / Accessories Sales	449.21	768.50
<b>Total</b>	<u>69448.50</u>	<u>71552.56</u>
<b>Details of Sale of Products</b>		
Fabrics	45713.37	48394.66
Garments	10988.98	9526.53
Home Textiles	8793.08	10269.31
Terry Towel	382.70	504.87
Power	634.11	521.39
<b>Total</b>	<u>66512.24</u>	<u>69216.76</u>
<b>Note 20 - Other Income</b>		
Interest Income	55.89	60.73
Interest Subsidy received	11.09	27.64
Dividend Income	-	0.09
Lease Rent Receipts	0.73	0.64
Insurance Claim Received	22.92	8.89
Profit on sale of fixed assets	-	228.20
Exchange Gain on Export Sales	162.09	288.88
Other non-operating income (Net of expenses directly attributable to such income)	<u>151.96</u>	<u>10.99</u>
<b>Total</b>	<u>404.68</u>	<u>626.05</u>
<b>Note 21 - Cost of Materials Consumed</b>		
Opening Stock	3952.04	3688.26
Purchases	39896.14	40232.29
<b>Sub-total</b>	<u>43848.18</u>	<u>43920.55</u>
Less : Closing Stock	<u>3687.53</u>	<u>3952.04</u>
<b>Raw Materials Consumed</b>	<u>40160.65</u>	<u>39968.52</u>
<b>Imported and Indigenous Raw Materials consumed</b>		
Imported	3797.50	3414.94
Indigenous	<u>36363.15</u>	<u>36553.58</u>
<b>Total</b>	<u>40160.65</u>	<u>39968.52</u>
<b>Details of Raw Material Consumed</b>		
Cotton	5136.08	4267.99
Yarn	16040.48	16356.08
Fibre	829.53	1337.31
Fabrics	10768.72	10091.07
Chemicals	5242.12	5501.04
Accessories	<u>2143.72</u>	<u>2415.03</u>
<b>Total</b>	<u>40160.65</u>	<u>39968.52</u>

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	31.03.2017	31.03.2016
	(Rs. in lakhs)	
<b>Note 22 - Purchases of Stock-in-Trade</b>		
Garments Purchase	1875.90	1584.55
<b>Total</b>	<u>1875.90</u>	<u>1584.55</u>
<b>Note 23 - Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade</b>		
<b>Opening Stock :</b>		
Work-in-Process	2709.79	1949.20
Finished Goods	6238.16	7296.53
Traded Items	-	-
	<u>8947.95</u>	<u>9245.73</u>
<b>Closing Stock :</b>		
Work-in-Process	2931.13	2709.79
Finished Goods	8139.42	6238.16
Traded Items	-	-
	<u>11070.55</u>	<u>8947.95</u>
<b>Total</b>	<u>(2122.60)</u>	<u>297.78</u>
<b>Note 24 - Other Manufacturing Expenses</b>		
(a) Power & Fuel	3000.65	3748.06
(b) Consumptions of Stores & Spare Parts	395.03	169.74
(c) Processing Charges	5847.37	6278.71
(d) Repairs & Maintenance		
For Plant & Machinery	2188.27	1441.35
For Buildings	405.19	306.19
For Others	223.36	505.98
<b>Total</b>	<u>12059.87</u>	<u>12450.01</u>
<b>Imported and Indigenous Stores &amp; Spare Parts Consumed</b>		
Imported	335.74	139.64
Indigenous	59.29	30.10
<b>Total</b>	<u>395.03</u>	<u>169.74</u>
<b>Note 25 - Employee Benefits Expenses</b>		
(a) Salaries and Wages	5118.61	4478.00
(b) Salaries-Managing Directors/Whole Time Directors	188.36	372.95
(c) Contributions to Provident Fund and Other Funds	79.09	83.31
(d) Gratuity as per Actuarial Valuations	140.90	71.52
(e) Staff Welfare Expenses	167.20	126.46
<b>Total</b>	<u>5694.16</u>	<u>5132.25</u>
<b>Note 26 - Finance Costs</b>		
Interest Expense	2140.36	2815.54
Other Borrowing Costs	610.25	538.34
Applicable Net Gain/Loss on Foreign Currency Transactions and Translation	-	1.58
<b>Total</b>	<u>2750.61</u>	<u>3355.46</u>

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	31.03.2017	31.03.2016
		(Rs. in lakhs)
<b>Note 27 - Other Expenses</b>		
Rent	109.10	104.29
Insurance	220.59	172.06
Rates and Taxes, excluding, Taxes on Income	191.33	183.50
<b>Payments to the Auditor as</b>		
a) As Statutory Auditor	4.05	4.01
b) For Taxation Matters	3.30	2.47
c) For Other Services	-	0.47
Legal, Professional & Consultancy Charges	63.71	135.96
Printing and Stationery	57.45	71.34
Postage, Telegrams and Telephones	216.05	183.62
Travelling Expenses and Maintenance of Vehicles	602.12	611.56
Director Sitting Fees	5.03	4.73
Software Maintenance Expenses	-	-
Brokerage	13.31	33.18
Commission on Sales	1134.64	923.84
Discount on Sales	160.43	193.35
Selling Expenses	598.59	481.49
Freight Outwards	510.98	517.31
Exchange Loss on Export Sales	-	13.54
Prayer Hall Repairs and Maintenance	23.92	16.43
Corporate Social Responsibility Expenses	41.77	14.34
Bad Debts Written Off	-	-
Miscellaneous Expenses	219.66	232.99
Loss on sale of fixed assets	5.37	-
<b>Total</b>	<b>4181.40</b>	<b>3900.48</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

### NOTE 28

#### SIGNIFICANT ACCOUNTING POLICIES

##### 28.1. Method of Accounting:

The Financial Statements have been prepared on the historical cost convention and in accordance with the Accounting Standards referred to in 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 31.03.2017
Trigger Apparels Limited	India	100%
KG Denim (USA) Inc.	Delaware, USA	100%

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

**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 / 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 31.03.2017	Audited 31.03.2016
1	Segment Revenue (Net Sales / Income from Operations)		
	(a) Textiles	60,241	61,870
	(b) Power	3,984	3,615
	(c) Garmenting	11,139	8,983
	<b>Total</b>	<b>75,364</b>	<b>74,468</b>
	Add: Other Unallocable Income		
	Less: Inter Segment Sales	5,915	2,915
	<b>Net Sales / Income from operations</b>	<b>69,449</b>	<b>71,553</b>
2	Segment Results (Profit before Interest & Tax)		
	(a) Textiles	5,960	5,958
	(b) Power	522	793
	(c) Garmenting	71	(5)
	<b>Total</b>	<b>6,553</b>	<b>6,746</b>
	Less:		
	a) Interest & Finance Charges(Net)	2,751	3,328
	b) Other Unallocable expenditure(Net of Unallocable Income)	-	-
	<b>Profit Before Extra Ordinary Items &amp; Tax</b>	<b>3,802</b>	<b>3,418</b>
3	Capital Employed		
	(a) Textiles	9,128	8,652
	(b) Power	6,554	6,224
	(c) Garmenting	534	521
	(d) Unallocable	-	-
	<b>Total Capital Employed in Company</b>	<b>16,216</b>	<b>15,397</b>

**28.7** As per Companies Act, 2013, Amendment in Schedule III Notification No.GSR 308(E) (F.No.17/62/2015-CL-(VOL.I) DT 30.03.2017, the following details is provided.

Particulars	SBN'S Rs.	OTHER DENOMINATION Rs.	TOTAL Rs.
Closing Cash in Hand as on 08.11.2016	1330000.00	3327685.00	4657685.00
Add: Permitted Receipts	-	9718613.00	9718613.00
Less: Permitted Payments	-	10353566.00	10353566.00
Less: Amount Deposited in Banks	1330000.00	930	1330930.00
Closing Cash in Hand as on 30.12.2016	-	-	2691802.00
Amount Deposited Directly into Company's Bank Account by Customers	723000.00	2381173.00	3104173.00





**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-FIFTH ANNUAL GENERAL MEETING of the Members of K G DENIM LIMITED will be held on Saturday, the 16<sup>th</sup> day of September, 2017 at 10.45 a.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 2017, the Statement of Profit and Loss and Cash Flow Statements for the year ended 31<sup>st</sup> March 2017 and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri B Srihari (DIN-00002556), 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** pursuant to the provisions of Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, approval of the Company be and is hereby given to record the retirement of M/s Gopalaiyer and Subramanian, Chartered Accountants (ICAI Regn. No.000960S) from the conclusion of this Annual General Meeting and to approve the appointment of M/s Mohan & Venkataraman, Chartered Accountants (ICAI Regn. No.007321S), as Auditors for a term of five years commencing from 2017-18 to 2021-22 to hold office from the conclusion of this Annual General Meeting and till the conclusion of the Annual General Meeting to be held in 2021-22 on a remuneration as decided by the Board."

**SPECIAL BUSINESS**

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
**"RESOLVED THAT** pursuant to 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."

Coimbatore  
28.07.2017

By Order of the Board  
**KG Baal Krishnan**  
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 Monday the 11<sup>th</sup> September 2017 to Saturday, the 16<sup>th</sup> September, 2017 (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 16<sup>th</sup> September, 2017. 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 09<sup>th</sup> September, 2017. 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 No.5 is enclosed.
8. Re-appointment of Directors:  
At the ensuing Annual General Meeting Shri B Srihari (DIN : 00002556) 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 25<sup>th</sup> Annual General Meeting scheduled to be held at 10.45 a.m., on Saturday the 16<sup>th</sup> September, 2017, 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 13.09.2017 and ends on at 05.00 PM on 15.09.2017. 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 09.09.2017, 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., 09.09.2017 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  
28.07.2017

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

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

**ITEM No.5**

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 09, 2017, 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.5 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.5.

Coimbatore  
28.07.2017

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

# Route map of AGM Venue

