



# ANNUAL REPORT

## 2017-2018

**K G DENIM LIMITED**



## K G DENIM LIMITED

### BOARD OF DIRECTORS

**Executive Chairman** Shri KG Baalakrishnan (DIN : 00002174)

**Managing Directors** Shri B Sriramulu (DIN : 00002560)  
Shri B Srihari (DIN : 00002556)

**Directors** Shri G V S Desikan (DIN : 00050597)  
Shri G P Muniappan (DIN : 01653599)  
Shri K N V Ramani (DIN : 00007931)  
Smt T Anandhi (DIN : 00050786)  
Shri A Velusamy (DIN : 00002204)  
Shri A P Seturaaman (DIN : 07331898)

**Company Secretary** Shri M Balaji

**Chief Financial Officer** Shri S Muthuswamy

**Auditors** M/s Mohan & Venkataraman  
Chartered Accountants  
Coimbatore

**Bankers** Indian Bank  
Andhra Bank  
State Bank of India  
Allahabad Bank  
The South Indian Bank Limited

### Registered Office

Then Thirumalai  
Jadayampalayam, Coimbatore - 641 302  
Phone : (04254) 235401 / 235240  
Website : www.kgdenim.com  
E-mail : cskgdl@kgdenim.in  
CIN : L17115TZ1992PLC003798

### Registrar and Share Transfer Agent

Cameo Corporate Services Ltd  
"Subramanian Building"  
No.1, Club House Road  
Chennai - 600 002  
Phone : (044) 28460390 (6 lines)

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# K G DENIM LIMITED

## DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

We have pleasure in presenting the Twenty-Sixth Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2018.

### FINANCIAL RESULTS

(Rs. in lakhs)

PARTICULARS	Standalone		Consolidated	
	For the year ended 31 <sup>st</sup> March 2018	For the year ended 31 <sup>st</sup> March 2017	For the year ended 31 <sup>st</sup> March 2018	For the year ended 31 <sup>st</sup> March 2017
Gross Profit	4702	7901	4201	8068
Less : Finance Cost	2435	2603	2582	2751
Profit prior to Depreciation and write off	2267	5298	1619	5317
Less : Depreciation	1391	1378	1445	1452
Profit before Tax	876	3920	174	3865
Current, Deferred & earlier year tax	293	1462	83	1529
Add : Other Comprehensive Income	48	(39)	32	(62)
Net Profit for the year	631	2419	123	2274
Balance Brought forward	5832	3667	4873	3188
Ind AS adjustments for Depreciation/ Receivables	-	(22)	-	(357)
Equity Dividend & Tax thereon	232	232	232	232
Balance Carried Forward	6231	5832	4765	4873

The Company has adopted Ind AS from 01.04.2017 for the first time.

### STATE OF THE COMPANY'S AFFAIRS

During the period under review, the Company has earned revenue of Rs.63867 lakh and Net Profit of Rs.631 lakh on standalone basis and Rs.71985 lakh and Rs.123 lakh respectively on consolidated basis.

### PERFORMANCE OF THE COMPANY

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

During the year ended 31.03.2018 total Fabric production was 371 lakh meters as against 359 lakh meters in 2016-17.

Sale of Fabric was 355 lakh meters in 2017-18 as against 346 lakh meters in 2016-17.

The Net Profit had decreased due to increase in raw material cost and cost of fuel with no corresponding increase in sale price.

### 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 2017-18. The Dividend tax payable amounts to Rs.39 lakh.

### INDUSTRY STRUCTURE AND DEVELOPMENT

Textile Industry in India had witnessed downward trend both in the domestic as well as export markets. Certain Government policies like Demonitisation, Implementation of GST had resulted in reduced off take in the domestic markets. Competition from neighboring countries, reduction of export incentives and strengthening Indian Rupee had adverse impact on export realisation. In spite of the above, company has been able to marginally improve the turnover mainly by export sales of denim fabric and home textiles.

Company is making efforts to focus on new markets, new segments and other countries in the Far East and Middle East.

### OPPORTUNITIES AND THREATS

With the stabilisation, after the initial glitches, in the implementation of GST, improvements are seen in the demand.

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

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

### LISTING OF EQUITY SHARES

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

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 2018-19.

# K G DENIM LIMITED

## PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES

The Company has two wholly owned subsidiaries Trigger Apparels Limited and KG Denim (USA) Inc.

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.11500 lakh against Rs.11164 lakh during the previous year. The Subsidiary Company has registered a loss of Rs.504 lakh as against a loss of Rs.144 lakh in the previous year. The increase in losses is due to liquidation of old stocks. The subsidiary is reorganising its products and marketing channels.

KG Denim (USA) Inc. had achieved a turnover of Rs.29 lakh and registered a loss of Rs.5 lakh during the year.

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

## CONSOLIDATED FINANCIAL STATEMENTS

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

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

## CEO/CFO CERTIFICATION

The Managing Director and Chief Financial Officer of the Company have submitted a Certificate to the Board as required under Clause 49 of the Listing Agreement for the year ended 31<sup>st</sup> March, 2018.

## MEETINGS OF THE BOARD OF DIRECTORS

During the year ended 31<sup>st</sup> March, 2018, six Board Meetings were held.

The dates on which the Board meetings were held are 23<sup>rd</sup> May 2017, 28<sup>th</sup> July 2017, 02<sup>nd</sup> September 2017, 17<sup>th</sup> November, 2017, 14<sup>th</sup> February 2018 and 24<sup>th</sup> March 2018.

A meeting of the Independent Directors of the Board was held on 14<sup>th</sup> February, 2018.

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 2018 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, 2018 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 consisted of Shri K N V Ramani, Chairman with Shri G V S Desikan and Shri V Jagadisan as members.

Consequent upon the demise of Shri V Jagadisan in March 2018 his vacancy was filled up by appointing Shri G P Muniappan as member in March 2018.

The Board of Directors appointed Shri G P Muniappan as member of the said Committee on 24.03.2018, who fulfills the criteria specified under Section 178(1).

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, 2018 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 2017-18 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 transactions 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, 2018.

## 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 Shri B Sriramulu as Chairman with 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 Shri KG Baalakrishnan as Chairman with Shri G V S Desikan and Shri A Velusamy as Members and adopted policy for Corporate Social Responsibility.

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

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

## EVALUATION OF BOARD

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

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

# K G DENIM LIMITED

## DIRECTORS

Shri V Jagadisan, Independent Director of the Company, had expired on 16.03.2018. The Board placed on record the invaluable contributions of Shri V Jagadisan towards the progress of the Company.

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

Due to amendments in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2018 Messrs K N V Ramani, Shri G V S Desikan and Shri G P Muniappan, who are Non-Executive Directors and have attained 75 years of age are proposed to be appointed as Directors for 3 years from 01.04.2019 at the forthcoming Annual General Meeting.

Shri KG Baalakrishnan, Executive Chairman, Shri B Sriramulu, Managing Director and Shri B Srihari, Managing Director are being re-appointed from 03.11.2018 for a period of 5 years.

The Board proposes to appoint Shri M B N Rao, an acclaimed Banking Professional, as an Independent Director at the forthcoming Annual General Meeting of the Company to fill in the vacancy caused due to the demise of Shri V Jagadisan.

## 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 | - | Chief Financial Officer |
| 4. Shri M Balaji     | - | Company Secretary       |

## DEPOSITS

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

## STATUTORY AUDITORS

M/s. Mohan & Venkataraman were appointed as Auditors of the Company at the AGM held on 16.09.2017, to hold office as Auditors for a term of five Financial Years commencing from 2017-18 to 2021-22 till conclusion of AGM to be held for financial year 2021-22.

## AUDITORS REPORT

M/s. Mohan & Venkataraman, Chartered Accountants (ICAI Regn. No.007321S) have issued Auditors Report for the Financial Year ended 31<sup>st</sup> March, 2018.

There are no qualifications in Auditors' Report.

## INTERNAL AUDITORS

The Board of Directors of the Company had appointed Mr K Panneerselvam, Chartered Accountant (Membership No.220574) to conduct Internal Audit of the Company.

## COST AUDITORS

As per the requirement of Central Government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying out audit of cost records relating to Textile 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 2018-19. 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 consisted of Shri V Jagadisan as Chairman with Shri K N V Ramani and Shri G V S Desikan as members.

All the members of the Audit Committee are Independent Directors.

Consequent upon the demise of Shri V Jagadisan, Chairman of Audit Committee, vacancy had arisen in the Company's Audit Committee.

The Board of Directors appointed Shri G P Muniappan as member of the said Committee on 24.03.2018, who fulfills the criteria specified under Section 177(2).

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

# K G DENIM LIMITED

## CORPORATE GOVERNANCE

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, forms part of the Annual Report - Annexure - 5.

## VIGIL MECHANISM

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

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

## SECRETARIAL AUDITORS REPORT

As per the provisions of Section 204 of the Companies Act, 2013, the Board of Directors have appointed Shri M.R.L.Narasimha, Practising Company Secretary (C.P.No:799) as Secretarial Auditor to conduct Secretarial audit of the Company for the Financial Year ended on 31<sup>st</sup> March, 2018.

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, 2018, 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, Andhra Bank, State Bank of India, The South Indian Bank Limited and Allahabad Bank.

## 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.41 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, 2018 to the date of signing of the Director's Report.

## ACKNOWLEDGMENT

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

# K G DENIM LIMITED

## PERSONNEL

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

## CAUTIONARY STATEMENT

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

## PARTICULARS OF EMPLOYEES

Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in Annexure - 7 to this report.

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

The Company has presented in this Report, the consolidated financial statements of the holding company and all its subsidiaries, duly audited by the Statutory Auditors. The Company will make available the audited annual accounts and related information of its subsidiaries, upon request by any of its shareholders. The annual accounts of the subsidiary companies will also be kept for inspection by any member at the Registered Office of the Company and its subsidiary companies.

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

On behalf of the Board

**KG Baalakrishnan**

Executive Chairman

DIN: 00002174

Coimbatore

01.08.2018

# 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 taxat-ion	Prov-ision for tax-ation	Profit after tax-ation	Prop-osed Divi-dend	% of Share-hold-ing
1	Trigger Apparels Limited			450.00	(1460.99)	3911.39	4922.38	-	11301.12	(713.61)	(210.03)	(503.58)	-	100%
2.	KG Denim (USA) Inc.		Exchange Rate Rs.65 per USD	0.46	(5.83)	74.11	79.48	-	29.16	(4.57)	-	(4.57)	-	100%

## Part "B": Associates and Joint Ventures

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

There are no Associates / Joint Ventures

KG BAALAKRISHNAN

B SRIRAMULU

B SRIHARI

M BALAJI

S MUTHUSWAMY

Executive Chairman

Managing Director

Managing Director

Company Secretary

Chief Financial Officer

DIN : 00002174

DIN : 00002560

DIN : 00002556

Coimbatore, 01st August, 2018

# K G DENIM LIMITED

Annexure - 2

Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on 31.03.2018

[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	65%
2	Apparel Fabrics	1313	16%
3	Home Textiles	1392	18%
4	Others		1%

### 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 2017)				No. of Shares held at the end of the year (As on 31st March 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
1. Individual/HUF	9869258	0	9869258	38.47	9869258	0	9869258	38.47	0
2. Central Govt/State Govt (s)	0	0	0	0	0	0	0	0	0
3. Bodies Corp.	0	0	0	0	0	0	0	0	0
4. Banks / FI	5162145	0	5162145	20.12	5162145	0	5162145	20.12	0
5. 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>
(2) Foreign									
a) Individuals (Non-Resident Individuals/Foreign Individuals	0	0	0	0	0	0	0	0	0
b) Bodies Corp.	0	0	0	0	0	0	0	0	0
c) Banks / FI	0	0	0	0	0	0	0	0	0
d) Qualified Foreign Investor	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>									
(1) Institutions									
a) Mutual Funds / UTI	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/State Govt (s)	0	0	0	0	0	0	0	0	0
d) Venture Capital Funds	0	0	0	0	0	0	0	0	0
e) Insurance Companies	0	0	0	0	0	0	0	0	0
f) FIs	0	2300	2300	0.01	0	2300	2300	0.01	0
g) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
h) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
i) Any other	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>
(2) Non Institutions									
a) Bodies Corporate	584888	39300	624188	2.43	520990	39300	560290	2.18	-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	3573934	1370764	4944698	19.27	3600036	1330564	4930600	19.22	-0.06
ii) Individual shareholders holding nominal share capital excess of Rs.1 lakh	4071702	176400	4248102	16.56	4095785	164800	4260585	16.61	0.05
c) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
d) Any other									
Clearing Members	31348	0	31348	0.12	11737	0	11737	0.05	-0.08
HUF	359925	0	359925	1.40	317123	0	317123	1.24	-0.17
Non Resident Indians	212541	186900	399441	1.56	209867	184600	394467	1.54	-0.02
Others	0	6700	6700	0.03	0	6600	6600	0.03	0
Trusts	200	0	200	0	133200	0	133200	0.52	0.52
<b>Sub-total (B)(2):</b>	<b>604014</b>	<b>193600</b>	<b>797614</b>	<b>3.11</b>	<b>671927</b>	<b>191200</b>	<b>863127</b>	<b>3.36</b>	<b>0.26</b>
<b>Sub-total (B)(1)+(B)(2):</b>	<b>8834538</b>	<b>1780064</b>	<b>10614602</b>	<b>41.38</b>	<b>8888738</b>	<b>1725864</b>	<b>10614602</b>	<b>41.38</b>	<b>0</b>
<b>Total Public Shareholding</b>									
<b>(B)=(B)(1)+(B)(2)</b>	<b>8834538</b>	<b>1787964</b>	<b>10622502</b>	<b>41.41</b>	<b>8888738</b>	<b>1733764</b>	<b>10622502</b>	<b>41.41</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>23865941</b>	<b>1787964</b>	<b>25653905</b>	<b>100</b>	<b>23920141</b>	<b>1744364</b>	<b>25653905</b>	<b>100</b>	<b>0</b>

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## ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April 2017)			Shareholding at the end of the year (As on 31st March 2018)			% 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, 2018 (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, 2018 (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2017)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
1.	Mr Shivani Tejas Trivedi	635050	2.48				635050	2.48
				21.07.2017	(1713)	Sale	633337	2.47
				28.07.2017	(8728)	Sale	624609	2.44
				01.09.2017	(43076)	Sale	581533	2.27
				24.11.2017	7039	Purchase	588572	2.29
				15.12.2017	21381	Purchase	609953	2.38
				22.12.2017	20866	Purchase	630819	2.46

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Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2017)	% 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
	At the end of the year (31.03.2018)						630819	2.46

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2017)	% 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	490000	1.91		No Change		490000	1.91

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2017)	% 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	345924	1.35				345924	1.35
				24.11.2017	(345924)	Sale	0	0
	At the end of the year (31.03.2018)						0	0

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2017)	% 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 Kashish Jain	0	0				0	0
				24.11.2017	345924	Purchase	345924	1.35
	At the end of the year (31.03.2018)						345924	1.35

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Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2017)	% 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 Tejas Bhalchandra Trivedi	243208	0.95				243208	0.95
				04.08.2017	(19906)	Sale	223302	0.87
				11.08.2017	(3300)	Sale	220002	0.86
				05.01.2018	(14639)	Sale	205363	0.80
				19.01.2018	(10000)	Sale	195363	0.76
				25.01.2018	(10363)	Sale	185000	0.72
				02.02.2018	(21321)	Sale	163679	0.64
				09.02.2018	(108257)	Sale	55422	0.22
				16.02.2018	(55422)	Sale	0	0
	At the end of the year (31.03.2018)						0	0

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2017)	% 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.	Mr Rajiv Khanna	197633	0.77			197633	0.77	
				30.06.2017	(1500)	Sale	196133	0.76
				21.07.2017	(4600)	Sale	191533	0.75
				11.08.2017	(7000)	Sale	184533	0.72
				18.08.2017	(2900)	Sale	181633	0.71
				25.08.2017	(4500)	Sale	177133	0.69
				01.09.2017	(2000)	Sale	175133	0.68
				15.09.2017	(4000)	Sale	171133	0.67
				22.09.2017	(5500)	Sale	165633	0.65
				29.09.2017	(3000)	Sale	162633	0.63
				06.10.2017	(5255)	Sale	157378	0.61
				13.10.2017	(2000)	Sale	155378	0.61
				05.01.2018	(7500)	Sale	147878	0.58
				12.01.2018	(4500)	Sale	143378	0.56
				19.01.2018	(3500)	Sale	139878	0.55
				25.01.2018	(4000)	Sale	135878	0.53
				16.03.2018	(6500)	Sale	129378	0.50
	At the end of the year (31.03.2018)						129378	0.50



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Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2017)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
7.	Mr C Ramasamy Anandakrishnan	108053	0.42				108053	0.42
				16.06.2017 23.06.2017	(84186) (23867)	Sale Sale	23867 0	0.09 0
	At the end of the year (31.03.2018)						0	0

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2017)	% 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 Surendra Kumar Jain	106215	0.41				106215	0.41
				24.11.2017	(106215)	Sale	0	0
	At the end of the year (31.03.2018)						0	0

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2017)	% 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.	Ms Seema Jain	0	0				0	0
				24.11.2017	106215	Purchase	106215	0.41
	At the end of the year (31.03.2018)						106215	0.41

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2017)	% 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	104065	0.41				104065	0.41
				07.04.2017 05.05.2017	(2120) (1500)	Sale Sale	101945 100445	0.40 0.39

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Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2017)	% 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
				12.05.2017	(100)	Sale	100345	0.39
				19.05.2017	(502)	Sale	99843	0.39
				26.05.2017	(37914)	Sale	61929	0.24
				02.06.2017	(9807)	Sale	52122	0.20
				07.07.2017	(4650)	Sale	47472	0.19
				11.08.2017	(1455)	Sale	46017	0.18
				08.09.2017	(46017)	Sale	0	0
	At the end of the year (31.03.2018)						0	0

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2017)	% 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 John M T	100001	0.39				100001	0.39
				26.05.2017	500	Purchase	100501	0.39
				25.08.2017	134	Purchase	100635	0.39
				01.09.2017	366	Purchase	101001	0.39
				24.11.2017	1000	Purchase	102001	0.40
				15.12.2017	(500)	Sale	101501	0.40
	At the end of the year (31.03.2018)						101501	0.40

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2017)	% 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 Bhavin Mahendra Dagli	95000	0.37				95000	0.37
				07.07.2017	30000	Purchase	125000	0.49
				12.01.2018	(63000)	Sale	62000	0.24
				19.01.2018	(12000)	Sale	50000	0.19
	At the end of the year (31.03.2018)						50000	0.19

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Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2017)	% 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.	M/s Rajasthan Global Securities Private Limited	0	0				0	0
				01.12.2017	232	Purchase	232	0.00
				08.12.2017	27200	Purchase	27432	0.11
				15.12.2017	2801	Purchase	30233	0.12
				09.02.2018	89107	Purchase	119340	0.47
				16.02.2018	50000	Purchase	169340	0.66
				02.03.2018	250	Purchase	169590	0.66
				09.03.2018	3549	Purchase	173139	0.67
				16.03.2018	358	Purchase	173497	0.68
				23.03.2018	823	Purchase	174320	0.68
	At the end of the year (31.03.2018)						174320	0.68

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2017)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
14.	M/s Rajasthan Global Securities Pvt. Ltd.	0	0				0	0
				23.02.2018	15611	Purchase	15611	0.06
	At the end of the year (31.03.2018)						15611	0.06

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2017)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
15.	Mr Dheeraj Kumar Lohia	0	0				0	0
				08.09.2017	14907	Purchase	14907	0.06
				15.09.2017	3991	Purchase	18898	0.07
				22.09.2017	7000	Purchase	25898	0.10
				29.09.2017	1127	Purchase	27025	0.11
				06.10.2017	500	Purchase	27525	0.11
				13.10.2017	13705	Purchase	41230	0.16

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Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2017)	% 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
				20.10.2017	50475	Purchase	91705	0.36
				27.10.2017	20982	Purchase	112687	0.44
				31.10.2017	7985	Purchase	120672	0.47
				03.11.2017	1116	Purchase	121788	0.47
				10.11.2017	3000	Purchase	124788	0.49
				08.12.2017	11190	Purchase	135978	0.53
				22.12.2017	(1000)	Sale	134978	0.53
				23.02.2018	20950	Purchase	155928	0.61
				09.03.2018	2822	Purchase	158750	0.62
				16.03.2018	5962	Purchase	164712	0.64
				30.03.2018	7641	Purchase	172353	0.67
	At the end of the year (31.03.2018)						172353	0.67

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2017)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
16.	Mr Mohamed Yusuf Noorani	0	0				0	0
				23.02.2018	133000	Purchase	133000	0.52
	At the end of the year (31.03.2018)						133000	0.52

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2017)	% 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
17.	Mr V Rajesh K Shah	24700	0.10				24700	0.10
				07.04.2017	(14000)	Sale	10700	0.04
				05.05.2017	(2000)	Sale	8700	0.03
				19.05.2017	6000	Purchase	14700	0.06
				26.05.2017	5000	Purchase	19700	0.08
				02.06.2017	(500)	Sale	19200	0.07
				16.06.2017	2000	Purchase	21200	0.08
				23.06.2017	(1500)	Sale	19700	0.08
				30.06.2017	(1000)	Sale	18700	0.07
				07.07.2017	2000	Purchase	20700	0.08
				14.07.2017	33000	Purchase	53700	0.21
				21.07.2017	6760	Purchase	60460	0.24

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Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2017)	% 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
				28.07.2017	(760)	Sale	59700	0.23
				04.08.2017	7050	Purchase	66750	0.26
				11.08.2017	(50)	Sale	66700	0.26
				18.08.2017	3000	Purchase	69700	0.27
				01.09.2017	(500)	Sale	69200	0.27
				08.09.2017	32500	Purchase	101700	0.40
				15.09.2017	(101700)	Sale	0	0
				13.10.2017	117000	Purchase	117000	0.46
				27.10.2017	(3000)	Sale	114000	0.44
				24.11.2017	17000	Purchase	131000	0.51
				01.12.2017	(3000)	Sale	128000	0.50
				15.12.2017	(12000)	Sale	116000	0.45
				29.12.2017	(27300)	Sale	88700	0.35
				12.01.2018	13000	Purchase	101700	0.40
				16.02.2018	1000	Purchase	102700	0.40
				23.02.2018	24990	Purchase	127690	0.50
				16.03.2018	1000	Purchase	128690	0.50
	At the end of the year (31.03.2018)						128690	0.50

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2017)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
18.	Mr Paras Vasantraai Shah	0	0				0	0
				18.08.2017	550	Purchase	550	0
				25.08.2017	2750	Purchase	3300	0.01
				01.09.2017	1465	Purchase	4765	0.02
				24.11.2017	1554	Purchase	6319	0.02
				29.12.2017	(6319)	Sale	0	0
				16.03.2018	107500	Purchase	107500	0.42
	At the end of the year (31.03.2018)						107500	0.42

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## (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 G P Muniappan	-	-	-	-
7.	Shri A P Seturaaman	-	-	-	-
	<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 M Balaji Company Secretary	-	-	-	-
4.	Shri S Muthuswamy Chief Financial Officer	-	-	-	-

## V. INDEBTEDNESS

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

Rs.in lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	11563.00	240.00	-	11803.00
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>11563.00</b>	<b>240.00</b>	<b>-</b>	<b>11803.00</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	5549.13	380.00	-	5929.13
Reduction	-1901.89	-240.00	-	-2141.89
Net Change	3647.24	140.00	-	3787.24
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	15210.24	380.00	-	15590.24
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>15210.24</b>	<b>380.00</b>	<b>-</b>	<b>15590.24</b>

# K G DENIM LIMITED

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Shri KG Baalakrishnan Executive Chairman	Shri B Sriramulu Managing Director	Shri B Srihari Managing Director	
		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	-	-	-	-
	Total(A)	60,00,000	54,00,000	54,00,000	1,68,00,000
	Ceiling as per the Act-				

### B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount Rs.
		Shri K N V Ramani	Shri V Jagadisan	Shri G V S Desikan	Shri G P Muniappan	Shri A P Seturaaman	
		Rs.	Rs.	Rs.	Rs.	Rs.	
1.	Independent Directors						
	Fee for attending board / committee meetings	1,35,000	1,50,000	1,70,000	70,000	70,000	5,95,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total(1)	1,35,000	1,50,000	1,70,000	70,000	70,000	5,95,000
2.	Other Non-Executive Director	Smt T Anandhi					
	Fee for attending board / committee meetings	-	-	-	-	-	-
	Commission	5,52,825	-	-	-	-	5,52,825
	Others, please specify	-	-	-	-	-	-
	Total(2)	5,52,825	-	-	-	-	5,52,825
	Total (B)=(1+2)	6,87,825	1,50,000	1,70,000	70,000	70,000	11,47,825
	Total Managerial Remuneration						1,79,47,825
	Overall Ceiling as per the Act						

# K G DENIM LIMITED

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary M Balaji	Chief Financial Officer S Muthuswamy	Total Rs.
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	23,69,604	15,28,563	38,98,167
	(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>23,69,604</b>	<b>15,28,563</b>	<b>38,98,167</b>

## VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

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



# K G DENIM LIMITED

## Annexure- 3

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

### A. CONSERVATION OF ENERGY:

1) The steps taken or impact on conservation of energy:

a) Energy conservation measures taken :

1. The energy review meetings are regularly conducted by Energy Cell headed by Certified Energy auditor. Bench mark figures are arrived in all the utilities and deviations are monitored on regular basis. Corrective and preventive actions are taken immediately.

2. The major efforts are mentioned below.

- Installed Bio gas plant in which food and sewage waste will be processed to generate Producer gas 50 % of the LPG consumption in canteen will be reduced by using this gas.
- Replacing conventional lights to LED in mill area on continuous basis.
- Installed High efficient ID fan for Thermopac which saves 15 % power cost of the previous ID fan
- Introduced High Efficient Washer developed by our Maintenance team at Mercerizing machine which improves recycling of water and saves fresh water consumption.
- Introduced additional circulation pump in Thermic fluid line which saves Thermal Energy to the tune of 10 % at Stenter.

### B. TECHNOLOGY ABSORPTION:

i. The Efforts made towards technology absorption: NIL

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

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

No technology has been imported during the past 3 years.

a. The details of technology import: NIL

b. The year of import: NIL

c. Whether the technology has been fully absorbed: NIL

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

iv. The expenditure incurred on Research and Development: Nil

### C. FOREIGN EXCHANGE EARNINGS AND OUT GO:

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

(Rs. lakh)

Particulars	March 31, 2018	March 31, 2017
Outgo	2412.48	4426.98
Earned	24031.80	18433.38

# 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

- A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.  
The CSR Policy is available on the Company's website. The web link of the same is [www.kgdenim.com](http://www.kgdenim.com). A gist of the programs that the Company can undertake under the CSR policy is mentioned below.  
Rural development project / eradication of hunger and poverty.  
The activities and funding are monitored internally by the Company.
- The Composition of the CSR Committee.  
Shri KG Baalakrishnan (Executive Chairman);  
Shri G V S Desikan (Independent Director);  
Shri A Velusamy (Director).
- Average net profit of the Company for last three Financial Years.  
The average Net Profit for the last three years is Rs.2538.49 lakh.
- Prescribed CSR Expenditure (two percent of the amount as in item 3 above).  
The Company is required to spend Rs.50.77 lakh towards CSR for the Financial Year 2017-18.
- Details of CSR spent during the Financial Year.
  - Total amount spent in the Financial Year Rs.51.00 lakh for 2017-18.
  - Amount unspent, if any : Rs.Nil
  - 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
1)	Transfer to KG Denim Trust Foundation	Promoting health care	Rural Hospital Then Thirumalai, Mettupalayam Taluk, Coimbatore, Tamilnadu	50.00	50.00		Through KG Denim Trust Foundation
2)	World People Welfare Trust	Skill Development	Tamilnadu, Coimbatore	0.50	0.50		Through World People Welfare Trust
3)	Parents Teacher Association, Panchayat Union Public School	Skill Development	Ramanathapuram, Tamilnadu Coimbatore	0.20	0.20		Through Parents Teacher Association
4)	The Head Master Panchayat Union Middle School, Karavazhi Mathapur	Skill Development	Karavazhi, Mathapur Tamilnadu, Coimbatore	0.25	0.25		Through the Head Master Panchayat Union Middle School
5)	Tirupur District Masters Athletic Association Tirupur	Sports	Tirupur, Coimbatore	0.05	0.05		Through Tirupur District Masters Athletic Association, Tirupur

Amounts spent by KG Denim Trust Foundation in respect of contribution

-for 2015-16 and 2016-17 - Rs.41.50 lakhs

-Advance for purchase of land - Rs.36 lakhs (for 2017-18)

# K G DENIM LIMITED

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 2017-18. The Company has transferred Rs.50.00 lakh to KG Denim Foundation Trust. KG Denim Trust Foundation is a Trust set up exclusively for CSR activities. The said Trust has commenced activities by providing rural health checkup and giving medicines at free/subsidized rates to deserving general public.

The Trust is also in the process of putting up a full fledged hospital at Jadayampalayam Taluk, Coimbatore for which land has been purchased.

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 : 01.08.2018  
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, 2018, 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 2017 to 31<sup>st</sup> March 2018. The strength of the Board is 9 Directors, out of which 4 are independent directors.

6 (Six) Board Meetings were held during the year, as against the minimum requirement of 4 meetings. The dates on which the meetings held were as follows: 23<sup>rd</sup> May 2017, 28<sup>th</sup> July 2017, 02<sup>nd</sup> September 2017, 17<sup>th</sup> November 2017, 14<sup>th</sup> February 2018 and 24<sup>th</sup> March 2018. A meeting of Independent Directors was held on 14<sup>th</sup> February 2018 which was attended by all Independent Directors. The Annual General Meeting was held on 16<sup>th</sup> September 2017. 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	6	6	Present	7	-	-
Shri B Sriramulu-DIN : 00002560	6	6	Not Present	5	-	2
Shri B Srihari-DIN : 00002556	6	6	Present	12	-	1
Shri G V S Desikan-DIN : 00050597	6	6	Not Present	2	2	2
Shri V Jagadisan-DIN : 00058769	6	4	Not Present	2	1	2
Shri K N V Ramani-DIN : 00007931	6	5	Present	6	5	4
Shri G P Muniappan-DIN : 01653599	6	6	Present	4	8	1
Smt T Anandhi-DIN:00050786	6	6	Present	3	-	-
Shri A Velusamy-DIN:00002204	6	6	Present	5	-	4
Shri A P Seturaaman-DIN:07331898	6	6	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 A Velusamy, B.Sc., B.L. aged 62 years. He serves as a Whole Time Director for KG Fabriks Limited. He is also having rich experience in textile industry for more than 30 years.

## **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**

- The frequency of meetings;
- The length of meetings;
- The administration of meeting;
- The number of committees and their roles;
- The flow of information to board members and between board members;
- The quality and quantity of information; and
- 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 ie., transactions of the Company of material nature, with promoters or with the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large.
- ♣ Reviewing with the management, external and internal auditors, the adequacy and compliance of internal control systems.
- ♣ Reviewing the adequacy of internal audit functions.
- ♣ Discussion with internal auditors any significant findings and follow up thereon.
- ♣ Reviewing the findings of internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- ♣ Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- ♣ Reviewing the Company's financial and risk management policies.

During the year, the Committee had met four times, as against the minimum requirement of 4 meetings and the Audit Committee meetings were held on 23<sup>rd</sup> May 2017, 02<sup>nd</sup> September 2017, 17<sup>th</sup> November 2017 and 14<sup>th</sup> February 2018.

# K G DENIM LIMITED

Composition of the Audit Committee as on 31<sup>st</sup> March, 2018 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	3

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

Consequent upon the demise of Shri V Jagadisan, Chairman of Audit Committee, vacancy had arisen in the Company's Audit Committee. The Board of Directors appointed Shri G P Muniappan as member of the said Committee on 24.03.2018, who fulfills the criteria specified under Section 177(2).

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 comprised 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.

Consequent upon the demise of Shri V Jagadisan in March 2018 his vacancy was filled up by appointing Shri G P Muniappan as member on 24.03.2018, who fulfills the criteria specified under Section 178(1).

As mandated by Section 178(1) of Companies Act, 2013 a minimum of 3 members should be there in the Nomination and Remuneration Committee aforesaid.

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 comprised 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 Stakeholders Relationship Committee had been reconstituted at the Board Meeting held on 25.05.2018 with the following members.

1. Shri G P Muniappan
2. Shri A Velusamy
3. Shri A P Seturaaman

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

During the year, the Stakeholders Relationship Committee met four times and meetings were held on 22.05.2017, 01.09.2017, 16.11.2017 and 13.02.2018.

Shri M Balaji, 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 complaint received and replied to the satisfaction of Shareholders during the year under review was three. Outstanding complaints as on 31<sup>st</sup> March 2018 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	3

## d. Corporate Social Responsibility Committee

The said Committee has already been constituted for the year 2016-17 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. The following amounts were transferred to the Trust Account :

Sl.No.	For the Year	Amount Rs. lakh
1.	2015-16	9.50
2.	2016-17	32.27
3.	2017-18	50.00
	<b>Total</b>	<b>91.77</b>

## 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 2017-18

Type of Meeting	Date	Time	Venue	Details of Special Resolution passed
25 <sup>th</sup> AGM	16 <sup>th</sup> September 2017	10.45 am	Registered Office premises, Then Thirumalai, Jadayampalayam, Coimbatore - 641 302.	Nil
24 <sup>th</sup> AGM	28 <sup>th</sup> September 2016	4.00 pm	-do-	Nil
23 <sup>rd</sup> AGM	28 <sup>th</sup> September 2015	3.30 pm	-do-	Revision of Managerial Remuneration

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

## ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR 2017-18

Day and Date	Thursday, 27.09.2018
Time	4.15 p.m.
Venue (Registered Office of the Company)	Then Thirumalai, Jadayampalayam Coimbatore - 641 302.
Financial Year	01.04.2017 to 31.03.2018
Book Closure dates for Dividend	September 20, 2018 to September 27, 2018 (Both days inclusive)
Last date of receipt of proxy forms	Tuesday, September 25, 2018 before 4.15 p.m.



# K G DENIM LIMITED

## 5. DISCLOSURES

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

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

The Company has complied with the Accounting Standards prescribed by the Institute of Chartered Accountants of India and as referred u/s 133 of the Companies Act, 2013.

## 6. MEANS OF COMMUNICATION

The Quarterly and Half yearly results are published in local dailies such as “Dinamani” and “The Financial Express” and on the company’s website.

## 7. REMUNERATION TO DIRECTORS

For the financial year ended 31<sup>st</sup> March 2018, 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	5,52,825	-	5,52,825

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 2018 were as follows :-

Name of the Directors	Sitting Fee (Rs.)	No. of Shares held
Shri G V S Desikan	1,70,000	200
Shri V Jagadisan	1,50,000	Nil
Shri K N V Ramani	1,35,000	10000
Shri G P Muniappan	70,000	Nil
Shri A P Seturaaman	70,000	Nil

# K G DENIM LIMITED

## 8. GENERAL SHAREHOLDER INFORMATION

1. 26<sup>th</sup> AGM to be held on : 27.09.2018  
at : 4.15 p.m.  
venue : Registered Office Premises, Then Thirumalai, Jadayampalayam, Coimbatore 641 302
2. Financial Calendar-Board Meetings (Tentative)  
First Quarter - Second week of August 2018  
Second Quarter - Second week of November 2018  
Third Quarter - Second week of February 2019  
Results for the year ending 31<sup>st</sup> March 2019 last week of May 2019
3. Date of Book Closure 20.09.2018 to 27.09.2018 (Both days inclusive)
4. Listing of Equity Shares Listed in BSE Ltd. The Company has paid the listing fees for the year 2018 - 2019.
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  
The share transfer committee, which is a Board Committee, approves the transfer of shares.
9. Dematerialisation of Shares 93.24% of the total equity shares (23920141 Shares) were held in the dematerialised form as on 31<sup>st</sup> March 2018. 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 2018

Category	No. of Shareholders	%	No. of Shares	%
Upto 5,000	13119	86.40	2229167	8.69
5,001 - 10,000	1064	7.00	909942	3.55
10,001 - 20,000	435	2.87	685589	2.67
20,001 - 30,000	185	1.22	481141	1.88
30,001 - 40,000	69	0.45	250203	0.97
40,001 - 50,000	79	0.52	377804	1.47
50,001 - 1,00,000	95	0.63	741613	2.89
1,00,001 and above	138	0.91	19978446	77.88
<b>Total</b>	<b>15184</b>	<b>100.00</b>	<b>25653905</b>	<b>100.00</b>

# K G DENIM LIMITED

## 10. CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2018

Sl.No.	Category	No.of Shares held	%
1	Shareholding of Promoter and Promoter Group	15031403	58.59
2	Public Shareholding		
A	Institutions		
(a)	Mutual Funds / UTI / Financial Institutions / Banks	7900	0.03
(b)	Foreign Institutional Investors	-	-
	Sub Total (A)	7900	0.03
B	Non-Institutions		
(a)	Bodies Corporate & Trusts	693490	2.44
(b)	Individuals	9921112	38.94
	Sub Total (B)	10614602	41.38
	Grand Total	25653905	100.00

## 11. SHARE PRICE DATA

Market price data of the company's equity shares in Bombay Stock Exchange for the period from April 2017 to March 2018 is as below:

Month	BSE Price	
	High	Low
April 2017	107.70	91.00
May 2017	98.45	73.00
June 2017	85.70	72.20
July 2017	84.00	72.30
August 2017	75.85	63.00
September 2017	72.00	55.00
October 2017	64.50	57.00
November 2017	70.00	59.40
December 2017	84.30	60.55
January 2018	84.90	63.00
February 2018	66.80	52.50
March 2018	60.00	44.15

## 12. COMPLIANCE WITH NON MANDATORY REQUIREMENT

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

### COMPANY SECRETARYS' 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, 2018 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.

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

Coimbatore  
01.08.2018

# K G DENIM LIMITED

Annexure - 6

FORM MR - 3

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018

[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, 2018 and also after 31<sup>st</sup> March, 2018 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 2018 (hereinafter referred to as "the year"), the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made here in after. The members are requested to read this report along with my letter of even date annexed to this report as Annexure-A.

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

- i. The Companies Act, 2013 (the Act), the rules made there under.
- ii. The Companies Act, 1956.
- iii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.
- iv. The Depositories Act, 1996 and the regulations and bye-laws framed there under.
- v. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- vi. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 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;
- (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.

ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5. During the period under review, and also considering the compliance related action taken by the Company after 31st March, 2018 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.
- (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 : 01.08.2018

# 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, 2018 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, 2018 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.

Coimbatore  
01.08.2018

# 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

830

(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, 2018
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, 2018		As at March 31, 2017	
1.	Market Capitalisation	BSE	Rs.116.73 Crore	BSE	Rs.232.16 Crore
2.	Price Earnings Ratio	BSE	18.60	BSE	9.60

# 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, 2018 the Market Quotation of the Company Share Price (Closing Price) is as follows:

BSE Limited : Rs.45.50

(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, 2018
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.15,28,563	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 : 01.08.2018

## 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 (78 Years)	Executive Chairman	60.00	B.Com., B.L.	03.11.2003	54 Years
Shri B Sriramulu (51 Years)	Managing Director	54.00	B.E.Textile Technology MS Textile Technology	03.11.2003	24 Years
Shri B Srihari (49 Years)	Managing Director	54.00	B.E.Chemical Technology MS Chemical Technology	03.11.2003	24 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, 2018, the Statement of Profit and Loss, (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity 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 (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the Accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. 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 standalone 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 and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit of the standalone financial statements 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 standalone 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 standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone 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, 2018, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

## OTHER MATTER

9. The financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting standards) Rules, 2006 (as amended) which were audited and reported by Gopalaiyer and Subramanian (FRN 000960S), vide their unmodified audit report dated 23<sup>rd</sup> May 2017 and 26<sup>th</sup> May 2016 respectively, whose report has been relied upon by us for the purpose of our audit of the standalone financial statements. Our Opinion is not modified in respect of this matter. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. 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 ("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.

11. 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 (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity 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 Indian Accounting Standards specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2018 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, 2018 on its financial position in its standalone financials.

(ii) The Company did not have any long-term contracts including derivatives 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 during the year ended March 31, 2018.

(iv) The disclosure requirements regarding specified bank notes held and transacted during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 has not been made since the requirement does not pertain to the year ended 31<sup>st</sup> March, 2018.

COIMBATORE  
25.05.2018

For MOHAN & VENKATARAMAN  
Chartered Accountants  
Firm Regn. No.007321S  
V KARTHIKEYAN  
Partner  
Membership No.208828

## ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 11(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, 2018.

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, 2018 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, 2018, 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.

COIMBATORE  
25.05.2018

For **MOHAN & VENKATARAMAN**  
Chartered Accountants  
Firm Regn. No.007321S  
**V KARTHIKEYAN**  
Partner  
Membership No.208828

# K G DENIM LIMITED

## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 10 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, 2018.

- i. (a) The Company is maintaining 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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The physical verification of inventory excluding stocks with third parties have 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. In our opinion, and according to the information and explanations given to us, 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. The Company has maintained the cost records prescribed by the Central Government under Section 148(1) of the Act, however, we have not made detailed examination of such records.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, 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) According to the information and explanations given to us and the records of the Company examined by us, 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, 2018 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.112.61 lakhs was stayed by CESTAT, Chennai.
Customs Act	Custom Duty	7.49 0.33 112.61	FY 2006-07 FY 2008-09 FY 2013-14	
Income Tax Act	Income Tax	1.18 0.91	FY 2014-15 FY 2013-14	

- viii. According to the information and explanation given to us, 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. According to the information and explanation given to us, we are of the opinion that the term loans have been applied for the purposes for which they were obtained.
- x. According to the information and explanation given to us, 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. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- 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. Accordingly 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, Accordingly 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, Accordingly Clause 3(xvi) of the Order is not applicable to the Company.

COIMBATORE  
25.05.2018

For **MOHAN & VENKATARAMAN**  
Chartered Accountants  
Firm Regn. No.007321S  
**V KARTHIKEYAN**  
Partner  
Membership No.208828

# K G DENIM LIMITED

## BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2018

PARTICULARS	NOTE NO.	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 31.03.2016
<b>I. ASSETS</b>				
<b>1 NON-CURRENT ASSETS</b>			(Rs.in lakhs)	
(a) Property, plant and equipment	1	16765.12	12985.66	13155.47
(b) Capital Work-in-Progress	1	376.41	882.65	844.36
(c) Financial Assets				
Non-Current Investments	2	781.47	782.79	781.94
(d) Other non-current assets	3	534.17	348.25	582.14
<b>TOTAL</b>		<b>18457.17</b>	<b>14999.35</b>	<b>15363.91</b>
<b>2 CURRENT ASSETS</b>				
(a) Inventories	4	14372.94	12049.01	10776.41
(b) Financial Assets				
(i) Trade Receivables	5	9264.97	7680.44	7431.50
(ii) Cash and cash equivalents	6	329.73	195.26	191.78
(iii) Bank balance other than (ii) above	7	1111.03	865.77	751.54
(iv) Other financial assets	8	-	-	-
(c) Current tax assets (net)	9	4.42	67.50	729.21
(d) Other Current Assets	10	3281.68	2056.32	2065.10
<b>TOTAL</b>		<b>28364.77</b>	<b>22914.30</b>	<b>21945.54</b>
<b>GRAND TOTAL</b>		<b>46821.94</b>	<b>37913.65</b>	<b>37309.45</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>1 EQUITY</b>				
(a) Equity Share Capital	11	2566.51	2566.51	2566.51
(b) Other Equity	12	8231.50	7831.77	5666.83
<b>TOTAL</b>		<b>10798.01</b>	<b>10398.28</b>	<b>8233.34</b>
<b>2 LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
(a) Financial Liabilities				
(i) Borrowings	13	5058.90	3274.47	5139.40
(ii) Other financial liabilities	14	380.00	240.00	240.00
(b) Long-term Provisions	15	367.87	381.46	300.49
(c) Deferred Tax Liabilities (Net)	16	1923.29	1816.31	1874.86
(d) Government grants	17	381.78	-	-
<b>TOTAL</b>		<b>8111.84</b>	<b>5712.24</b>	<b>7554.75</b>
<b>CURRENT LIABILITIES</b>				
(a) Financial Liabilities				
(i) Borrowings	18	8227.87	6426.82	7078.87
(ii) Trade payable	19	15414.09	12574.94	11337.07
(iii) Other financial liabilities	20	1924.27	1861.74	2082.70
(b) Other current liabilities	21	2229.82	445.61	717.21
(c) Short-term provisions	22	58.33	494.02	305.51
(d) Government grants	23	57.71	-	-
<b>TOTAL</b>		<b>27912.09</b>	<b>21803.13</b>	<b>21521.36</b>
<b>GRAND TOTAL</b>		<b>46821.94</b>	<b>37913.65</b>	<b>37309.45</b>

Significant Accounting Policies 33  
The notes form an integral part of these financial statements 34 to 46

As per our report of even dated

For **MOHAN & VENKATARAMAN**  
Chartered Accountants

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**B SRIHARI**  
Managing Director  
DIN : 00002556

**V KARTHIKEYAN**  
Partner

**M BALAJI**  
Company Secretary

**S MUTHUSWAMY**  
Chief Financial Officer

Coimbatore  
25th May, 2018

Membership No.208828  
Firm Regn. No.007321S

# K G DENIM LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2018

PARTICULARS	NOTE NO.	31.03.2018	31.03.2017
(Rs.in lakhs)			
<b>I INCOME</b>			
Revenue from operations	24	63494.29	61769.42
Other Income	25	373.08	379.40
<b>Total Income</b>		<b>63867.37</b>	<b>62148.82</b>
<b>II EXPENSES</b>			
Cost of materials consumed	26	42105.84	37935.26
Purchases of Stock-in-Trade	27	69.93	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	28	(986.87)	(1435.80)
Other Manufacturing Expenses	29	11574.79	11307.84
Employee Benefits Expenses	30	3604.71	3914.06
Finance Costs	31	2434.94	2603.23
Depreciation and Amortization Expense		1391.54	1377.75
Other Expenses	32	2796.76	2526.64
<b>Total Expenses</b>		<b>62991.64</b>	<b>58228.98</b>
<b>III Profit before exceptional items and tax</b>		<b>875.73</b>	<b>3919.84</b>
<b>IV Exceptional Items</b>		-	-
<b>V Profit before tax (III-IV)</b>		<b>875.73</b>	<b>3919.84</b>
<b>VI Tax Expense :</b>			
(1) Current Tax		306.22	1520.08
(2) MAT Credit Entitlement		-	-
(3) Deferred Tax		106.99	(58.55)
(4) Prior Year Tax		(120.47)	-
		<b>292.74</b>	<b>1461.53</b>
<b>VII Profit for the period from continuing operations (V-VI)</b>		<b>582.99</b>	<b>2458.31</b>
<b>VIII Other Comprehensive Income</b>			
<b>Items that will not reclassified to Profit or Loss</b>			
Fair value of Equity Instruments		(1.32)	0.83
Gratuity valuations through OCI		49.64	(40.37)
Tax expense on above		-	-
<b>Profit/(loss) (after tax) (VII)</b>		<b>48.32</b>	<b>(39.54)</b>
<b>IX Total Comprehensive Income for the year (VII+VIII)</b>		<b>631.31</b>	<b>2418.77</b>
<b>X Earnings per equity share</b>			
(1) Basic		2.46	9.43
(2) Diluted		2.46	9.43
Weighted Number of Equity Shares		25653905	25653905
Significant Accounting Policies	33		

The notes form an integral part of these financial statements 34 to 46

As per our report of even dated

For **MOHAN & VENKATARAMAN**  
Chartered Accountants

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**B SRIHARI**  
Managing Director  
DIN : 00002556

**V KARTHIKEYAN**  
Partner

**M BALAJI**  
Company Secretary

**S MUTHUSWAMY**  
Chief Financial Officer

Coimbatore  
25th May, 2018

Membership No.208828  
Firm Regn. No.0073215



# K G DENIM LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2018

PARTICULARS	31.03.2018	31.03.2017
	(Rs.in lakhs)	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit before tax and extraordinary items	875.73	3879.48
Adjustments for:		
Fair Valuation of Receivables	-1.32	-
Depreciation and Amortization expenses	1391.50	1377.75
Profit/Loss on sale of assets	-	5.23
Dividend Received	-	-
Finance Cost	2434.95	2603.23
<b>Operating Profit before working capital changes</b>	<b>4700.86</b>	<b>7865.69</b>
Adjustments for:		
(Increase)/Decrease in Trade and other receivables	-1584.53	-266.20
(Increase)/Decrease in Inventories	-2323.92	-1270.76
(Increase)/Decrease in Other Non current assets	-185.92	880.17
(Increase)/Decrease in Other current assets	-1118.00	24.22
Increase/(Decrease) in Trade and other payables	5221.11	743.46
Increase/(Decrease) in Provisions	-449.27	269.48
<b>Cash generated from operations</b>	<b>4260.33</b>	<b>8246.07</b>
<b>Cash flow before extraordinary items</b>	<b>4260.33</b>	<b>8246.07</b>
Extraordinary items-Gratuity valuation through OCI	49.64	-
<b>Cash flow after extraordinary items</b>	<b>4309.97</b>	<b>8246.07</b>
Income Tax	-185.74	-1520.08
<b>Net cash (used in)/generated from operating activities</b>	<b>4124.23</b>	<b>6725.99</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
<b>Cash inflow</b>		
Sale proceeds of property, plant and equipment	-	7.20
Dividend received	-	-
Investments	1.32	-
<b>Cash outflow</b>		
Purchase of property, plant and equipment	-4664.76	-1263.68
Fixed Deposits with banks	-245.27	-114.22
Investments	-	-0.02
<b>Net cash (used in)/generated from investing activities</b>	<b>-4908.71</b>	<b>-1370.72</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
<b>Cash inflow</b>		
Proceeds from Long Term Borrowings	1784.42	-1864.93
Proceeds from Short Term Borrowings	1801.05	-652.05
<b>Cash outflow</b>		
Provision for Equity Dividend	-192.40	-192.40
Distribution Tax on Equity Dividend	-39.17	-39.17
Interest paid	-2434.95	-2603.23
<b>Net cash (used in)/generated from financing activities</b>	<b>918.95</b>	<b>-5351.78</b>
<b>Net Increase in cash and cash equivalents</b>	<b>134.47</b>	<b>3.48</b>
Cash and cash equivalents as at 1st April, 2017 (Opening Balance)	195.26	191.78
Cash and cash equivalents as at 31st March, 2018 (Closing Balance)	329.73	195.26
<b>Cash and cash equivalents as per above comprises of the following</b>		
Cash and cash equivalents (Refer Note 5)	329.73	195.26
Bank overdraft	-	-
<b>Balance as per Statement of Cash Flows</b>	<b>329.73</b>	<b>195.26</b>

As per our report of even dated

For **MOHAN & VENKATARAMAN**  
Chartered Accountants

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**B SRIHARI**  
Managing Director  
DIN : 00002556

**V KARTHIKEYAN**  
Partner

**M BALAJI**  
Company Secretary

**S MUTHUSWAMY**  
Chief Financial Officer

Coimbatore  
25th May, 2018

Membership No.208828  
Firm Regn. No.0073215

# K G DENIM LIMITED

## STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

### A. EQUITY SHARE CAPITAL

(Rs in lakhs)

	Notes	Amount
As at 1st April, 2016		2566.51
Changes in equity share capital	11	-
As at 31st March, 2017		2566.51
Changes in equity share capital	11	-
As at 31st March, 2018		2566.51

### B. OTHER EQUITY

(Rs in lakhs)

	Securities Premium Reserve	General Reserves	Surplus	Total
Balance as at 1st April, 2016	444.44	1555.71	3666.67	5666.82
Profit for the year	-	-	2458.31	2458.31
Other Comprehensive Income for the year	-	-	-39.53	-39.53
Total Comprehensive Income for the year	-	-	2418.78	2418.78
Fair valuation of Receivables	-	-	17.26	17.26
Depreciation adjustment for earlier years	-	-	5.00	5.00
Dividends	-	-	192.40	192.40
Dividend distribution tax	-	-	39.17	39.17
Balance as at 31st March, 2017	444.44	1555.71	5831.61	7831.77
Balance as at 1st April, 2017	444.44	1555.71	5831.61	7831.76
Profit for the year	-	-	582.99	582.99
Other Comprehensive Income for the year	-	-	48.32	48.32
Total Comprehensive Income for the year	-	-	631.31	631.31
Dividends	-	-	192.40	192.40
Dividend distribution tax	-	-	39.17	39.17
Balance as at 31st March, 2018	444.44	1555.71	6231.35	8231.50

The accompanying notes are an integral part of these standalone financial statements

As per our report of even dated  
For **MOHAN & VENKATARAMAN**  
Chartered Accountants

**V KARTHIKEYAN**  
Partner  
Coimbatore  
25th May, 2018  
Membership No.208828  
Firm Regn. No.007321S

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**M BALAJI**  
Company Secretary

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**S MUTHUSWAMY**  
Chief Financial Officer

**B SRIHARI**  
Managing Director  
DIN : 00002556

# K G DENIM LIMITED

## Note 1 - Property Plant & Equipment - Standalone

(Rs.in lakhs)

	Land	Buildings	Plant & Equipment	Electrical Machinery	Furniture & Fixtures	Vehicles	Office Equipment	other (Specify nature)	Total	Capital Work in progress
<b>Gross Carrying Value</b>										
Deemed Cost as a April 1, 2016	390.69	4086.68	7612.71	516.31	88.87	365.20	95.01	-	13155.47	844.36
Additions	-	205.82	877.82	51.67	0.25	81.64	8.19	-	1225.39	260.48
brought in to use	-	-	-	-	-	-	-	-	-	222.19
(-) Disposals	-	-	137.69	8.38	-	5.19	-	-	151.26	-
<b>As at March 31, 2017</b>	<b>390.69</b>	<b>4292.50</b>	<b>8352.84</b>	<b>559.60</b>	<b>89.12</b>	<b>441.65</b>	<b>103.20</b>	<b>-</b>	<b>14229.60</b>	<b>882.65</b>
Additions	707.29	369.04	3943.46	-	36.25	94.19	20.77	-	5171.00	376.41
brought in to use	-	-	-	-	-	-	-	-	-	882.65
(-) Disposals	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2018</b>	<b>1097.98</b>	<b>4661.54</b>	<b>12296.30</b>	<b>559.60</b>	<b>125.37</b>	<b>535.84</b>	<b>123.97</b>	<b>-</b>	<b>19400.60</b>	<b>376.41</b>
<b>Depreciation</b>										
As at April, 2016										
Depreciation for the year	-	195.92	1024.15	54.35	14.12	62.14	27.07	-	1377.75	-
Depreciation adjusted as per Ind AS	-	-	5.00	-	-	-	-	-	5.00	-
(-) On Disposals	-	-	130.78	3.10	-	4.93	-	-	138.81	-
<b>As at March 31, 2017</b>	<b>-</b>	<b>195.92</b>	<b>898.37</b>	<b>51.25</b>	<b>14.12</b>	<b>57.21</b>	<b>27.07</b>	<b>-</b>	<b>1243.94</b>	<b>-</b>
Depreciation for the year	-	206.56	1027.32	54.08	14.34	67.68	21.55	-	1391.54	-
Depreciation adjusted for earlier	-	-	-	-	-	-	-	-	-	-
(-) On Disposals	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2018</b>	<b>-</b>	<b>402.48</b>	<b>1925.69</b>	<b>105.33</b>	<b>28.46</b>	<b>124.89</b>	<b>48.62</b>	<b>-</b>	<b>2635.48</b>	<b>-</b>
<b>Net Carrying Value</b>										
<b>As at March 31, 2018</b>	<b>1097.98</b>	<b>4259.05</b>	<b>10370.60</b>	<b>454.27</b>	<b>96.91</b>	<b>410.95</b>	<b>75.35</b>	<b>-</b>	<b>16765.12</b>	<b>376.41</b>
<b>As at March 31, 2017</b>	<b>390.69</b>	<b>4096.58</b>	<b>7454.47</b>	<b>508.35</b>	<b>75.00</b>	<b>384.44</b>	<b>76.13</b>	<b>-</b>	<b>12985.66</b>	<b>882.65</b>
<b>As at April 01, 2016</b>	<b>390.69</b>	<b>4086.68</b>	<b>7612.71</b>	<b>516.31</b>	<b>88.87</b>	<b>365.20</b>	<b>95.01</b>	<b>-</b>	<b>13155.47</b>	<b>844.36</b>

### Note :

Building includes Prayer Hall and Gold plating theron of Rs. 109.14 Lakhs in Gross Carrying value, Rs. 7.32 Lakhs in Depreciation block and Rs.101.82 Lakhs in Net Block (Previous year Rs. 109.14 Lakhs in Gross Carrying value, Rs. 3.66 Lakhs in Depreciation and Rs.105.48 lakhs in Net Block )

Furniture & Fittings includes Prayer Hall of Rs. 4.53 Lakhs in Gross Carrying value, Rs. 3.79 Lakhs in Depreciation Block and Rs.0.74 Lakhs in Net Block (Previous year Rs. 4.53 Lakhs in Gross Carrying Value, Rs. 2.02 Lakhs in Depreciation and Rs.2.51 Lakhs in Net Block)

Office Equipment includes Prayer Hall of Rs. 0.47 Lakhs in Gross Carrying Value, Rs. 0.20 Lakhs in Depreciation Block and Rs.0.27 Lakhs in Net Block (Previous year Rs. 0.47 Lakhs in Gross Carrying Value, Rs. 0.10 Lakhs in Depreciation and Rs.0.37 lakhs in Net Block )

# K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 31.03.2016
<b>NOTE 2 - INVESTMENTS-NON CURRENT</b>			
<b>A NON-TRADE INVESTMENTS</b>			
Equity (Quoted)			
i Allahabad Bank -5,265 Equity Shares of Rs.10/- each	2.55	3.87	3.04
<b>TOTAL - A</b>	<u>2.55</u>	<u>3.87</u>	<u>3.04</u>
<b>B EQUITY INVESTMENTS</b>			
<b>I Trade Investments (Subsidiary Companies)</b>			
i Trigger Apparels Limited - Wholly Owned Subsidiary			
45,00,000 Equity Shares of Rs.10/- each - Un quoted	450.00	450.00	450.00
ii KG Denim (USA) Inc. - Wholly Owned Subsidiary - Un quoted	0.46	0.46	0.44
<b>SUB TOTAL</b>	<u>450.46</u>	<u>450.46</u>	<u>450.44</u>
<b>II TRADE INVESTMENTS</b>			
i KG Fabriks Limited			
32,70,000 Equity Shares of Rs.10/- each - Un quoted	327.00	327.00	327.00
ii Sri Kannapiran Mills Limited			
4,588 Equity Shares of Rs.10/- each - Quoted	0.46	0.46	0.46
iii Cotton Sourcing Company Ltd			
10,000 Equity Shares of Rs. 10/- each - Un quoted	1.00	1.00	1.00
<b>SUB-TOTAL</b>	<u>328.46</u>	<u>328.46</u>	<u>328.46</u>
<b>TOTAL (B - I + II)</b>	<u>778.92</u>	<u>778.92</u>	<u>778.90</u>
<b>GRAND TOTAL (A+B)</b>	<u>781.47</u>	<u>782.79</u>	<u>781.94</u>
Less : Provision for diminution in the value of investments	-	-	-
<b>TOTAL</b>	<u>781.47</u>	<u>782.79</u>	<u>781.94</u>
Aggregate amount of quoted investments	4.32	4.32	4.32
Market value of quoted investments	2.55	3.87	3.04
Aggregate amount of unquoted investments	778.92	778.92	778.90
Aggregate Value of impaired investments	-	-	-
<b>NOTE 3 - OTHER NON CURRENT ASSETS</b>			
<b>a. Capital Advances</b>			
Advance for Capital Goods - Un Secured	511.54	260.23	504.38
Considered good			
Others	-	-	-
<b>TOTAL</b>	<u>511.54</u>	<u>260.23</u>	<u>504.38</u>
<b>b. Security Deposits</b>			
Security Deposits - Un secured considered good	16.56	81.94	72.34
<b>TOTAL</b>	<u>16.56</u>	<u>81.94</u>	<u>72.34</u>
<b>c. Advances to related parties</b>			
Advance to Subsidiary company - KG Denim (USA)Inc.	6.07	6.07	5.42
- Un secured considered good			
<b>TOTAL</b>	<u>6.07</u>	<u>6.07</u>	<u>5.42</u>
<b>GRAND TOTAL</b>	<u>534.17</u>	<u>348.25</u>	<u>582.14</u>

# K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 31.03.2016
<b>NOTE 4 - INVENTORIES</b>			
a Raw Materials and components	4433.28	3258.80	3487.56
	<u>4433.28</u>	<u>3258.80</u>	<u>3487.56</u>
b Work-in-progress	2702.46	2374.14	2291.55
	<u>2702.46</u>	<u>2374.14</u>	<u>2291.55</u>
c Finished goods	6176.62	5543.98	4025.16
Goods-in transit	390.80	405.17	570.78
	<u>6567.42</u>	<u>5949.15</u>	<u>4595.94</u>
d Stock-in-trade	-	-	-
e Stores and Spares	659.43	462.66	399.07
	<u>659.43</u>	<u>462.66</u>	<u>399.07</u>
f Others (Specify nature)			
stock of waste	10.35	4.26	2.29
	<u>10.35</u>	<u>4.26</u>	<u>2.29</u>
<b>TOTAL</b>	<u>14372.94</u>	<u>12049.01</u>	<u>10776.41</u>
Mode of valuation : Refer Note 33 in Significant Accounting Policies.			
<b>NOTE 5 - TRADE RECEIVABLES</b>			
<b>Current Receivables</b>			
Trade receivables Unsecured Considered Good	9264.97	7680.44	7431.50
<b>TOTAL</b>	<u>9264.97</u>	<u>7680.44</u>	<u>7431.50</u>
(Non Current Nil) (Refer Notes for Credit risk and Market risk)			
<b>NOTE 6 - CASH AND CASH EQUIVALENTS</b>			
a Balances with banks	317.35	189.11	168.09
b Cheques, drafts on hand	7.02	-	-
c Cash on hand	5.36	6.15	23.69
<b>TOTAL</b>	<u>329.73</u>	<u>195.26</u>	<u>191.78</u>
<b>NOTE 7 - OTHER BANK BALANCES</b>			
a Others Bank Balances			
Unclaimed Dividend Account	55.90	45.64	36.99
b Others			
EEFC Deposits	-	0.61	0.62
Margin Money Deposits on LC	1055.13	819.52	713.93
<b>TOTAL</b>	<u>1111.03</u>	<u>865.77</u>	<u>751.54</u>
<b>NOTE 8 - OTHER FINANCIAL ASSETS</b>	-	-	-

# K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 31.03.2016
<b>NOTE 9 - CURRENT TAX ASSETS (NET)</b>			
For Duties & Taxes	4.42	67.50	281.99
MAT Credit Entitlement	-	-	447.22
<b>TOTAL</b>	<b>4.42</b>	<b>67.50</b>	<b>729.21</b>
<b>NOTE 10 - OTHER CURRENT ASSETS</b>			
a. Export Incentives Receivable	773.69	414.52	376.28
b. IGST Refund Receivable	550.77	-	-
c. Interest Subsidy from Govt Agencies	-	27.62	62.79
d. Interest Receivable	2.28	9.90	37.18
e. Input Credit GST Receivable	508.66	-	-
f. Advance for Material Purchase	727.58	1241.50	1291.42
g. Advance for Expenses / Others	616.59	198.96	180.21
h. Prepaid Expenses	102.11	163.82	117.22
<b>TOTAL</b>	<b>3281.68</b>	<b>2056.32</b>	<b>2065.10</b>
<b>NOTE 11 - SHARE CAPITAL</b>			
<u>Authorised</u>			
31000000 Equity Shares of Rs.10 each	3100.00	3100.00	3100.00
1000000 10% Cumulative Redeemable Preference Shares of Rs.100 each	1000.00	1000.00	1000.00
<u>Issued</u>			
25691305 Equity Shares of Rs.10 each	2569.13	2569.13	2569.13
<u>Subscribed &amp; Paid up</u>			
25653905 Equity Shares of Rs.10 each fully paid	2565.39	2565.39	2565.39
<u>Forfeited Shares</u>			
(Amount originally paid up)	1.12	1.12	1.12
<b>TOTAL</b>	<b>2566.51</b>	<b>2566.51</b>	<b>2566.51</b>
<b>Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period</b>			
Particulars	31.03.2018	31.03.2017	31.03.2016
Shares outstanding at the beginning of the year 25653905 Number	2565.39	2565.39	2565.39
Shares outstanding at the end of the year 25653905 Number	2565.39	2565.39	2565.39
<b>Shares in the company held by each shareholder holding more than 5 percent shares</b>			
	31.03.2018	31.03.2017	31.03.2016
Name of Shareholder	No. of Shares held & % of holding	No. of Shares held & % of holding	No. of Shares held & % of holding
1 Sri Kannapiran Mills Limited	3065183 - 11.95%	3065183 - 11.95%	3065183 - 11.95%
2 Shri KG Baalakrishnan	2578560 - 10.05%	2578560 - 10.05%	2578560 - 10.05%
3 Shri B Srihari	2231859 - 8.70%	2231859 - 8.70%	2231859 - 8.70%
4 Shri B Sriramulu	2208659 - 8.61%	2208659 - 8.61%	2208659 - 8.61%
5 Smt B Sathyabama	1886500 - 7.35%	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 share holder is eligible for one vote per share. In the event of liquidation the equity share holders 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.

# K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 31.03.2016
<b>NOTE 12 - OTHER EQUITY</b>			
<b>a. Securities Premium Reserves</b>			
Opening Balance	444.44	444.44	444.44
Add : Addition / Deletion	-	-	-
Closing Balance	<u>444.44</u>	<u>444.44</u>	<u>444.44</u>
<b>b. Other Reserves</b>			
<b>General Reserve</b>			
Opening Balance	1555.71	1555.71	1555.71
(+) Current Year Transfer	-	-	-
(-) Written Back in Current Year	-	-	-
Closing Balance	<u>1555.71</u>	<u>1555.71</u>	<u>1555.71</u>
<b>c. Surplus</b>			
Opening Balance	5831.61	3666.67	1555.88
(+) Comprehensive Income for the current year	631.31	2418.77	2110.79
(-) Fair Valuation of Receivables	-	(17.26)	-
(-) Fair Valuation of Instrument	-	-	-
(-) Depreciation	-	(5.00)	-
(-) Equity Dividends Paid	192.40	192.40	-
(-) Tax on Equity Dividend	39.17	39.17	-
(-) Arrears of Preference Dividend	-	-	-
(-) Tax on Preference Dividend	-	-	-
(-) Additional depreciation as per Schedule II of Companies Act 2013	-	-	-
Closing Balance	<u>6231.35</u>	<u>5831.61</u>	<u>3666.67</u>
<b>TOTAL</b>	<u>8231.50</u>	<u>7831.77</u>	<u>5666.83</u>
<b>NOTE 13 - FINANCIAL LIABILITIES</b>			
<b>LONG TERM BORROWINGS</b>			
<u><b>Secured</b></u>			
<b>a) Term Loans</b>			
Indian Rupee Loan	-	-	-
from banks (Secured)	4984.00	3144.18	4954.31
from Others - House property loan from HDFC Ltd	22.26	115.09	141.44
<b>b) Long term maturities of finance lease obligations</b>			
(Secured By Vehicles on Hire purchase loan)	52.64	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>	<u>5058.90</u>	<u>3274.47</u>	<u>5139.40</u>
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# K G DENIM LIMITED

## Security Clause

### Bank borrowings of Term Loan

Term Loans from Indian Bank (IB) and The South Indian Bank (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 and Bangalore 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 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.

The Company has availed Seven Term loans and One Corporate Loan from Indian Bank and loan outstanding is - Term Loan III Rs.Nil and Term Loan IV Rs.596.74 lakhs and Term Loan V Rs.Nil, Term Loan VI Rs.827.68 lakhs, Term Loan VII Rs.Nil and Term Loan VIII Rs. 21.65 and Corporate Loan Rs.2020 lakhs (Previous year Rs.74.47 lakhs, Rs.865.14 lakhs, Rs.243.46 lakhs, Rs.1015.96 lakhs, Rs.Nil, Rs.Nil & Rs. Nil 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%). Term Loan VII is repayable 84 monthly installments commencing from 15.05.2017. Last installment is due on 15.05.2024. Rate of interest 11.65%. Term Loan VIII is repayable 84 monthly installments commencing from 02.02.2018. Last installment is due on 02.02.2025. Rate of interest 11.65%. Corporate Loan is repayable in 48 monthly installments commencing from 01.04.2018. Last installment is due on 01.04.2022 Rate of interest 10.50% p.a as at year end.

The Company has availed a Term Loan from The South Indian Bank Ltd and loan outstanding is- Rs.734.27 lakhs (Previous year Rs.945.13 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).

The Company has availed a Term Loan from ICICI Bank Ltd and loan outstanding is Rs.264.00 lakhs (Previous year Rs.Nil). Term Loan is repayable in 120 monthly installments commencing from 05.05.2017. Last Installment is due on 05.05.2027. Rate of Interest 8.50% p.a. as at year end. ICICI Bank is having an exclusive charge on the Bangalore office property.

The Company has availed a Term Loan from Repco Bank Ltd and loan outstanding is Rs.470.00 lakhs (Previous year Rs.Nil). Term Loan is repayable in 120 monthly installments commencing from 01.04.2018. Last Installment is due on 01.04.2028. Rate of Interest 11.00% p.a. Repco Bank is having an exclusive charge on 24.25 acres of land situated at Jadayampalayam.

### Term Loan from others :

The Company has availed a Term Loan from HDFC and loan outstanding is Rs.72.25 lakhs (Previous year Rs.118.90 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) HDFC is having an exclusive charge on the Mumbai office property.



# K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 31.03.2016
<b>NOTE 14 - OTHER FINANCIAL LIABILITIES</b>			
a) Trade Payable	-	-	-
b) Others	-	-	-
(i.) Unsecured Loan from Financial Institutions (NBFC)	-	-	-
(ii.) Unsecured Loan from Promoter Director	380.00	240.00	240.00
<b>TOTAL</b>	<u>380.00</u>	<u>240.00</u>	<u>240.00</u>
<b>NOTE 15 - LONG TERM PROVISIONS</b>			
a) Provision for employee benefits			
Gratuity (unfunded)	367.87	381.46	300.49
<b>TOTAL</b>	<u>367.87</u>	<u>381.46</u>	<u>300.49</u>
<b>NOTE 16 - DEFERRED TAX LIABILITIES (NET)</b>			
Opening balance	1816.31	1874.86	775.86
Add : Provision for the year	106.98	(58.55)	1099.00
Less : Adjustment for additional depreciation as per Schedule II of Companies Act 2013*	-	-	-
<b>Net Deferred tax liability</b>	<u>1923.29</u>	<u>1816.31</u>	<u>1874.86</u>
<b>NOTE 17 - GOVERNMENT GRANTS</b>			
Opening balance			
Add : Provision for the year	381.78	-	-
<b>Closing Balance</b>	<u>381.78</u>	<u>-</u>	<u>-</u>
<b>NOTE 18 - SHORT TERM BORROWINGS</b>			
<u><b>Secured</b></u>			
a) Loans repayable on demand			
Working Capital Loan from Banks (Secured)	8227.87	6426.82	7078.87
There are no case of default in repayment of loan and interest as on date of Balance Sheet.			
<b>TOTAL</b>	<u>8227.87</u>	<u>6426.82</u>	<u>7078.87</u>
<b>Security Clause</b>			
Working Capital facilities from Indian Bank Consortium (Indian Bank, Andhra Bank, 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 and Bangalore property) through Deed of Hypothecation. The entire working capital facilities are also guaranteed by Shri KG Baalakrishnan, Executive Chairman.			
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# K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 31.03.2016
<b>NOTE 19 - TRADE PAYABLES</b>			
For Dues of Micro Enterprises and Small Enterprises	68.98	55.81	20.19
For Other Dues	15345.11	12519.13	11316.88
<b>TOTAL</b>	<b>15414.09</b>	<b>12574.94</b>	<b>11337.07</b>
<b>NOTE 20 - OTHER FINANCIAL LIABILITIES</b>			
a) Current maturities of long-term debt-Secured (See Note 13)	1865.15	1776.74	1943.49
b) Current Maturities of finance lease obligations	59.12	85.00	107.65
c) Current maturities of financial institutions (NBFC)	-	-	31.56
d) Interest accrued and due on borrowings	-	-	-
<b>TOTAL</b>	<b>1924.27</b>	<b>1861.74</b>	<b>2082.70</b>
<b>NOTE 21 - OTHER CURRENT LIABILITIES</b>			
a) Customer Credit Balance	383.65	238.25	255.37
b) Security Deposits	-	2.50	0.30
c) Duties and Taxes	52.89	68.53	95.13
d) Creditors for Capital goods	1737.38	90.69	329.42
e) Unpaid (Unclaimed) Equity Dividend	55.90	45.64	36.99
<b>TOTAL</b>	<b>2229.82</b>	<b>445.61</b>	<b>717.21</b>
<b>NOTE 22 - SHORT TERM PROVISIONS</b>			
a) Provision for employee benefits			
Gratuity (unfunded)	42.02	21.17	15.07
b) Others			
Income Tax provision (Net of Advance Tax)	16.31	472.85	290.44
<b>TOTAL</b>	<b>58.33</b>	<b>494.02</b>	<b>305.51</b>
<b>NOTE 23 - GOVERNMENT GRANTS</b>			
Opening Balance	-	-	-
Add : Provision for the year	57.71	-	-
<b>Net Liability</b>	<b>57.71</b>	<b>-</b>	<b>-</b>
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# K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	31.03.2018	31.03.2017
<b>NOTE 24 - REVENUE FROM OPERATIONS</b>		
Sale of products	60043.94	57192.08
Sale of services - Job work	1032.50	2449.48
Other operating revenues : Waste Cotton / Yarn / Accessories sales	958.50	498.01
Export Incentives	1459.35	1629.85
<b>TOTAL</b>	<b>63494.29</b>	<b>61769.42</b>
<b>NOTE 25 - OTHER INCOME</b>		
Interest Income	44.53	52.10
Interest Subsidy received	-	11.09
Dividend Income	-	-
Miscellaneous Income	27.00	0.73
Insurance Claim Received	6.39	14.15
Exchange Gain on Export Sales	244.37	164.89
Other non-operating income (net of expenses directly attributable to such income)	50.79	136.44
<b>TOTAL</b>	<b>373.08</b>	<b>379.40</b>
<b>NOTE 26 - COST OF MATERIALS CONSUMED</b>		
Opening Stock	3258.80	3487.56
Purchases	43280.32	37706.50
<b>Sub-total</b>	<b>46539.12</b>	<b>41194.06</b>
Less : Closing stock	4433.28	3258.80
<b>Raw materials consumed</b>	<b>42105.84</b>	<b>37935.26</b>
<b>NOTE 27 - PURCHASES OF STOCK-IN-TRADE</b>		
Garments purchase	69.93	-
<b>TOTAL</b>	<b>69.93</b>	<b>-</b>
<b>NOTE 28 - CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Opening 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>Closing Stock :</b>		
Work-in-process	2702.46	2374.14
Finished Goods	6607.70	5949.15
Traded Items	-	-
	<b>9310.16</b>	<b>8323.29</b>
<b>TOTAL</b>	<b>(986.87)</b>	<b>(1435.80)</b>

# K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	31.03.2018	31.03.2017
<b>NOTE 29 - OTHER MANUFACTURING EXPENSES</b>		
a) Power & Fuel	4779.53	2948.34
b) Consumptions of Stores & Spare Parts	287.02	395.03
c) Processing Charges	4522.60	5196.64
d) Repairs & Maintenance	-	-
For Plant & Machinery	1587.85	2188.27
For Buildings	250.52	405.19
For Others	147.27	174.37
<b>TOTAL</b>	<b>11574.79</b>	<b>11307.84</b>
<b>NOTE 30 - EMPLOYEE BENEFITS EXPENSES</b>		
a) Salaries and Wages	3208.37	3466.35
b) Salaries - Managing Directors / Whole-time Directors	173.53	188.36
c) Contributions to Provident fund and other funds	79.80	79.09
d) Gratuity as per actuarial valuations	64.99	56.91
e) Staff welfare expenses	78.02	123.35
<b>TOTAL</b>	<b>3604.71</b>	<b>3914.06</b>
<b>NOTE 31 - FINANCE COSTS</b>		
Interest Expense	1909.06	2094.47
Other borrowing costs	525.88	508.76
Applicable net gain/loss on foreign currency Transactions and Translation	-	-
<b>TOTAL</b>	<b>2434.94</b>	<b>2603.23</b>
<b>NOTE 32 - OTHER EXPENSES</b>		
Rent	64.37	36.39
Insurance	249.31	168.93
Rates and taxes, excluding, taxes on income.	77.78	151.32
Payments to the auditor as		
a) As Statutory Auditor	3.25	3.45
b) For Taxation Matters	-	2.49
c) For Other Services	-	-
Legal, Professional & Consultancy Charges	83.49	55.56
Printing and Stationery	51.13	45.75
Postage, Telegrams and Telephones	177.83	194.57
Traveling Expenses and Maintenance of Vehicles	441.46	455.94
Director Sitting Fees	5.95	5.03
Brokerage	8.30	13.31
Commission on Sales	366.23	288.08
Discount on Sales	186.73	156.55
Selling Expenses	583.23	529.88
Freight Outwards	290.36	233.52
Prayer Hall Repairs and maintenance	18.45	23.92
Corporate Social Responsibility Expenses	51.10	41.77
Bad Debts Written off	6.72	-
Miscellaneous expenses	131.07	114.81
Loss on sale of Fixed Assets	-	5.37
<b>TOTAL</b>	<b>2796.76</b>	<b>2526.64</b>

# K G DENIM LIMITED

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

### Note :- 33: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

K G Denim Limited incorporated in India and listed on the BSE is a leading manufacturer of denim fabrics, apparel fabrics, home textiles and apparel (garments).

#### II. Significant Accounting Policies followed by the Company

##### (a) Basis of preparation

###### (i) Compliance with Ind AS

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

These financial statements for the year ended 31<sup>st</sup> March, 2018 are the first financials with comparatives, prepared under Ind AS. For all previous periods including the year ended 31<sup>st</sup> March, 2017, the Company had prepared its financial statements in accordance with the accounting standards notified under companies (Accounting Standard) Rule, 2006 (as amended) and other relevant provisions of the Act (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India.

The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2016 being the date of transition to Ind AS.

###### (ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that are measured at fair value in terms of Ind AS.

###### (iii) Going Concern

The accounts are prepared on the basis of going concern concept

###### (iv) Current non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act.

###### (v) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

##### (b) Use of estimates and judgments

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

##### (c) Property, plant and equipment

The Company has applied for the one time transition exemption of considering the carrying cost on the transition date i.e. April 1, 2016 as the deemed cost under IND AS. Hence regarded thereafter as historical cost. Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

# K G DENIM LIMITED

## Depreciation methods, estimated useful lives and residual value

Depreciation on Property, Plant and Equipment and other fixed assets is provided on a Straight Line Method, over the estimated useful lives of assets.

The Company depreciates its property, plant and equipment over the useful life in the manner prescribed in Schedule II to the Act, and management believe that useful life of assets are same as those prescribed in Schedule II to the Act, except for power plant machinery which based on an independent technical evaluation, life has been estimated as 20 years, which is different from that prescribed in Schedule II to the Act.

Useful life considered for calculation of depreciation for various assets class are as follows-

Asset Class	Useful Life
Factory Building	30 years
Non- Factory Building	60 years
Plant and Machinery	15 years
Furniture and Fixtures	10 years
Office Equipment	5 years
Vehicles	8 years
Power Plant	20 years

The residual values are not more than 5% of the original cost of the asset. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

Capital Work-in-Progress comprises cost of fixed assets that are not yet installed and ready for their intended use at the balance sheet date.

### (d) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and bank, current account balances.

### (e) Inventories

Inventories of Raw Materials, Work-in-Progress, Stores and spares, Finished Goods and Stock-in-trade are stated 'at cost or net realisable value, whichever is lower'. Cost comprise all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formula used are 'Weighted Average cost', average cost or 'Specific identification', as applicable. Due allowance is estimated and made for defective and obsolete items, wherever necessary.

### (f) Investments in subsidiaries,

Investments in subsidiaries are recognised at cost as per Ind AS 27.

### (g) Investments and other financial assets

#### (i) Classification

The Company classifies its financial assets in the following measurement categories:

- (1) those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
- (2) those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

## **(ii) Measurement**

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the Profit and Loss are expensed in the Statement of Profit and Loss.

## **(iii) Impairment of financial assets**

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

## **(iv) Income recognition**

Dividends

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established.

## **(h) Impairment of non-financial assets**

Impairment of non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## **(i) Derivative financial instruments**

Derivative financial instruments such as forward contracts are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the Statement of Profit and Loss in the period when they arise.

## **(j) Segment Reporting:**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

## **(k) Borrowings**

Borrowings are initially recognised at net of transaction costs incurred and measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method.

## **(l) Borrowing costs**

Interest and other borrowing costs attributable to qualifying assets are capitalised. Other interest and borrowing costs are charged to Statement of Profit and Loss.

## **(m) Provisions and contingent liabilities**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

# K G DENIM LIMITED

## **(n) Revenue recognition**

Revenue is measured at the value of the consideration received or receivable. Amounts disclosed as revenue are exclusive of GST and net of returns, trade allowances, rebates, discounts and value added taxes.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below.

### **Sale of goods**

Sales are recognised when substantial risk and rewards of ownership are transferred to customer, In case of domestic customer, generally sales take place when goods are dispatched or delivery is handed over to transporter, in case of export customers, generally sales take place when goods are shipped on board based on shipment basis.

### **Revenue from services**

Revenue from services is recognised in the accounting period in which the services are rendered.

### **Other operating revenue - Export incentives**

Export Incentives under various schemes are accounted in the year of export.

## **(o) Employee benefits**

### **(i) Short-term obligations**

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.

### **(iii) Employment retirement benefits**

- a) Contribution to Provident Fund has been made to the respective authorities.
- b) Gratuity liability as per the Actuarial Valuation has been provided in the accounts as at the year end.

## **(p) Foreign currency translation**

### **(i) Functional and presentation currency**

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

### **(ii) Transactions and balances**

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

## **(q) Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are excepted to apply when the related deferred income tax assets is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, only if, it is probable that future taxable amounts will be available to utilise those temporary differences and losses.



# K G DENIM LIMITED

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are off set where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively Minimum Alternate

Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

## (r) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## (s) Government Grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Profit and Loss on a straight - line basis over the expected lives of related assets and presented within other income.

## (t) : Critical estimates and judgements -

The preparation of financial statements requires the use of accounting estimates which by definition will seldom equal the actual results.

Management also need to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

**The areas involving critical estimates or judgement are:**

Estimation of current tax expenses and Payable.

# K G DENIM LIMITED

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

These are the Company's first financial statements prepared in accordance with Ind AS.

The Company has adopted Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs with effect from 1st April, 2017, with a transition date of 1st April, 2016. Ind AS 101-First-time Adoption of Indian Accounting Standards requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements which is for the year ended 31st March, 2018 for the company, be applied retrospectively and consistently for all financial years presented. Consequently, in preparing these Ind AS financial statements, the Company has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101, as explained below. The resulting difference in the carrying values of the assets and liabilities as at the transition date between the Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity).

Set out below are the Ind AS 101 optional exemptions availed as applicable and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

### A. Optional Exemptions availed

#### (a) Deemed Cost

The Company has opted paragraph D7 AA and accordingly considered the carrying value of property, plant and equipments and Intangible assets as deemed cost as at the transition date.

#### (b) Investments in subsidiaries

The Company has opted para D14 and D15 and accordingly considered the Previous GAAP carrying amount of Investments as deemed cost as at the transition date.

#### (c) Designation of previously recognised financial instruments

The company has opted to apply the exemption under para 19B to designate investments in equity instruments at FVOCI on the basis of facts and circumstances at the date of transition to INDAS.

### B. Applicable Mandatory Exceptions

#### (a) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

The company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVPL or FVOCI;
- Impairment of financial assets based on expected credit loss model.

#### (b) Classification and measurement of financial assets

As required under Ind AS 101 the company has assessed the classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

### C. Transition to Ind AS - Reconciliations

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS as required under Ind AS 101:

#### I. Reconciliation of Balance sheet as at April 1, 2016 (Transition Date)

#### II. A. Reconciliation of Balance sheet as at March 31, 2017

##### B. Reconciliation of Total Comprehensive Income for the year ended March 31, 2017

#### III. Reconciliation of Equity as at April 1, 2016 and as at March 31, 2017

# K G DENIM LIMITED

## IV. Adjustments to Statement of Cash Flows

The presentation requirements under Previous GAAP differs from Ind AS, and hence, Previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The Regrouped Previous GAAP information is derived from the Financial Statements of the Company prepared in accordance with Previous GAAP.

The following explains the material adjustments made while transition from previous accounting standards to IND AS

### Notes to the Financial Statements

#### Note – : FIRST TIME ADOPTION OF Ind AS (Contd.)

The presentation requirements under previous GAAP differs from Ind AS, and hence, previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The Regrouped previous GAAP information is derived from the financial statements of the company prepared in accordance with previous GAAP

(Rs. in lakhs)

Effect of Ind AS adoption on the Balance Sheet as at 1st April 2016	Regrouped previous GAAP	Ind AS adjustments	Ind AS	Remarks
<b>Assets</b>				
<b>Non - Current assets</b>				
Property, plant and equipment	13155.47	-	13155.47	
Capital work-in-progress	844.36	-	844.36	
<b>Financial Assets</b>				
Non-current investments	783.22	-1.28	781.94	Fair valuation of investments
Long term loans and advances	582.14	-582.14	-	Reclassification
Other non current assets	-	582.14	582.14	Reclassification
<b>Current assets</b>				
Inventories	10776.41	-	10776.41	
<b>Financial Assets</b>				
Trade receivables	7431.50	-	7431.50	
Cash and cash equivalents	943.32	-751.54	191.78	Reclassification
Bank balance other than above	-	751.54	751.54	Reclassification
Other financial assets	-	-	-	
Short term loans and advances	2318.06	-2318.06	-	Reclassification
Current tax assets (net)	-	729.21	729.21	Reclassification
Other current assets	476.25	1588.85	2065.10	Reclassification
<b>Total</b>	<b>37310.73</b>	<b>-1.28</b>	<b>37309.45</b>	
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Equity Share capital	2566.51	-	2566.51	
Other Equity	5436.53	230.30	5666.83	Proposed dividend reversed
<b>Liabilities</b>				
<b>Non-current Liabilities</b>				
Borrowings	5139.40	-	5139.40	
Other Long term Liabilities (Net)	240.00	-240.00	-	Reclassification
Other financial Liabilities	-	240.00	240.00	Reclassification
Long-term provisions	300.49	-	300.49	
Deferred tax liabilities (Net)	1874.86	-	1874.86	
Government grants	-	-	-	

# K G DENIM LIMITED

(Rs. in lakhs)

Effect of Ind AS adoption on the Balance Sheet as at 1st April 2016	Regrouped previous GAAP	Ind AS adjustments	Ind AS	Remarks
<b>Current Liabilities</b>				
Borrowings	7078.87	-	7078.87	
Trade payable	11337.07	-	11337.07	
Other financial Liabilities	-	2082.70	2082.70	Reclassification
Other Current Liabilities	2799.91	-2082.70	717.21	Reclassification
Short-term provisions	537.09	-231.58	305.51	Dividend reversed and fair aluation of investment
Government grants	-	-	-	
<b>Total</b>	<b>37310.73</b>	<b>-1.28</b>	<b>37309.45</b>	

(Rs. in lakhs)

Effect of Ind AS adoption on the Balance Sheet as at 31st March 2017	Regrouped previous GAAP	Ind AS adjustments	Ind AS	Remarks
<b>Assets</b>				
<b>Non - Current assets</b>				
Property, plant and equipment	12990.66	-5.00	12985.66	Depreciation adjustment under Ind AS
Capital work-in-progress	882.65	-	882.65	
<b>Financial Assets</b>				
Non-current investments	783.24	-0.45	782.79	Fair valuation of investments
Long term loans and advances	348.25	-348.25	-	Reclassification
Other non current assets	-	348.25	348.25	Reclassification
<b>Current assets</b>				
Inventories	12049.01	-	12049.01	
<b>Financial Assets</b>				
Trade receivables	7697.70	-17.26	7680.44	Fair value of receivable
Cash and cash equivalents	1061.03	-865.77	195.26	Reclassification
Bank balance other than above	-	865.77	865.77	Reclassification
Other financial assets	-	-	-	
Short term loans and advances	1671.78	-1671.78	-	Reclassification
Current tax assets (net)	-	67.50	67.50	Reclassification
Other current assets	452.04	1604.28	2056.32	Reclassification
<b>Total</b>	<b>37936.36</b>	<b>-22.71</b>	<b>37913.65</b>	
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Equity Share capital	2566.51	-	2566.51	
Other Equity	7622.90	208.87	7831.77	Proposed dividend reversed
<b>Liabilities</b>				
<b>Non-current Liabilities</b>				
Borrowings	3274.47	-	3274.47	
Other Long term Liabilities (Net)	240.00	-240.00	-	Reclassification
Other financial Liabilities	-	240.00	240.00	Reclassification
Long-term provisions	381.46	-	381.46	
Deferred tax liabilities (Net)	1816.30	-	1816.30	
Government grants	-	-	-	

# K G DENIM LIMITED

(Rs. in lakhs)

Effect of Ind AS adoption on the Balance Sheet as at 31st March 2017	Regrouped previous GAAP	Ind AS adjustments	Ind AS	Remarks
<b>Current Liabilities</b>				
Borrowings	6426.82	-	6426.82	
Trade payable	12574.95	-	12574.95	
Other financial Liabilities	-	1861.74	1861.74	Reclassification
Other Current Liabilities	2307.35	-1861.74	445.61	Reclassification
Short-term provisions	725.60	-231.58	494.02	Dividend reversed and fair valuation of investment
Government grants	-	-	-	
<b>Total</b>	<b>37936.36</b>	<b>-22.71</b>	<b>37913.65</b>	

(Rs. in lakhs)

Effect of Ind AS adoption on the Profit and Loss Account for the Year ended 31st March 2017	Regrouped previous GAAP	Ind AS adjustments	Ind AS	Remarks
Revenue from operations	61769.42	-	61769.42	
Other income	379.40	-	379.40	
<b>Total</b>	<b>62148.82</b>	<b>-</b>	<b>62148.82</b>	
Expenses :				
Cost of materials consumed	37935.26	-	37935.26	
Purchases of Stock-in-Trade	-	-	-	
Change in inventories of	-1435.80	-	-1435.80	
finished goods, stock in trade and work in progress				
Other Manufacturing Expenses	11307.84	-	11307.84	
Employee benefits expense	3954.42	-40.36	3914.06	Gratuity recognised on OCI
Finance costs	2603.23	-	2603.23	
Depreciation and amortization expense	1377.75	-	1377.75	
Other expenses	2526.64	-	2526.64	
<b>Total</b>	<b>58269.34</b>	<b>-40.36</b>	<b>58228.98</b>	
<b>Profit before exceptional and extraordinary</b>	<b>3879.48</b>	<b>-</b>	<b>3919.84</b>	
Exceptional items	-	-	-	
<b>Profit before extraordinary items and tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Extraordinary items	-	-	-	
<b>Profit before tax</b>	<b>3879.48</b>	<b>-</b>	<b>3919.84</b>	
Tax expense :				
Current Tax	1520.08	-	1520.08	
MAT Credit entitlement				
Deferred tax	-58.55	-	-58.55	
<b>Profit for the year (A)</b>	<b>2417.95</b>	<b>40.36</b>	<b>2458.31</b>	
Profit from discontinuing operations	-	-	-	
Tax expense of discontinuing operations	-	-	-	
Profit from discontinuing operations (after tax)	-	-	-	
<b>Profit for the period</b>	<b>2417.95</b>	<b>40.36</b>	<b>2458.31</b>	
<b>Other Comprehensive Income*</b>				
Items that will not reclassified to profit or loss				
Fair value of equity instruments	-	0.83	0.83	Fair Value of Investment
Gratuity valuation through OCI	-	-40.36	-40.36	Gratuity recognised on OCI
Tax expenses on above	-	-	-	
<b>Other comprehensive income</b>	<b>-</b>	<b>-39.53</b>	<b>-39.53</b>	
<b>Total comprehensive income for the year (A+B)</b>	<b>2417.95</b>	<b>0.83</b>	<b>2418.78</b>	
<b>Equity holder of parent</b>	<b>2417.95</b>	<b>0.83</b>	<b>2418.78</b>	

# K G DENIM LIMITED

(Rs. in lakhs)

	Notes	As at 31st March 2017	As at 1st April 2016
Total equity under previous GAAP		7622.90	5436.53
Adjustments impact : Gain / (Loss)		-	-
Reversal of proposed ordinary dividends payable		231.57	231.57
Effective interest rate computation of Loans outstanding		-	-
Fair valuation of investment - Short term		-0.45	-1.28
Fair valuation of instrument in subsidiary and JV		-	-
Deferred tax assets created for DDT credit available on DDT payable by subsidiary		-	-
Property, plant and equipment		-5.00	-
Trade receivable		-17.26	-
Deferred tax on Ind AS adjustment		-	-
Total Ind AS adjustment		-	-
Totally equity under Ind AS		7831.76	5666.82

(Rs. in lakhs)

			As at 31st March 2017
Profit after tax under previous GAAP		-	2417.95
Adjustments Gain / (Loss)		-	-
Amortisation of premium on redemption of debentures and transaction costs on borrowings		-	-
Others (Net)		-	0.83
Deferred tax assets on Ind AS adjustment		-	-
Total adjustment		-	0.83
Profit after tax as per Ind AS		-	2418.78
Other comprehensive income (Net of tax)		-	-
Total comprehensive income as per Ind AS		-	2418.78

## A Proposed dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events and accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend along with income tax there on Rs.231.57 Lakh as at 1st April, 2016 included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity has been increased by an equivalent amount.

## B Fair valuation of investments:

Under the previous GAAP, investments in equity instruments were classified as long-term investments or current investments based on the intended holding period and realisability. Long term investments were carried at cost less provisions for other than temporary decline in the value of such investments. Current investment were carried at lower of cost and fair value. Under IND AS, these investments are required to be measured at fair value. The resulting fair value changes of these investment have been recognised in retained earnings Rs.0.83lakh as at 31<sup>st</sup> March 2017 (Rs.-1.28 lakh as at 1<sup>st</sup> April 2016)

# K G DENIM LIMITED

## C Government Grant

Apportionment of Government Grant recognised under Export Promotion Capital Goods (EPCG) scheme and corresponding charge of depreciation on account of grossing-up of Property, Plant & Equipment are now recognised in accounts.

## D Retained earnings

Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

## E Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of investments. The concept of other comprehensive income did not exist under previous GAAP.

## F Deferred Tax

Deferred Tax on aforesaid IND AS adjustments

## G Current Tax

Tax component on Actuarial Gains and losses is transferred to Other Comprehensive Income under IND AS .As required under the Ind AS, the same has been debited to Profit and Loss.

H The Ind AS adjustments are either non cash adjustments or are regrouping among the cash flows from operating, investing and financing activities. Consequently, Ind AS adoption has no impact on the net cash flow for the year ended 31st March, 2016 as compared with the previous GAAP.

## Note : 34: FAIR VALUE MEASUREMENT

Financial Instrument by category and hierarchy

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

The fair values for loans and security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

# K G DENIM LIMITED

(Rs. in lakhs)

Financial Assets and Liabilities as at 31st March 2018	Non current	Current	Total	Level 1	Level 2	Level 3	Total	Total amount
<b>Financial Assets</b>								
<b>Investments</b>								
Equity instruments	781.47	-	781.47	2.55	-	778.92	781.47	781.47
<b>Other Assets</b>								
Trade Receivables	-	9264.97	9264.97	-	-	9264.97	9264.97	9264.97
Cash and cash equivalents	-	329.73	329.73	-	-	329.73	329.73	329.73
Other Bank balances	-	1111.03	1111.03	-	-	1111.03	1111.03	1111.03
Other Financial Assets	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>10705.73</b>	<b>10705.73</b>	<b>-</b>	<b>-</b>	<b>10705.73</b>	<b>10705.73</b>	<b>10705.73</b>
<b>Financial Liabilities</b>								
Borrowings	5058.89	8227.87	13286.76	-	-	13286.76	13286.76	13286.76
Trade payables	-	15414.09	15414.09	-	-	15414.09	15414.09	15414.09
Other Financial Liabilities	380.00	1924.27	2304.27	-	-	2304.27	2304.27	2304.27
<b>Total</b>	<b>5438.89</b>	<b>25566.23</b>	<b>31005.12</b>	<b>-</b>	<b>-</b>	<b>31005.12</b>	<b>31005.12</b>	<b>31005.12</b>
<b>Grand Total</b>	<b>6220.36</b>	<b>36271.96</b>	<b>42492.32</b>	<b>2.55</b>	<b>-</b>	<b>42489.77</b>	<b>42492.32</b>	<b>42492.32</b>

(Rs. in lakhs)

Financial Assets and Liabilities as at 31st March 2017	Non current	Current	Total	Level 1	Level 2	Level 3	Total	Total amount
<b>Financial Assets</b>								
<b>Investments</b>								
Equity instruments	782.79	-	782.79	3.87	-	778.92	782.79	782.79
<b>Other Assets</b>								
Trade Receivables	-	7680.44	7680.44	-	-	7680.44	7680.44	7680.44
Cash and cash equivalents	-	195.26	195.26	-	-	195.26	195.26	195.26
Other Bank balances	-	865.79	865.79	-	-	865.79	865.79	865.79
Other Financial Assets	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>8741.49</b>	<b>8741.49</b>	<b>-</b>	<b>-</b>	<b>8741.49</b>	<b>8741.49</b>	<b>8741.49</b>
<b>Financial Liabilities</b>								
Borrowings	3274.47	6426.82	9701.29	-	-	9701.29	9701.29	9701.29
Trade payables	-	12574.95	12574.95	-	-	12574.95	12574.95	12574.95
Other Financial Liabilities	240.00	1861.74	2101.74	-	-	2101.74	2101.74	2101.74
<b>Total</b>	<b>3514.47</b>	<b>20863.51</b>	<b>24377.98</b>	<b>-</b>	<b>-</b>	<b>24377.98</b>	<b>24377.98</b>	<b>24377.98</b>
<b>Grand Total</b>	<b>4297.26</b>	<b>29605.00</b>	<b>33902.26</b>	<b>3.87</b>	<b>-</b>	<b>33898.39</b>	<b>33902.26</b>	<b>33902.26</b>



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								(Rs. in lakhs)
Financial Assets and Liabilities as at 31st March 2016	Non current	Current	Total	Level 1	Level 2	Level 3	Total	Total amount
<b>Financial Assets</b>								
Investments								
Equity instruments	781.94	-	781.94	3.04	-	778.90	781.94	781.94
<b>Other Assets</b>								
Trade Receivables	-	7431.50	7431.50	-	-	7431.50	7431.50	7431.50
Cash and cash equivalents	-	191.78	191.78	-	-	191.78	191.78	191.78
Other Bank balances	-	751.54	751.54	-	-	751.54	751.54	751.54
Other Financial Assets	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>8374.82</b>	<b>8374.82</b>	<b>-</b>	<b>-</b>	<b>8374.82</b>	<b>8374.82</b>	<b>8374.82</b>
<b>Financial Liabilities</b>								
Borrowings	5139.40	7078.87	12218.27	-	-	12218.27	12218.27	12218.27
Trade payables	-	11337.07	11337.07	-	-	11337.07	11337.07	11337.07
Other Financial Liabilities	240.00	2082.70	2322.70	-	-	2322.70	2322.70	2322.70
<b>Total</b>	<b>5379.40</b>	<b>20498.64</b>	<b>25878.04</b>	<b>-</b>	<b>-</b>	<b>25878.04</b>	<b>25878.04</b>	<b>25878.04</b>
<b>Grand Total</b>	<b>6161.34</b>	<b>28873.46</b>	<b>35034.80</b>	<b>3.04</b>	<b>-</b>	<b>35031.76</b>	<b>35034.80</b>	<b>35034.80</b>

## Note :- 35 - FINANCIAL RISK MANAGEMENT (contd..)

### Credit risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, foreign exchange transactions and other financial instruments.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- Actual or expected significant adverse changes in business,
- Actual or expected significant changes in the operating results of the counterparty,
- Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- Significant increase in credit risk on other financial instruments of the same counterparty,

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company.

### Trade Receivables

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and generally on 7 days to 180 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral security. The Company

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evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

## Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

## (i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Expiring within one year (term loan)	3062	-	-
Expiring beyond one year (bank loans)	-	-	-

Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn within one year.

## (ii) Maturity patterns of borrowings

	As at 31st March, 2018				As at 31st March, 2017			
	0-1 years	1-5 years	beyond 5 years	Total	0-1 years	1-5 years	beyond 5 years	Total
Long term borrowings (Including current maturity of long term debt)	2181	3607	1195	6872	1861	2887	387	5135
Short term borrowings	8228	-	-	8228	6427	-	-	6427
<b>Total</b>	<b>10298</b>	<b>3607</b>	<b>1195</b>	<b>15100</b>	<b>8288</b>	<b>2887</b>	<b>387</b>	<b>11562</b>

## Maturity patterns of other Financial Liabilities

As at 31st March, 2018

(Rs. in lakhs)

	0-3 months	3-6 months	6 months to 12 Months	beyond 12 Months	Total
Trade Payable	11420	3893	101	-	15414
Other Financial liability (Current and Non current)	-	-	-	380	380
<b>Total</b>	<b>11420</b>	<b>3893</b>	<b>101</b>	<b>380</b>	<b>15794</b>

As at 31st March, 2017

(Rs. in lakhs)

	0-3 months	3-6 months	6 months to 12 Months	beyond 12 Months	Total
Trade Payable	9662	2869	45	-	12575
Other Financial liability (Current and Non current)	-	-	-	240	240
<b>Total</b>	<b>9662</b>	<b>2869</b>	<b>45</b>	<b>240</b>	<b>12815</b>

As at 1st April, 2016

(Rs. in lakhs)

	0-3 months	3-6 months	6 months to 12 Months	beyond 12 Months	Total
Trade Payable	9209	2058	70	-	11337
Other Financial liability (Current and Non current)	-	-	-	240	240
<b>Total</b>	<b>9209</b>	<b>2058</b>	<b>70</b>	<b>240</b>	<b>11577</b>

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## Note :- 35 - FINANCIAL RISK MANAGEMENT (contd..)

### Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Managing Board.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommend risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures like foreign exchange forward contracts, borrowing strategies and ensuring compliance with market risk limits and policies.

### Market Risk- Interest rate risk

The Company's borrowings are of fixed rate nature only. Hence interest rate risk is not applicable and hence no sensitivity analysis.

### Market Risk- Foreign currency risk.

The company manages foreign currency risk primarily through forward contracts

### Derivative instruments and unhedged foreign currency exposure

#### (a) Derivative outstanding as at the reporting data

Foreign currency in lakhs

	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
Forward contracts to buy USD	USD	83.51	USD	12.00	USD	13.90

Derivative financial instruments such as foreign exchange forward contracts are used for hedging purposes and not as trading or speculative instruments.

#### (b) Particulars of unhedged foreign currency exposures as at the reporting date

##### As at 31st March, 2018

Foreign currency in lakhs

Particulars	USD	EURO
Trade Receivables	40.36	0.14
Trade payables	2.09	19.22

##### As at 31st March, 2017

Foreign currency in lakhs

Particulars	USD	EURO
Trade Receivables	5.74	Nil
Trade payables	4.00	Nil

##### As at 1st April, 2016

Foreign currency in lakhs

Particulars	USD	EURO
Trade Receivables	48.44	Nil
Trade payables	3.83	Nil

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## (a) (iii) Market Risk- Price Risk

### (a) Exposure

The Company's exposure to equity securities traded in stock exchange held by the Company as long term and classified in the balance sheet at fair value through OCI. The risk is marginal on account of investment being minimal.

### (b) Sensitivity

The table below summarizes the impact of increases/decreases of the BSE index on the Company's equity and Gain/Loss for the period. The analysis is based on the assumption that the index has increased by 5 % or decreased by 5 % with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

#### Impact on profit before tax

(Rs. in lakhs)

	31st March, 2018	31st March, 2017	1st April, 2016
BSE Sensex -30 - increase in 5%	0.13	0.19	0.15
BSE Sensex -30 - decrease in 5%	-0.13	-0.19	-0.15

Above referred sensitivity pertains to quoted equity investment. Profit for the year would increase / (decrease) as a result of gains/losses on equity securities as at fair value through profit or loss.

### (c) Foreign currency Risk Sensitivity

A change of 5% in foreign currency would have following impact on profit before tax

(Rs. in lakhs)

	2017-18		2016-17	
Particulars	5% increase	5% decrease	5% increase	5% decrease
USD	126.29	-126.29	5.64	-5.64
EURO	-76.70	76.70	Nil	Nil
Increase / (decrease) in profit or loss	49.59	-49.59	5.64	-5.64

## Note :- 36 - CAPITAL RISK MANAGEMENT

### (a) Risk Management

The Company aim to manages its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

(Rs.in lakhs)

(b) Dividend	31st March, 2018	31st March, 2017
Equity shares		
Final dividend for the year ended 31st March, 2017 of INR -0.75	192.40	192.40
(31st March, 2016 - INR 0.75) per fully paid share		

## Note :- 37 - EARNINGS PER SHARE

(Rs.in lakhs)

	31st March, 2018	31st March, 2017
Earnings Per Share has been computed as under :		
Profit / (Loss) for the year	631.31	2418.78
Weighter average number of equity shares outstanding	25653905	25653905
Earnings Per Share - Basic (Face Value of Rs.10 per share)	2.46	9.43
Diluted earning per share is same as basic earning per share		

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## Note :- 38 - EXPORT PROMOTION CAPITAL GOODS (EPCG)

Export Promotion Capital Goods (EPCG) scheme allows import of certain capital goods including spares at concessional duty subject to an export obligation for the duty saved on capital goods imported under EPCG scheme. The duty saved on capital goods imported under EPCG scheme being Government Grant, is accounted as stated in the Accounting policy on Government Grant.

## Note :- 39 - DETAILS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE

(Rs.in lakhs)

	31st March, 2018	31st March, 2017
Amount required to be spent as per Section 135 of the Act	50.77	31.63
Amount spent during the on:		
(i) Construction / acquisition of an asset		
(ii) On purpose other than (i) above	51.10	41.77
Total	51.10	41.77

## Note:40 - GST

The Company is liable to pay tax under Goods and Service Tax Act with effect from 1st July 2017.

Revenue / Expenses for the year 2017-18 are net of GST and hence not comparable with that of earlier years.

## NOTE 41 : CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

### (I) Contingent Liabilities

#### (a) Claims against the company not acknowledged as Debt;

Rs. lakh

	2017-2018	2016-2017	2015-16
Disputed Excise / Customs duties	137.54	566.86	476.63
Disputed Income Tax	156.09	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

Rs. lakh

	2017-2018	2016-2017	2015-16
Guarantees given to Bank for loan to subsidiary	551.00	651.00	651.00
Guarantees given on behalf of Associates for fulfilment of their Export obligation under EPCG Scheme	-	-	93.00

#### (c) Other Money for which the company is contingently liable

Rs. lakh

	2017-2018	2016-2017	2015-16
Bills discounted with banks	3194.39	2919.37	3233.68

### (II) Commitments

Rs. lakh

	2017-2018	2016-2017	2015-16
Estimated amount of contracts remaining to be executed in capital account and not provided for	2057.58	10.33	375.00

## Note 42 :

The company has an investment of Rs 450 lakhs in the shares of Trigger Apparels Limited a wholly owned subsidiary of the company. The net worth of TAL has eroded due to business losses; However the management has not considered revaluation of its investment during the current year due to the fact that TAL has taken effective steps to improve its performance by reorienting product mix with value added products in line with latest fashion trends. Considering the higher recall for the Trigger Brand and the move over to direct Retail Marketing in the backdrop of Retail Revaluation happening in India, the business has bright prospects in the ensuing years. Management therefore considers that the business will have better value and that there is no need for provision for the losses as of now.

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## Note 43 : Segment Reporting:

In accordance with IND AS 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.

## Note 44 : Trade payable

Trade payable referred under current liability to Small Scale Industrial units is complied on the information made available to the company includes due of Rs.52.02 lakh of more than 30 days and exceeding Rs.1 lakh to the following parties : Sri Abirami Tubes - Rs.17.76 lakh, Nava Bharath Packaging - Rs.9.59 lakh, Acme Textiles-Rs.3.68 lakh, Asmaco Packaging IND-Rs.15.3 lakh and Harini Packs-Rs.5.69 lakh.

In the absence of necessary information with 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.

## Note 45 : GRATUITY

I Principal Actuarial Assumptions	31.03.2018	31.03.2017
(Expressed as weighter averages)		
Discount Rate	7.70%	7.30%
Salary Escalation Rate	8.00%	8.00%
Attrition Rate	5.00%	5.00%
Expected Rate of Return on Plan Assets	0.00%	0.00%
II Changes in the present value of the obligation (PVO)	(Rs. lac)	(Rs. lac)
Reconciliation of Opening and Closing Balances		
PVO as at the beginning of the period	402.63	315.56
Interest Cost	29.10	24.53
Current Service Cost	35.78	32.38
Past Service Cost	0.12	0
Benefits Paid	-8.08	-10.19
Actuarial Loss / (Gain) on obligation (Balancing figure)	-49.65	40.35
PVO as at the end of the period	409.89	402.63
III Change in the fair value of Plan Assets	(Rs.lac)	(Rs.lac)
Reconciliation of Opening and Closing Balances	0	0
Fair value of plan assets as at the beginning of the period	0	0
Expected return on plan assets	0	0
Contributions	8.08	10.19
Benefits Paid	-8.08	-10.19
Actuarial Gain / (Loss) on plan assets (Balancing Figure)	0	0
Fair value of plan assets as at the end of the period	0	0
IV Actual return on plan assets		
Expected return on plan assets	0	0
Actual Gain / (Loss) on plan assets	0	0
Actual return on plan assets	0	0
V Actuarial Gain / Loss Recognized	(Rs. lac)	(Rs. lac)
Actuarial Gain / (Loss) for the period - obligation	49.64	-40.35
Actuarial Gain / (Loss) for the period - plan assets	0	0
Total Gain / (Loss) for the period	49.64	-49.35
Actuarial (Gain)/ Loss recognized	-49.64	40.35
Unrecognized Actuarial (Gain) / Loss at the end of the year	0	0
VI Amounts recognized in the Balance sheet and related analysis	(Rs. lac)	(Rs. lac)
Present value of the obligation	409.89	402.63
Fair vale of plan assets	0	0
Amount determined under para 63 of Ind AS 19	409.89	402.63

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	31.03.2018	31.03.2017
Net defined benefit liability recognised in the balance sheet	409.89	402.63
Present value of future reduction in contribution under para 65 of IND AS19	0	0
Net defined benefit asset recognised under para 64 of Ind AS 19	0	0
<b>VII Expenses recognized in the statement of profit and Loss</b>	<b>(Rs. lac)</b>	<b>(Rs. lac)</b>
Current Service Cost	35.78	32.38
Net Interest on Net defined benefit obligations	29.10	24.52
Net actuarial (gain) / loss recognised during the period	0	0
Past Service Cost	0.12	0
Expenses recognized in the statement of profit and loss	64.99	56.9
<b>VIII Amount recognised for the current period the statement of other comprehensive income (OCI)</b>	<b>(Rs. Lac)</b>	<b>(Rs. Lac)</b>
Actuarial (gain)/ loss on plan obligations	-49.64	40.35
Difference between actual return and interest income on plan Assets (gain) / loss	0	0
Effect of Balance sheet asset limit	0	0
Amount recognised in OCI for the current period	-49.64	40.35
<b>IX Movements in the liability recognised in the balance sheet</b>	<b>(Rs. lac)</b>	<b>(Rs. lac)</b>
Opening net liability adjusted for effect of balance sheet	402.63	315.56
Amount recognised in profit and loss	64.99	56.90
Amount recognised in OCI	-49.64	40.35
Contributions paid	-8.08	-10.18
Closing net liability	409.89	402.63
<b>X Amount for the current period</b>	<b>(Rs. lac)</b>	<b>(Rs. lac)</b>
Present value of obligation	409.89	402.63
Plant assets	0	0
Surplus / (Deficit)	-409.89	-402.63
Experience adjustments on plan liabilities - (Loss) / gain	34.19	-18.11
Impact of change in assumption on plan liabilities - (loss) / gain	15.45	-22.25
Experience adjustments on plan assets - (loss) / gain	0	0
<b>XI Major categories of plan Assets (As percentage of total plan Assets)</b>	<b>NA</b>	<b>NA</b>
<b>XII Enterprise's best estimate of contribution during next year</b>	<b>NA</b>	<b>NA</b>

Sensitivity Analyses	31.03.2018	31.03.2017
Discount + 50 BP	8.20%	7.80%
Defined Benefit obligation (PVO)	391.85	383.95
Current service cost	43.02	33.89
Discount rate - 50 BP	7.20%	6.80%
Defined Benefit obligation (PVO)	429.36	422.80
Current service cost	48.57	37.8
Salary Escalation rate +50BP	8.50%	8.50%
Defined Benefit obligation (PVO)	429.74	422.85
Current service cost	48.62	37.8
Salary Escalation rate -50BP	7.50%	7.50%
Defined Benefit obligation (PVO)	391.32	383.70
Current service cost	42.95	33.87

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	31.03.2018	31.03.2017
Expected contributions in following years (mid - year cash flows)	(Rs. lac)	(Rs. lac)
Year 1	25.71	22.72
Year 2	42.12	35.85
Year 3	29.31	23.74
Year 4	29.84	28.74
Year 5	25.24	30.40
Next 5 years	191.88	167.49
Expected benefit payments in following years (mid - year cash flows)	(Rs. lac)	(Rs. lac)
Year 1	25.71	22.72
Year 2	42.12	35.85
Year 3	29.31	23.74
Year 4	29.84	28.74
Year 5	25.24	30.40
Next 5 years	191.88	167.49

NOTE: 46 - RELATED PARTY DISCLOSURES AS PER Ind AS 24

(Rs. in lakhs)

Particulars	2017 - 2018				2016 - 2017			
	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								
Trigger Apparels Limited	733.09	-	-	-	2.14	-	-	-
Sri Kannapiran Mills Limited	-	401.41	-	-	-	90.13	-	-
Other related party	-	3.19	-	-	-	-	-	-
Sale of Goods								
Trigger Apparels Limited	2434.33	-	-	-	2598.48	-	-	-
Sri Kannapiran Mills Limited	-	0.33	-	-	-	-	-	-
Other related party	-	25.32	-	-	-	706.15	-	-
Processing / other Charges Paid								
Trigger Apparels Limited	1.09	-	-	-	1.16	-	-	-
Sri Kannapiran Mills Limited	-	2282.24	-	-	-	2598.27	-	-
Other related party	-	92.02	-	0.30	-	135.43	-	0.30
Processing / Other Charges Received								
Trigger Apparels Limited	200.68	-	-	-	896.89	-	-	-
Other related party	-	40.52	-	-	-	38.14	-	-
Service Charges Received	205.90	672.67	-	-	-	-	-	-
Land Purchase from Ramhari Orchids LLP	-	635.00	-	-	-	-	-	-
Machinery Purchase								
Trigger Apparels Limited	520.55	-	-	-	-	-	-	-
Other related party	-	2.41	-	-	-	-	-	-
Managerial Remuneration	-	-	168.00	5.53	-	-	168.00	20.36



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**NOTE: 46.1 - Balance Outstanding**

(Rs. in lakhs)

Particulars	as on 31.03.2018				as on 31.03.2017			
	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	2899.84	-	-	-	3791.72	-	-	-
Trade Payable	-	186.29	-	-	-	452.33	-	-
Investments	450.46	327.46	-	-	450.46	327.46	-	-
Loans and Advances	6.07	-	-	-	-	-	-	-

**NOTE: 46.2**

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

As per our report of even dated

For **MOHAN & VENKATARAMAN**  
Chartered Accountants

**V KARTHIKEYAN**  
Partner

Coimbatore  
25th May, 2018

Membership No.208828  
Firm Regn. No.0073215

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**M BALAJI**  
Company Secretary

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**S MUTHUSWAMY**  
Chief Financial Officer

**B SRIHARI**  
Managing Director  
DIN : 00002556

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## INDEPENDENT AUDITORS' REPORT

To the Members of K G Denim Limited

### Report on the Consolidated Financial Statements

1. 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, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement for the year then ended, and the Consolidated statement of changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

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

2. 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, consolidated cash flows and changes in equity of the Group in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 (as amended). The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated financial statements. The respective Board of Directors of the companies included in the Group 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

3. 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 and the Rules made thereunder including the accounting standards and the matters which are required to be included in the audit report.

4. We conducted our audit of the consolidated financial statements 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 Consolidated Financial Statements are free from material misstatement.

5. 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.

6. 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 8(a) of the Other Matters paragraph below, other than the unaudited financial statements as certified by the management and referred to in sub-paragraph 8(b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

### Opinion

7. 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, 2018, and their consolidated profit (including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

### Other Matter

8. We have not conducted the audit of the Financial statements of Company's two wholly owned subsidiaries, Trigger Apparels Limited and KG Denim (USA) Inc., included in the consolidated year to date results, whose consolidated financial statements reflect total assets of Rs.3985.50 lakhs as at 31<sup>st</sup> March 2018, as well as total revenue of Rs.11529.02 lakhs as at 31<sup>st</sup> March 2018, total loss for the year Rs. 508.15 lakhs, and net cash flows amounting to Rs.74.86 for the year ended on that date, as considered in the consolidated financial statements.

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

- a) In respect of Trigger Apparels Limited, the financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of subsection (3) of section 143 of the Act insofar as it related to the subsidiary is based solely on the reports of the other auditor.
- b) In respect of the company's foreign subsidiary KG Denim (USA) Inc, the financial statements have been certified by the management and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of subsection (3) of section 143 of the Act insofar as it related to the subsidiary is based solely on such approved unaudited financial statements.

Our opinion on the consolidated financial statements and our report on Other legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

9. The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these consolidated financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting standards) Rules, 2006 (as amended) which were audited and reported by Gopalaiyer and Subramanian (FRN 0009605), vide their unmodified audit report dated 23<sup>rd</sup> May 2017 and 26<sup>th</sup> May 2016 respectively, whose report has been relied upon by us for the purpose of our audit of the consolidated financial statements. Our Opinion is not modified in respect of this matter. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

## Report on Other Legal and Regulatory Requirements

10. 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 maintained by the Holding Company and its subsidiaries included in the Group, incorporated in India including relevant reports relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company and its subsidiaries included in the Group incorporated in India including relevant records relating to the preparation of the consolidated financial statement.

(d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2018 and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2018 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 Holding Company and its subsidiary companies and the operating effectiveness of such controls, refer to our Report in Annexure A;

(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 as at March 31, 2018 on the Consolidated Financial position of the Group.

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 Holding company and its subsidiary companies.

iv. The disclosure requirements regarding specified bank notes held and transacted during the period from 8th November, 2016 to 30th December, 2016 has not been made since the requirement does not pertain to the year ended 31st March, 2018.

For MOHAN & VENKATARAMAN

Chartered Accountants

Firm Regn. No.007321S

V KARTHIKEYAN

Partner

Membership No.208828

Coimbatore  
25.05.2018

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## 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 Consolidated financial statements for the year ended March 31, 2018

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, 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, as of that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary companies, 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 respective 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") issued by ICAI and the Standards on Auditing 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 and the audit evidence obtained by the other auditors in terms of their reporting referred to in the Other matters paragraph below, 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 and 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, 2018, 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".

### Other Matters

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relate to subsidiary companies which are incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

Coimbatore  
25.05.2018

For MOHAN & VENKATARAMAN  
Chartered Accountants  
Firm Regn. No.007321S  
V KARTHIKEYAN  
Partner  
Membership No.208828

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2018

PARTICULARS	NOTE NO.	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 31.03.2016
(Rs.in lakhs)				
<b>I. ASSETS</b>				
<b>1 NON-CURRENT ASSETS</b>				
(a) Property, plant and equipment	1	16827.51	13575.01	13740.90
(b) Capital Work-in-Progress	1	376.41	882.65	844.36
(c) Financial Assets				
Non-Current Investments	2	331.01	332.33	331.50
(d) Other non-current assets	3	528.70	342.77	577.33
<b>TOTAL</b>		<b>18063.63</b>	<b>15132.76</b>	<b>15494.09</b>
<b>2 CURRENT ASSETS</b>				
(a) Inventories	4	16596.90	15225.00	13301.35
(b) Financial Assets				
(i) Trade Receivables	5	7339.10	5015.58	5724.30
(ii) Cash and cash equivalents	6	541.28	331.95	319.37
(iii) Bank balance other than (ii) above	7	1127.51	881.32	765.27
(iv) Other financial assets	8	-	-	-
(c) Current tax assets (net)	9	4.42	85.77	755.98
(d) Other Current Assets	10	3831.93	2437.15	2356.99
<b>TOTAL</b>		<b>29441.14</b>	<b>23976.77</b>	<b>23223.26</b>
<b>GRAND TOTAL</b>		<b>47504.77</b>	<b>39109.53</b>	<b>38717.35</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>1 EQUITY</b>				
(a) Equity Share Capital	11	2566.51	2566.51	2566.51
(b) Other Equity	12	6764.70	6873.11	5187.73
<b>TOTAL</b>		<b>9331.21</b>	<b>9439.62</b>	<b>7754.24</b>
<b>2 LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
(a) Financial Liabilities				
(i) Borrowings	13	5058.90	3274.47	5139.40
(ii) Other financial liabilities	14	1136.86	972.27	697.09
(b) Long-term Provisions	15	511.59	478.20	350.01
(c) Deferred Tax Liabilities (Net)	16	1590.97	1694.02	1685.46
(d) Government grants	17	381.78	-	-
<b>TOTAL</b>		<b>8680.10</b>	<b>6418.96</b>	<b>7871.96</b>
<b>CURRENT LIABILITIES</b>				
(a) Financial Liabilities				
(i) Borrowings	18	8784.70	6868.39	7655.43
(ii) Trade payable	19	16349.38	13447.31	12245.69
(iii) Other financial liabilities	20	1924.27	1861.74	2082.69
(b) Other current liabilities	21	2311.55	577.03	793.48
(c) Short-term provisions	22	65.85	496.48	313.87
(d) Government grants	23	57.71	-	-
<b>TOTAL</b>		<b>29493.46</b>	<b>23250.96</b>	<b>23091.16</b>
<b>GRAND TOTAL</b>		<b>47504.77</b>	<b>39109.53</b>	<b>38717.35</b>

Significant of Accounting Policies

The notes form an integral part of these financial statements 34 to 45

As per our report of even dated

For **MOHAN & VENKATARAMAN**  
Chartered Accountants

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**B SRIHARI**  
Managing Director  
DIN : 00002556

**V KARTHIKEYAN**  
Partner

**M BALAJI**  
Company Secretary

**S MUTHUSWAMY**  
Chief Financial Officer

Coimbatore  
25th May, 2018

Membership No.208828  
Firm Regn. No.0073215

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018

PARTICULARS	NOTE NO.	31.03.2018	31.03.2017
		(Rs.in lakhs)	
<b>I INCOME</b>			
Revenue from operations	24	71439.37	69448.50
Other Income	25	545.31	404.68
<b>Total Income</b>		<b>71984.68</b>	<b>69853.18</b>
<b>II EXPENSES</b>			
Cost of materials consumed	26	43644.96	40160.65
Purchases of Stock-in-Trade	27	1929.28	1875.90
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	28	(452.95)	(2122.60)
Other Manufacturing Expenses	29	12192.46	12059.87
Employee Benefits Expense	30	5700.57	5630.92
Finance Costs	31	2582.00	2750.61
Depreciation and Amortization Expense		1445.22	1451.60
Other Expenses	32	4769.26	4181.40
<b>Total Expenses</b>		<b>71810.80</b>	<b>65988.35</b>
<b>III Profit before exceptional items and tax (I-II)</b>		<b>173.88</b>	<b>3864.83</b>
<b>IV Exceptional Items</b>		-	-
<b>V Profit before tax (III-IV)</b>		<b>173.88</b>	<b>3864.83</b>
<b>VI Tax Expense :</b>			
(1) Current Tax		306.22	1520.08
(2) MAT Credit Entitlement		-	-
(3) Deferred Tax		(103.05)	8.57
(4) Prior Year Tax		(120.47)	-
<b>Total</b>		<b>82.70</b>	<b>1528.65</b>
<b>VII Profit (Loss) for the period from continuing operations (V-VI)</b>		<b>91.18</b>	<b>2336.18</b>
<b>VIII Other Comprehensive Income</b>			
<b>Items that will not reclassified to Profit or Loss</b>			
Fair value of Equity Instruments		(1.32)	0.83
Gratuity valuations through OCI		33.31	(63.24)
Tax expense on above		-	-
<b>Profit/(loss) (after tax) (VII)</b>		<b>31.99</b>	<b>(62.41)</b>
<b>IX Total Comprehensive Income for the year (VII+VIII)</b>		<b>123.17</b>	<b>2273.77</b>
<b>X Earnings per equity share</b>			
(1) Basic		0.48	8.86
(2) Diluted		0.48	8.86
Weighted Number of Equity Shares		25653905	25653905
Significant Accounting Policies	33		
The notes form an integral part of these financial statements 34 to 45			

As per our report of even dated

For **MOHAN & VENKATARAMAN**  
Chartered Accountants

**V KARTHIKEYAN**

Partner

Coimbatore  
25th May, 2018

Membership No.208828  
Firm Regn. No.0073215

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**M BALAJI**  
Company Secretary

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**S MUTHUSWAMY**  
Chief Financial Officer

**B SRIHARI**  
Managing Director  
DIN : 00002556

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2018

(Rs.in akhs)

PARTICULARS	31.03.2018	31.03.2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit before tax and extraordinary items	207.19	3801.59
Adjustments for:		
Fair Valuation of Receivables	-335.86	-
Depreciation and Amortization expenses	1446.38	1452.34
Profit/Loss on sale of assets	0.82	5.23
Dividend Received	-	-
Finance Cost	2582.00	2750.61
<b>Operating Profit before working capital changes</b>	<b>3900.53</b>	<b>8009.77</b>
Adjustments for:		
(Increase)/Decrease in Trade and other receivables	-1065.77	-149.59
(Increase)/Decrease in Inventories	-1371.95	-1921.82
(Increase)/Decrease in Other Non current assets	-259.49	901.79
(Increase)/Decrease in Other current assets	-1196.80	-78.10
Increase/(Decrease) in Trade and other payables	4311.20	1544.11
Increase/(Decrease) in Provisions	-397.22	310.79
<b>Cash generated from operations</b>	<b>3920.50</b>	<b>8616.95</b>
<b>Cash flow before extraordinary items</b>	<b>3920.50</b>	<b>8616.95</b>
Extraordinary items-Gratuity valuation through OCI	-	-
<b>Cash flow after extraordinary items</b>	<b>3920.50</b>	<b>8616.95</b>
Income Tax	-185.74	-1520.08
<b>Net cash (used in)/generated from operating activities</b>	<b>3734.76</b>	<b>7096.87</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
<b>Cash inflow</b>		
Sale proceeds of property, plant and equipment	520.55	7.20
Dividend received	-	-
Investments	1.32	-
<b>Cash outflow</b>		
Purchase of property, plant and equipment	-4712.85	-1341.44
Fixed Deposits with banks	-246.20	-120.98
Investments	-	-0.02
<b>Net cash (used in)/generated from investing activities</b>	<b>-4437.18</b>	<b>-1455.24</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
<b>Cash inflow</b>		
Proceeds from Long Term Borrowings	1809.01	-1864.93
Proceeds from Short Term Borrowings	1916.31	-786.87
<b>Cash outflow</b>		
Provision for Equity Dividend	-192.40	-192.40
Distribution Tax on Equity Dividend	-39.17	-39.17
Interest paid	-2582.00	-2750.61
<b>Net cash (used in)/generated from financing activities</b>	<b>911.75</b>	<b>-5633.98</b>
<b>Net Increase in cash and cash equivalents</b>	<b>209.33</b>	<b>7.65</b>
Cash and cash equivalents as at 1st April, 2017 (Opening Balance)	331.95	317.32
Cash and cash equivalents as at 31st March, 2018 (Closing Balance)	541.28	324.97
<b>Cash and cash equivalents as per above comprises of the following</b>		
Cash and cash equivalents (Refer Note 5)	541.28	324.97
Bank overdraft	-	-
<b>Balance as per Statement of Cash Flows</b>	<b>541.28</b>	<b>324.97</b>

As per our report of even dated  
For **MOHAN & VENKATARAMAN**  
Chartered Accountants

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**B SRIHARI**  
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DIN : 00002556

**V KARTHIKEYAN**  
Partner

**M BALAJI**  
Company Secretary

**S MUTHUSWAMY**  
Chief Financial Officer

Coimbatore  
25th May, 2018

Membership No.208828  
Firm Regn. No.0073215

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

### A. EQUITY SHARE CAPITAL

(Rs in lakhs)

	Notes	Amount
As at 1st April, 2016		2566.51
Changes in equity share capital	11	-
As at 31st March, 2017		2566.51
Changes in equity share capital	11	-
As at 31st March, 2018		2566.51

### B. OTHER EQUITY

(Rs in lakhs)

	Securities Premium Reserve	General Reserves	Surplus	Total
Balance as at 1st April, 2016	444.44	1555.71	3187.57	5187.72
Profit for the year	-	-	2337.41	2337.41
Other Comprehensive Income for the year	-	-	(63.64)	-63.64
Total Comprehensive Income for the year	-	-	2273.77	2273.77
Fair valuation of Receivables	-	-	351.82	351.82
Depreciation adjustment for earlier years	-	-	5.00	5.00
Dividends	-	-	192.40	192.40
Dividend distribution tax	-	-	39.17	39.17
Balance as at 31st March, 2017	444.44	1555.71	4872.94	6873.09
Balance as at 1st April, 2017	444.44	1555.71	4872.94	6873.09
Profit for the year	-	-	91.19	91.19
Other Comprehensive Income for the year	-	-	31.98	31.98
Total Comprehensive Income for the year	-	-	123.17	123.17
Dividends	-	-	192.40	192.40
Dividend distribution tax	-	-	39.17	39.17
Balance as at 31st March, 2018	444.44	1555.71	4764.54	6764.69

The accompanying notes are an integral part of these Consolidated financial statements

As per our report of even dated  
For **MOHAN & VENKATARAMAN**  
Chartered Accountants

**V KARTHIKEYAN**  
Partner  
Coimbatore  
25th May, 2018  
Membership No.208828  
Firm Regn. No.0073215

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**M BALAJI**  
Company Secretary

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**S MUTHUSWAMY**  
Chief Financial Officer

**B SRIHARI**  
Managing Director  
DIN : 00002556



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## Note 01 - Property Plant & Equipment - Consolidated

(Rs.in lakhs)

	Land	Buildings	Plant & Equipment	Electrical Machinery	Furniture & Fixtures	Vehicles	Office Equipment	other (Specify nature)	Total	Capital Work in progress
<b>Gross Carrying Value</b>										
Deemed Cost as a April 1, 2016	390.69	4086.68	8132.47	517.06	126.91	370.02	117.07	-	13740.90	844.36
Additions	-	205.82	924.40	51.67	21.58	81.64	17.04	-	1303.15	260.48
brought in to use	-	-	-	-	-	-	-	-	-	222.19
(-) Disposals	-	-	137.69	8.38	-	5.19	-	-	151.26	-
<b>As at March 31, 2017</b>	<b>390.69</b>	<b>4292.50</b>	<b>8920.18</b>	<b>560.35</b>	<b>148.49</b>	<b>446.47</b>	<b>134.11</b>	<b>-</b>	<b>14892.79</b>	<b>882.65</b>
Additions	707.29	369.04	3968.65	3.40	39.30	94.19	37.04	-	5218.91	376.41
brought in to use	-	-	-	-	-	-	-	-	-	882.65
(-) Disposals	-	-	508.40	-	4.36	2.73	5.69	-	521.18	-
<b>As at March 31, 2018</b>	<b>1097.98</b>	<b>4661.54</b>	<b>12380.41</b>	<b>563.76</b>	<b>183.43</b>	<b>537.93</b>	<b>165.46</b>	<b>-</b>	<b>19590.51</b>	<b>376.41</b>
<b>Depreciation</b>										
As at April, 2016										
Depreciation for the year	-	195.92	1059.74	54.43	40.54	62.63	38.34	-	1451.60	-
Depreciation adjusted as per Ind AS	-	-	5.00	-	-	-	-	-	5.00	-
(-) On Disposals	-	-	130.78	3.10	-	4.93	-	-	138.81	-
<b>As at March 31, 2017</b>	<b>-</b>	<b>195.92</b>	<b>933.96</b>	<b>51.33</b>	<b>40.54</b>	<b>57.70</b>	<b>38.34</b>	<b>-</b>	<b>1317.79</b>	<b>-</b>
Depreciation for the year	-	206.56	1065.17	54.49	17.52	68.17	33.31	-	1445.22	-
Depreciation adjusted for earlier	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2018</b>	<b>1097.98</b>	<b>4259.06</b>	<b>10381.29</b>	<b>457.93</b>	<b>125.37</b>	<b>412.06</b>	<b>93.81</b>	<b>-</b>	<b>16827.51</b>	<b>376.41</b>
<b>As at March 31, 2017</b>	<b>390.69</b>	<b>4096.58</b>	<b>7986.22</b>	<b>509.03</b>	<b>107.95</b>	<b>388.77</b>	<b>95.77</b>	<b>-</b>	<b>13575.01</b>	<b>882.65</b>
<b>As at April 01, 2016</b>	<b>390.69</b>	<b>4086.68</b>	<b>8132.47</b>	<b>517.06</b>	<b>126.91</b>	<b>370.02</b>	<b>117.07</b>	<b>-</b>	<b>13740.90</b>	<b>844.36</b>

### Note :

Building includes Prayer Hall and Gold plating theron of Rs. 109.14 Lakhs in Gross Carrying value, Rs. 7.32 Lakhs in Depreciation block and Rs.101.82 Lakhs in Net Block (Previous year Rs. 109.14 Lakhs in Gross Carrying value, Rs. 3.66 Lakhs in Depreciation and Rs.105.48 lakhs in Net Block )

Furniture & Fittings includes Prayer Hall of Rs. 4.53 Lakhs in Gross Carrying value, Rs. 3.79 Lakhs in Depreciation Block and Rs.0.74 Lakhs in Net Block (Previous year Rs. 4.53 Lakhs in Gross Carrying Value, Rs. 2.02 Lakhs in Depreciation and Rs.2.51 Lakhs in Net Block)

Office Equipment includes Prayer Hall of Rs. 0.47 Lakhs in Gross Carrying Value, Rs. 0.20 Lakhs in Depreciation Block and Rs.0.27 Lakhs in Net Block (Previous year Rs. 0.47 Lakhs in Gross Carrying Value, Rs. 0.10 Lakhs in Depreciation and Rs.0.37 lakhs in Net Block )

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 31.03.2016
<b>NOTE 2 - INVESTMENTS-NON CURRENT</b>			
<b>A NON-TRADE INVESTMENTS</b>			
Equity (Quoted)			
i Allahabad Bank -5,265 Equity Shares	2.55	3.87	3.04
<b>TOTAL - A</b>	<u>2.55</u>	<u>3.87</u>	<u>3.04</u>
<b>II TRADE INVESTMENTS</b>			
i KG Fabriks Limited			
32,70,000 Equity Shares of Rs. 10/-	327.00	327.00	327.00
ii Sri Kannapiran Mills Limited			
4,588 Equity Shares of Rs. 10/- each	0.46	0.46	0.46
iii Cotton Sourcing Company Ltd			
10,000 Equity Shares of Rs. 10/- each	1.00	1.00	1.00
<b>SUB-TOTAL</b>	<u>328.46</u>	<u>328.46</u>	<u>328.46</u>
<b>TOTAL (B = I + II)</b>	<u>328.46</u>	<u>328.46</u>	<u>328.46</u>
<b>GRAND TOTAL (A+B)</b>	<u>331.01</u>	<u>332.33</u>	<u>331.50</u>
Less : Provision for diminution in the	-	-	-
<b>TOTAL</b>	<u>331.01</u>	<u>332.33</u>	<u>331.50</u>
Aggregate amount of quoted	4.32	4.32	4.32
market value of quoted investments	2.55	3.87	3.04
Aggregate amount of unquoted	328.46	328.46	328.46
Aggregate Value of impaired investments	-	-	-
<b>NOTE 3 - OTHER NON CURRENT ASSETS</b>			
<b>a. Capital Advances</b>			
Considered good	511.54	260.23	504.38
Others	-	-	-
	<u>511.54</u>	<u>260.23</u>	<u>504.38</u>
<b>b. Security Deposits</b>			
Security Deposits - Un secured considered good	17.16	82.54	72.94
	<u>17.16</u>	<u>82.54</u>	<u>72.94</u>
<b>c. Loans and advances to related parties</b>			
(USA) Inc - Un secured considered good	-	-	-
	-	-	-
<b>TOTAL</b>	<u>528.70</u>	<u>342.77</u>	<u>577.33</u>
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# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 31.03.2016
<b>NOTE 4 - INVENTORIES</b>			
a Raw Materials and components	4433.90	3687.54	3952.03
Goods-in transit - Grey Fabrics	-	-	-
	<u>4433.90</u>	<u>3687.54</u>	<u>3952.03</u>
b Work-in-progress	2702.46	2931.13	2709.80
Goods-in transit	-	-	-
	<u>2702.46</u>	<u>2931.13</u>	<u>2709.80</u>
c Finished goods	8389.96	7734.24	5667.38
Goods-in transit - Fabrics	390.80	405.17	570.78
	<u>8780.76</u>	<u>8139.41</u>	<u>6238.16</u>
d Stock-in-trade	-	-	-
Goods-in transit	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
d Stores and Spares	659.43	462.66	399.07
Goods-in transit	-	-	-
	<u>659.43</u>	<u>462.66</u>	<u>399.07</u>
e Others (Specify nature)			
stock of waste	10.35	4.26	2.29
	<u>10.35</u>	<u>4.26</u>	<u>2.29</u>
<b>TOTAL</b>	<u>16596.90</u>	<u>15225.00</u>	<u>13301.35</u>
Mode of valuation : Refer note 28.2 in significant Accounting Policies.			
<b>NOTE 5 - TRADE RECEIVABLES</b>			
Trade receivables Unsecured Considered Good	7339.10	5015.58	5724.30
<b>TOTAL</b>	<u>7339.10</u>	<u>5015.58</u>	<u>5724.30</u>
<b>NOTE 6 - CASH AND CASH EQUIVALENTS</b>			
a Balances with banks	521.90	306.36	295.13
b Cheques, drafts on hand	7.02	-	-
c Cash on hand	12.36	25.59	24.24
d Bank Balances - Current account	-	-	-
<b>TOTAL</b>	<u>541.28</u>	<u>331.95</u>	<u>319.37</u>
<b>NOTE 7 - OTHER BANK BALANCES</b>			
a Others Bank Balances			
Unclaimed Dividend Account	55.90	45.64	36.99
b Others			
EEFC Deposits	-	0.61	0.62
Margin Money Deposits on LC	1071.61	835.07	727.67
<b>TOTAL</b>	<u>1127.51</u>	<u>881.32</u>	<u>765.27</u>
<b>NOTE 8 - OTHER FINANCIAL ASSETS</b>	-	-	-
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# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 31.03.2016
<b>NOTE 9 - CURRENT TAX ASSETS (NET)</b>			
For Duties & Taxes	4.42	85.77	308.76
MAT Credit Entitlement	-	-	447.22
<b>TOTAL</b>	<b>4.42</b>	<b>85.77</b>	<b>755.98</b>
<b>NOTE 10 - OTHER CURRENT ASSETS</b>			
a. Export incentives Receivable	991.36	603.53	444.10
b. IGST Refund Receivable	550.77	-	-
c. Interest Subsidy from Govt Agencies	-	27.62	62.79
d. Interest Receivable	2.28	9.90	37.18
e. Input Credit GST Receivable	569.01	-	-
f. Excise Claim Receivables	-	-	18.79
g. For Expenses / Others	710.08	317.33	289.59
h. Prepaid Expenses	123.58	189.91	139.01
Income Receivables	50.14	-	-
Advances	-	-	-
For Material Purchase	834.71	1288.86	1365.53
<b>TOTAL</b>	<b>3831.93</b>	<b>2437.15</b>	<b>2356.99</b>
<b>NOTE 11 - SHARE CAPITAL</b>			
<b>Authorised</b>			
31000000 Equity Shares of Rs. 10 each	3100.00	3100.00	3100.00
1000000 10% Cumulative Redeemable Preference shares	1000.00	1000.00	1000.00
<b>Issued</b>			
25691305 Equity Shares of Rs. 10 each	2569.13	2569.13	2569.13
<b>Subscribed &amp; Paid up</b>			
25653905 Equity Shares of Rs. 10 each fully paid	2565.39	2565.39	2565.39
<b>Forfeited Shares</b>			
(Amount originally paid up)	1.12	1.12	1.12
<b>TOTAL</b>	<b>2566.51</b>	<b>2566.51</b>	<b>2566.51</b>
<b>Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period</b>			
Particulars	31.03.2018	31.03.2017	31.03.2016
Shares outstanding at the beginning of the year 25653905 Number	2565.39	2565.39	2565.39
Shares outstanding at the end of the year 25653905 Number	2565.39	2565.39	2565.39
<b>Shares in the company held by each shareholder holding more than 5 percent shares</b>			
	31.03.2018	31.03.2017	31.03.2016
Name of Shareholder	No. of Shares held & %	No. of Shares held & %	No. of Shares held & %
1 Sri Kannapiran Mills Limited	3065183 - 11.95%	3065183 - 11.95%	3065183 - 11.95%
2 Shri KG Baalakrishnan	2578560 - 10.05%	2578560 - 10.05%	2578560 - 10.05%
3 Shri B Srihari	2231859 - 8.70%	2231859 - 8.70%	2231859 - 8.70%
4 Shri B Sriramulu	2208659 - 8.61%	2208659 - 8.61%	2208659 - 8.61%
5 Smt B Sathyabama	1886500 - 7.35%	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 share holder is eligible for one vote per share. In the event of liquidation the equity share holders are eligible to receive the remaining assets of the company after distribution of all. There are no shares allotted as fully paid without payments being received in cash, bonus shares or shares bought back.

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 31.03.2016
<b>NOTE 12 - OTHER EQUITY</b>			
<b>a. Securities Premium Reserves</b>			
Opening Balance	444.44	444.44	444.44
Add : Addition / Deletion	-	-	-
Closing Balance	<u>444.44</u>	<u>444.44</u>	<u>444.44</u>
<b>b. Other Reserves</b>			
<b>General Reserve</b>			
Opening Balance	1555.71	1555.71	1555.71
(+) Current Year Transfer	-	-	-
(-) Written Back in Current Year	-	-	-
Closing Balance	<u>1555.71</u>	<u>1555.71</u>	<u>1555.71</u>
<b>c. Surplus</b>			
Opening Balance	4872.95	3187.57	1146.41
(+) Comprehensive Income	123.17	2273.77	2041.16
(-) Fair Valuation of Receivables	-	(351.82)	-
(-) Fair Valuation of Instrument	-	-	-
(-) Equity Dividends Paid	192.40	192.40	-
(-) Tax on Equity Dividend	39.17	39.17	-
(-) Depreciation	-	(5.00)	-
(-) Tax on Preference Dividend	-	-	-
(-) Additional depreciation as per Schedule II of Compan	-	-	-
Closing Balance	<u>4764.55</u>	<u>4872.95</u>	<u>3187.57</u>
<b>TOTAL</b>	<u>6764.70</u>	<u>6873.11</u>	<u>5187.73</u>
<b>NOTE 13 - LONG TERM BORROWINGS</b>			
<b><u>Secured</u></b>			
<b>a) Term Loans</b>			
<b>Indian Rupee Loan</b>			
from banks (Secured)	4984.00	3144.18	4954.31
from Others - House property loan from	22.26	115.09	141.44
<b>b) Long term maturities of finance lease</b>			
(Secured By Vehicles on Hire purchase loan)	52.64	15.20	43.65
There is no case of continuing default as on the			
<b>TOTAL</b>	<u>5058.90</u>	<u>3274.47</u>	<u>5139.40</u>
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# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## Security Clause

### Bank borrowings of Term Loan

Term Loans from Indian Bank (IB) and The South Indian Bank (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 and Bangalore 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 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.

The Company has availed Seven Term loans and One Corporate Loan from Indian Bank and loan outstanding is - Term Loan III Rs.Nil and Term Loan IV Rs.596.74 lakhs and Term Loan V Rs.Nil, Term Loan VI Rs.827.68 lakhs, Term Loan VII Rs.Nil and Term Loan VIII Rs. 21.65 and Corporate Loan Rs.2020 lakhs (Previous year Rs.74.47 lakhs, Rs.865.14 lakhs, Rs.243.46 lakhs, Rs.1015.96 lakhs, Rs.Nil, Rs.Nil & Rs. Nil 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%). Term Loan VII is repayable 84 monthly installments commencing from 15.05.2017. Last installment is due on 15.05.2024. Rate of interest 11.65%. Term Loan VIII is repayable 84 monthly installments commencing from 02.02.2018. Last installment is due on 02.02.2025. Rate of interest 11.65%. Corporate Loan is repayable in 48 monthly installments commencing from 01.04.2018. Last installment is due on 01.04.2022 Rate of interest 10.50% p.a as at year end.

The Company has availed a Term Loan from The South Indian Bank Ltd and loan outstanding is- Rs.734.27 lakhs (Previous year Rs.945.13 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).

The Company has availed a Term Loan from ICICI Bank Ltd and loan outstanding is Rs.264.00 lakhs (Previous year Rs.Nil). Term Loan is repayable in 120 monthly installments commencing from 05.05.2017. Last Installment is due on 05.05.2027. Rate of Interest 8.50% p.a. as at year end. ICICI Bank is having an exclusive charge on the Bangalore office property.

The Company has availed a Term Loan from Repco Bank Ltd and loan outstanding is Rs.470.00 lakhs (Previous year Rs.Nil). Term Loan is repayable in 120 monthly installments commencing from 01.04.2018. Last Installment is due on 01.04.2028. Rate of Interest 11.00% p.a. Repco Bank is having an exclusive charge on 24.25 acres of land situated at Jadayampalayam.

### Term Loan from others :

The Company has availed a Term Loan from HDFC and loan outstanding is Rs.72.25 lakhs (Previous year Rs.118.90 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) HDFC is having an exclusive charge on the Mumbai office property.

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 31.03.2016
<b>NOTE 14 - OTHER FINANCIAL LIABILITIES</b>			
a) Trade Payable	-	-	-
b) Others	756.86	732.27	457.09
(.i) Unsecured Loan from Financial Institutions (NBFC)	-	-	-
(.ii) Unsecured Loan from Promoter Director	380.00	240.00	240.00
<b>TOTAL</b>	<u>1136.86</u>	<u>972.27</u>	<u>697.09</u>
<b>NOTE 15 - LONG TERM PROVISIONS</b>			
a) Provision for employee benefits			
Gratuity (unfunded)	511.59	478.20	350.01
b) Others	-	-	-
<b>TOTAL</b>	<u>511.59</u>	<u>478.20</u>	<u>350.01</u>
<b>NOTE 16 - DEFERRED TAX LIABILITIES (NET)</b>			
Opening balance	1694.02	1685.46	637.49
Add : Provision for the year	(103.05)	8.57	1047.97
Less : Adjustment for additional depreciation as per Schedule II of Companies Act 2013	-	-	-
Net Deferred tax liability	<u>1590.97</u>	<u>1694.02</u>	<u>1685.46</u>
<b>NOTE 17 - GOVERNMENT GRANTS</b>			
Opening balance			
Add : Provision for the year	381.78	-	-
Less : Adjustment for additional depreciation as per Schedule II of Companies Act 2013	-	-	-
Closing Balance	<u>381.78</u>	<u>-</u>	<u>-</u>
<b>NOTE 18 - SHORT TERM BORROWINGS</b>			
<u>Secured</u>			
a) Loans repayable on demand			
Working Capital Loan from Banks (Secured)	8784.70	6868.39	7655.43
There are no case of default in repayment of loan and interest as on date of balance sheet.			
<b>TOTAL</b>	<u>8784.70</u>	<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, Andhra Bank, 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>b. Subsidiary</b>			
Working Capital Loan from Indian Overseas Bank is Secured by an exclusive first charge on the fixed and current assets besides corporate guarantee by Holding company viz K G Denim limited. The Loans are also personally guaranteed by Shri KG Baalakrishnan, Director			
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# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 31.03.2016
<b>NOTE 19 - TRADE PAYABLES</b>			
Trade Payables			
For Dues of Micro Enterprises and Small Enterprises	68.98	55.81	20.19
For Other Dues	16280.40	13391.49	12225.50
<b>TOTAL</b>	<u>16349.38</u>	<u>13447.31</u>	<u>12245.69</u>
<b>NOTE 20 - OTHER FINANCIAL LIABILITIES</b>			
a) Current maturities of long-term debt-Secured (See Note 13)	1865.15	1776.74	1943.49
b) Current Maturities of finance lease obligations	57.99	85.00	107.65
c) Current maturities of financial institutions (NBFC)	-	-	31.56
d) Interest accrued and due on borrowings	1.13	-	-
<b>TOTAL</b>	<u>1924.27</u>	<u>1861.74</u>	<u>2082.69</u>
<b>NOTE 21 - OTHER CURRENT LIABILITIES</b>			
a) Security Deposits	-	2.50	0.30
b) Duties and Taxes	75.74	122.59	126.75
c) Creditors for Capital goods	1737.38	90.69	329.42
d) Unpaid (Unclaimed) Equity Dividend	55.90	45.64	36.99
e) Customer Credit Balance	442.53	315.61	300.02
<b>TOTAL</b>	<u>2311.55</u>	<u>577.03</u>	<u>793.48</u>
<b>NOTE 22 - SHORT TERM PROVISIONS</b>			
a) Provision for employee benefits			
Gratuity (unfunded)	49.54	23.62	23.43
b) Others			
Income Tax provision (Net of Advance Tax)	16.31	472.86	290.45
<b>TOTAL</b>	<u>65.85</u>	<u>496.48</u>	<u>313.87</u>
<b>NOTE 23 - GOVERNMENT GRANTS</b>			
Opening Balance			
Add : Provision for the year	57.71	-	-
Less : Adjustment for additional depreciation as per Schedule II of Companies Act 2013	-	-	-
<b>Net Liability</b>	<u>57.71</u>	<u>-</u>	<u>-</u>



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	31.03.2018	31.03.2017
<b>NOTE 24 - REVENUE FROM OPERATIONS</b>		
Sale of products	67810.51	64368.81
Sale of services - Job work	831.82	2487.05
Other operating revenues : Waste Cotton / Yarn / Accessories sales	1010.03	449.21
Export Incentives	1787.01	2143.43
<b>TOTAL</b>	<u>71439.37</u>	<u>69448.50</u>
<b>NOTE 25 - OTHER INCOME</b>		
Interest Income	47.03	55.89
Interest Subside received	-	11.09
Dividend Income	-	-
Miscellaneous Income	4.08	0.73
Insurance Claim Received	6.39	22.92
Profit on sale of fixed assets	(1.32)	-
Exchange Gain on Export Sales	244.37	162.09
Other non-operating income (net of expenses directly attributed to such income)	244.76	151.96
<b>TOTAL</b>	<u>545.31</u>	<u>404.68</u>
<b>NOTE 26 - COST OF MATERIALS CONSUMED</b>		
Opening Stock	3687.53	3952.04
Purchases	44401.33	39896.14
Sub-total	48088.86	43848.18
Less : Closing stock	4443.90	3687.53
<b>Raw materials consumed</b>	<u>43644.96</u>	<u>40160.65</u>
<b>NOTE 27 - PURCHASES OF STOCK-IN-TRADE</b>		
Garments purchase	1929.28	1875.90
<b>TOTAL</b>	<u>1929.28</u>	<u>1875.90</u>
<b>NOTE 28 - CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Opening 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>Closing Stock :</b>		
Work-in-process	2702.46	2931.13
Finished Goods	8821.03	8139.42
Traded Items	-	-
<b>TOTAL</b>	<u>11523.49</u>	<u>11070.55</u>
<b>GRAND TOTAL</b>	<u>(452.95)</u>	<u>(2122.60)</u>

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	31.03.2018	31.03.2017
<b>NOTE 29 - OTHER MANUFACTURING EXPENSES</b>		
a) Power & Fuel	4965.59	3000.65
b) Consumptions of Stores & Spare Parts	287.02	395.03
c) Processing Charges	4899.54	5847.37
d) Repairs & Maintenance	-	-
For Plant & Machinery	1642.52	2188.27
For Buildings	250.52	405.19
For Others	147.27	223.36
<b>TOTAL</b>	<b>12192.46</b>	<b>12059.87</b>
<b>NOTE 30 - EMPLOYEE BENEFITS EXPENSE</b>		
a) Salaries and Wages	5244.56	5118.61
b) Salaries - Managing Directors / Whole-time Directors	173.53	188.36
c) Contributions to Provident fund and other funds	79.80	79.09
d) Gratuity as per actuarial valuations	105.47	77.66
e) Staff welfare expenses	97.21	167.20
<b>TOTAL</b>	<b>5700.57</b>	<b>5630.92</b>
<b>NOTE 31 - FINANCE COSTS</b>		
Interest Expense	1997.76	2140.36
Other borrowing costs	584.24	610.25
Applicable net gain/loss on foreign currency transactions and translation	-	-
<b>TOTAL</b>	<b>2582.00</b>	<b>2750.61</b>
<b>NOTE 32 - OTHER EXPENSES</b>		
Rent	194.06	109.10
Insurance	307.03	220.59
Rates and taxes, excluding, taxes on income.	104.15	191.33
<b>Payments to the auditor as</b>		
a) as statutory auditor	3.85	4.05
b) for taxation matters	1.23	3.30
c) for other services	-	-
Legal, Professional & Consultancy Charges	95.44	63.71
Printing and Stationery	63.43	57.45
Postage, Telegrams and Telephones	218.77	216.05
Traveling Expenses and Maintenance of Vehicles	597.25	602.12
Director Sitting Fees	5.95	5.03
Loss of Sale of Fixed Assets	0.82	-
Brokerage	8.30	13.31
Commission on Sales	1365.68	1134.64
Discount on Sales	188.95	160.43
Selling Expenses	743.21	598.59
Freight Outwards	496.44	510.98
Exchange Loss on Export Sales	-	-
Prayer Hall Repairs and maintenance	18.45	23.92
Corporate Social Responsibility Expenses	51.10	41.77
Bad Debts Written off	6.72	-
Miscellaneous expenses,	298.44	219.66
Loss on sale of Fixed Assets	-	5.37
<b>TOTAL</b>	<b>4769.26</b>	<b>4181.40</b>

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

### Note :- 33: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### 33.1 Method of Accounting:

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

These consolidated financial statements for the year ended 31<sup>st</sup> March, 2018 are the first financials with comparatives, prepared under Ind AS. For all previous periods including the year ended 31<sup>st</sup> March, 2017, the Company had prepared its financial statements in accordance with the accounting standards notified under companies (Accounting Standard) Rule, 2006 (as amended) and other relevant provisions of the Act (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India.

The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2016 being the date of transition to Ind AS.

#### 33.2 Principles of consolidation:

The Consolidated financial statements relate to KG Denim Limited and its subsidiaries, have been prepared on a line by line basis by adding together the book values 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 Ind AS

The subsidiary companies considered in the consolidated financial statements are

Name of the company	Country of Incorporation	Proportion of voting power as on 31.03.2018
Trigger Apparels Limited	India	100%
KG Denim (USA) Inc.	Delaware USA	100%

#### 33.3 Other Significant Accounting policies:

The "Significant Accounting Policies" of the holding Company K G Denim Limited mutatis mutandis apply to that of the subsidiaries Trigger Apparels Limited and KG Denim (USA) Inc. and to the consolidated accounts.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

These are the Company's first consolidated financial statements prepared in accordance with Ind AS.

The Group company has adopted Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs with effect from 1st April, 2017, with a transition date of 1st April, 2016. Ind AS 101-First-time Adoption of Indian Accounting Standards requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements which is for the year ended 31st March, 2018 for the company, be applied retrospectively and consistently for all financial years presented. Consequently, in preparing these Ind AS financial statements, the Company has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101, as explained below. The resulting difference in the carrying values of the assets and liabilities as at the transition date between the Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity).

## CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

Set out below are the Ind AS 101 optional exemptions availed as applicable and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

### A. Optional Exemptions availed

#### (a) Deemed Cost

The Group Company has opted paragraph D7 AA and accordingly considered the carrying value of property, plant and equipments and Intangible assets as deemed cost as at the transition date.

#### (b) Designation of previously recognized financial instruments

The Group company has opted to apply the exemption under para 19B to designate investments in equity instruments at FVOCI on the basis of facts and circumstances at the date of transition to INDAS.

### B. Applicable Mandatory Exceptions

#### (a) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

The Group company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVPL or FVOCI;
- Impairment of financial assets based on expected credit loss model.

#### (b) Classification and measurement of financial assets

As required under Ind AS 101 the Group Company has assessed the classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

### C. Transition to Ind AS - Reconciliations

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS as required under Ind AS 101:

#### I. Reconciliation of Balance sheet as at April 1, 2016 (Transition Date)

#### II. A. Reconciliation of Balance sheet as at March 31, 2017

#### B. Reconciliation of Total Comprehensive Income for the year ended March 31, 2017

#### III. Reconciliation of Equity as at April 1, 2016 and as at March 31, 2017

#### IV. Adjustments to Statement of Cash Flows

The presentation requirements under Previous GAAP differ from Ind AS, and hence, Previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The Regrouped Previous GAAP information is derived from the Financial Statements of the Group Company prepared in accordance with Previous GAAP.

The following explains the material adjustments made while transition from previous accounting standards to IND AS

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## Note to the Financial Statements

### Note – : FIRST TIME ADOPTION OF Ind AS (Contd.)

The presentation requirements under previous GAAP differs from Ind AS, and hence, previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The Regrouped previous GAAP information is derived from the financial statements of the company prepared in accordance with previous GAAP

(Rs. in lakhs)

Effect of Ind AS adoption on the Balance Sheet as at 1st April 2016	Regrouped previous GAAP	Ind AS adjustments	Ind AS	Remarks
<b>Assets</b>				
<b>Non - Current assets</b>				
Property, plant and equipment	13740.90	-	13740.90	
Capital work-in-progress	844.36	-	844.36	
<b>Financial Assets</b>				
Non-current investments	332.78	-1.28	331.50	Fair valuation of investments
Long term loans and advances	577.33	-	577.33	
Other non current assets	-	-	-	-
<b>Current assets</b>				
Inventories	13301.35	-	13301.35	
<b>Financial Assets</b>				
Trade receivables	5724.30	-	5724.30	
Cash and cash equivalents	1084.64	-765.27	319.37	Reclassification
Bank balance other than above	-	765.27	765.27	Reclassification
Other financial assets	-	-	-	
Short term loans and advances	2546.29	-2546.29	-	Reclassification
Current tax assets (net)	-	755.98	755.98	Reclassification
Other current assets	566.68	1790.31	2356.99	Reclassification
<b>Total</b>	<b>38718.63</b>	<b>-1.28</b>	<b>38717.35</b>	
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Equity Share capital	2566.51	-	2566.51	
Other Equity	4957.43	230.30	5187.73	Dividend reversed and fair valuation of investment
<b>Liabilities</b>				
<b>Non-current Liabilities</b>				
Borrowings	5139.40	-	5139.40	
Other Long term Liabilities (Net)	697.09	-697.09	-	Reclassification
Other financial Liabilities	-	697.09	697.09	Reclassification
Long-term provisions	350.01	-	350.01	
Deferred tax liabilities (Net)	1685.46	-	1685.46	
Government grants	-	-	-	

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs. in lakhs)

Effect of Ind AS adoption on the Balance Sheet as at 1st April 2016	Regrouped previous GAAP	Ind AS adjustments	Ind AS	Remarks
<b>Current Liabilities</b>				
Borrowings	7655.43	-	7655.43	
Trade payable	12245.69	-	12245.69	
Other financial Liabilities	-	2082.69	2082.69	Reclassification
Other Current Liabilities	2876.17	-2082.69	793.48	Reclassification
Short-term provisions	545.44	-231.58	313.86	Dividend reversed
Government grants	-	-	-	
<b>Total</b>	<b>38718.63</b>	<b>-1.28</b>	<b>38717.35</b>	

(Rs. in lakhs)

Effect of Ind AS adoption on the Balance Sheet as at 31st March 2017	Regrouped previous GAAP	Ind AS adjustments	Ind AS	Remarks
<b>Assets</b>				
<b>Non - Current assets</b>				
Property, plant and equipment	13580.01	-5.00	13575.01	Depreciation adjustment under Ind AS
Capital work-in-progress	882.65	-	882.65	
<b>Financial Assets</b>				
Non-current investments	332.78	-0.45	332.33	Fair valuation of investments
Long term loans and advances	342.77	-	342.77	
Other non current assets	-	-	-	
<b>Current assets</b>				
Inventories	15225.00	-	15225.00	
<b>Financial Assets</b>				
Trade receivables	5367.34	-351.76	5015.58	Fair value of receivable
Cash and cash equivalents	1213.27	-881.32	331.95	Reclassification
Bank balance other than above	-	881.32	881.32	Reclassification
Other financial assets	-	-	-	
Short term loans and advances	1878.38	-1878.38	-	Reclassification
Current tax assets (net)	-	85.77	85.77	Reclassification
Other current assets	644.53	1792.62	2437.15	Reclassification
<b>Total</b>	<b>39466.73</b>	<b>-357.20</b>	<b>39109.53</b>	
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Equity Share capital	2566.51	-	2566.51	
Other Equity	6998.74	-125.63	6873.11	Proposed dividend reversed and fair value of investment & receivable
<b>Liabilities</b>				
<b>Non-current Liabilities</b>				
Borrowings	3274.47	-	3274.47	
Other Long term Liabilities (Net)	972.27	-972.27	-	Reclassification
Other financial Liabilities	-	972.27	972.27	Reclassification
Long-term provisions	478.20	-	478.20	
Deferred tax liabilities (Net)	1694.02	-	1694.02	
Government grants	-	-	-	

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs. in lakhs)

Effect of Ind AS adoption on the Balance Sheet as at 31st March 2017	Regrouped previous GAAP	Ind AS adjustments	Ind AS	Remarks
<b>Current Liabilities</b>				
Borrowings	6868.39	-	6868.39	
Trade payable	13447.31	-	13447.31	
Other financial Liabilities	-	1861.74	1861.74	Reclassification
Other Current Liabilities	2438.77	-1861.74	577.03	Reclassification
Short-term provisions	728.05	-231.57	496.48	Dividend reversed and fair valuation of investment
Government grants	-	-	-	
<b>Total</b>	<b>39466.73</b>	<b>-357.20</b>	<b>39109.53</b>	

(Rs. in lakhs)

Effect of Ind AS adoption on the Profit and Loss Account for the Year ended 31st March 2017	Regrouped previous GAAP	Ind AS adjustments	Ind AS	Remarks
Revenue from operations	69448.50	-	69448.50	
Other income	404.68	-	404.68	
<b>Total</b>	<b>69853.18</b>	<b>-</b>	<b>69853.18</b>	
Expenses :				
Cost of materials consumed	40160.65	-	40160.65	
Purchases of Stock-in-Trade	1875.90	-	1875.90	
Change in inventories of finished goods, stock in trade and work in progress	-2122.60	-	-2122.60	
Other Manufacturing Expenses	12059.87	-	12059.87	
Employee benefits expense	5694.16	-63.24	5630.92	Gratuity recognised on OCI
Finance costs	2750.61	-	2750.61	
Depreciation and amortization expense	1451.60	-	1451.60	
Other expenses	4181.40	-	4181.40	
<b>Total</b>	<b>66051.59</b>	<b>-63.24</b>	<b>65988.35</b>	
<b>Profit before exceptional and extraordinary</b>	<b>3801.59</b>	<b>-</b>	<b>3864.83</b>	
Exceptional items	-	-	-	
<b>Profit before extraordinary items and tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Extraordinary items	-	-	-	
<b>Profit before tax</b>	<b>3801.59</b>	<b>-</b>	<b>3864.83</b>	
Tax expense :				
Current Tax	1520.08	-	1520.08	
MAT Credit entitlement	-	-	-	
Deferred tax	8.57	-	8.57	
<b>Profit for the year (A)</b>	<b>2272.94</b>	<b>63.24</b>	<b>2336.18</b>	
Profit from discontinuing operations	-	-	-	
Tax expense of discontinuing operations	-	-	-	
<b>Profit from discontinuing operations (after tax)</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Profit for the period</b>	<b>2272.94</b>	<b>63.24</b>	<b>2336.18</b>	
<b>Other Comprehensive Income*</b>				
Items that will not reclassified to profit or loss				
Fair value of equity instruments	-	0.83	0.83	Fair Value of Investment
Gratuity valuation through OCI	-	-63.24	-63.24	Gratuity recognised on OCI
Tax expenses on above	-	-	-	
<b>Other comprehensive income</b>	<b>-</b>	<b>-62.41</b>	<b>-62.41</b>	
<b>Total comprehensive income for the year (A+B)</b>	<b>2272.94</b>	<b>0.83</b>	<b>2273.77</b>	
<b>Equity holder of parent</b>	<b>2272.94</b>	<b>0.83</b>	<b>2273.77</b>	

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs. in lakhs)

	Notes	As at 31st March 2017	As at 1st April 2016
Total equity under previous GAAP		6998.74	4957.43
Adjustments impact : Gain / (Loss)		-	-
Reversal of proposed ordinary dividends payable		231.57	231.57
Effective interest rate computation of Loans outstanding		-	-
Fair valuation of investment - Short term		-0.45	-1.28
Fair valuation of instrument in subsidiary and JV		-	-
Deferred tax assets created for DDT credit available on DDT payable by subsidiary		-	-
Property, plant and equipment		-5.00	-
Trade receivable		-351.76	-
Deferred tax on Ind AS adjustment		-	-
Total Ind AS adjustment		-	-
Totally equity under Ind AS		6873.11	5187.72

(Rs. in lakhs)

			As at 31st March 2017
Profit after tax under previous GAAP		-	2272.94
Adjustments Gain / (Loss)		-	-
Amortisation of premium on redemption of debentures and transaction costs on borrowings		-	-
Others (Net)		-	0.83
Deferred tax assets on Ind AS adjustment		-	-
Total adjustment		-	0.83
Profit after tax as per Ind AS		-	2273.77
Other comprehensive income (Net of tax)		-	-
Total comprehensive income as per Ind AS		-	2273.77

## A Proposed dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events and accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend along with income tax there on Rs.231.57 Lakh as at 1st April, 2016 included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity has been increased by an equivalent amount.

## B Fair valuation of investments:

Under the previous GAAP, investments in equity instruments were classified as long-term investments or current investments based on the intended holding period and reliability. Long term investments were carried at cost less provisions for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under IND AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognized in retained earnings Rs.0.83lakh as at 31<sup>st</sup> March 2017 (Rs.-1.28 lakh as at 1<sup>st</sup> April 2016)



## CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

### C Fair valuation of Trade Receivable:

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowance for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balance and historical experience. Additionally, a large number of minor receivable is grouped into homogenous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible. Trade receivable written off as at March 2017 Rs.351.80 lakh.

### D Government Grant

Apportionment of Government Grant recognized under Export Promotion Capital Goods (EPCG) scheme and corresponding charge of depreciation on account of grossing-up of Property, Plant & Equipment are now recognised in accounts.

### E Retained earnings

Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

### F Other comprehensive income

Under Ind AS, all items of income and expense recognized in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes re measurements of investments. The concept of other comprehensive income did not exist under previous GAAP.

### G Deferred Tax

Deferred Tax on aforesaid IND AS adjustments

### H Current Tax

Tax component on Actuarial Gains and losses is transferred to Other Comprehensive Income under IND AS .As required under the Ind AS, the same has been debited to Profit and Loss.

I The Ind AS adjustments are either non cash adjustments or are regrouping among the cash flows from operating, investing and financing activities. Consequently, Ind AS adoption has no impact on the net cash flow for the year ended 31st March, 2016 as compared with the previous GAAP.

### Note : 34: FAIR VALUE MEASUREMENT

Financial Instrument by category and hierarchy

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

The fair values for loans and security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

## CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

(Rs. in lakhs)

Financial Assets and Liabilities as at 31st March 2018	Non current	Current	Total	Level 1	Level 2	Level 3	Total	Total amount
<b>Financial Assets</b>								
<b>Investments</b>								
Equity instruments	328.46	-	328.46	2.55	-	328.46	331.01	331.01
<b>Other Assets</b>								
Trade Receivables	-	7339.10	7339.10	-	-	7339.10	7339.10	7339.10
Cash and cash equivalents	-	541.28	541.28	-	-	541.28	541.28	541.28
Other Bank balances	-	1127.51	1127.51	-	-	1127.51	1127.51	1127.51
Other Financial Assets	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>9007.87</b>	<b>9007.87</b>	<b>-</b>	<b>-</b>	<b>9007.87</b>	<b>9007.87</b>	<b>9007.87</b>
<b>Financial Liabilities</b>								
Borrowings	5058.89	8784.70	13843.59	-	-	13843.59	13843.59	13843.59
Trade payables	-	16349.37	16349.37	-	-	16349.37	16349.37	16349.37
Other Financial Liabilities	1136.86	1924.27	3061.13	-	-	3061.13	3061.13	3061.13
<b>Total</b>	<b>6195.75</b>	<b>27058.34</b>	<b>33254.09</b>	<b>-</b>	<b>-</b>	<b>33254.09</b>	<b>33254.09</b>	<b>33254.09</b>
<b>Grand Total</b>	<b>6524.21</b>	<b>36066.21</b>	<b>42590.42</b>	<b>2.55</b>	<b>-</b>	<b>42590.42</b>	<b>42592.97</b>	<b>42592.97</b>

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs. in lakhs)								
Financial Assets and Liabilities as at 31st March 2017	Non current	Current	Total	Level 1	Level 2	Level 3	Total	Total amount
<b>Financial Assets</b>								
<b>Investments</b>								
Equity instruments	328.46	-	328.46	3.87	-	328.46	332.33	332.33
<b>Other Assets</b>								
Trade Receivables	-	5015.58	5015.58	-	-	5015.58	5015.58	5015.58
Cash and cash equivalents	-	331.95	331.95	-	-	331.95	331.95	331.95
Other Bank balances	-	881.32	881.32	-	-	881.32	881.32	881.32
Other Financial Assets	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>6228.81</b>	<b>6228.81</b>	<b>-</b>	<b>-</b>	<b>6228.81</b>	<b>6228.81</b>	<b>6228.81</b>
<b>Financial Liabilities</b>								
Borrowings	3274.47	6868.39	10142.86	-	-	10142.86	10142.86	10142.86
Trade payables	-	13447.31	13447.31	-	-	13447.31	13447.31	13447.31
Other Financial Liabilities	972.27	1861.74	2834.01	-	-	2834.01	2834.01	2834.01
<b>Total</b>	<b>4246.74</b>	<b>22177.44</b>	<b>26424.18</b>	<b>-</b>	<b>-</b>	<b>26424.18</b>	<b>26424.18</b>	<b>26424.18</b>
<b>Grand Total</b>	<b>4575.20</b>	<b>28406.25</b>	<b>32981.45</b>	<b>3.87</b>	<b>-</b>	<b>32981.45</b>	<b>32985.32</b>	<b>32985.32</b>

(Rs. in lakhs)								
Financial Assets and Liabilities as at 31st March 2016	Non current	Current	Total	Level 1	Level 2	Level 3	Total	Total amount
<b>Financial Assets</b>								
<b>Investments</b>								
Equity instruments	328.46	-	328.46	3.04	-	328.46	331.50	331.50
<b>Other Assets</b>								
Trade Receivables	-	5724.30	5724.30	-	-	5724.30	5724.30	5724.30
Cash and cash equivalents	-	319.37	319.37	-	-	319.37	319.37	319.37
Other Bank balances	-	765.27	765.27	-	-	765.27	765.27	765.27
Other Financial Assets	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>6808.94</b>	<b>6808.94</b>	<b>-</b>	<b>-</b>	<b>6808.94</b>	<b>6808.94</b>	<b>6808.94</b>
<b>Financial Liabilities</b>								
Borrowings	5139.40	7655.43	12794.83	-	-	12794.83	12794.83	12794.83
Trade payables	-	12245.69	12245.69	-	-	12245.69	12245.69	12245.69
Other Financial Liabilities	697.09	2082.69	2779.78	-	-	2779.78	2779.78	2779.78
<b>Total</b>	<b>5836.49</b>	<b>21983.81</b>	<b>27820.30</b>	<b>-</b>	<b>-</b>	<b>27820.30</b>	<b>27820.30</b>	<b>27820.30</b>
<b>Grand Total</b>	<b>6164.95</b>	<b>28792.75</b>	<b>34957.70</b>	<b>3.04</b>	<b>-</b>	<b>34957.70</b>	<b>34960.74</b>	<b>34960.74</b>

**Note :- 35 - FINANCIAL RISK MANAGEMENT (contd..)**

## **Credit risk**

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, foreign exchange transactions and other financial instruments.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date

## CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- i) Actual or expected significant adverse changes in business,
- ii) Actual or expected significant changes in the operating results of the counterparty,
- iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- iv) Significant increase in credit risk on other financial instruments of the same counterparty,

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company.

### Trade Receivables

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and generally on 7 days to 180 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

### Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

#### (i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:  
(Rs. in lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Expiring within one year (term loan)	3062	-	-
Expiring beyond one year (bank loans)	-	-	-

Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn within one year.

#### (ii) Maturity patterns of borrowings

(Rs. in lakhs)

	As at 31st March, 2018				As at 31st March, 2017			
	0-1 years	1-5 years	beyond 5 years	Total	0-1 years	1-5 years	beyond 5 years	Total
Long term borrowings (Including current maturity of long term debt)	1924	3864	1195	6983	1862	2887	387	5136
Short term borrowings	8785	-	-	8785	6869	-	-	6869
<b>Total</b>	<b>10709</b>	<b>3864</b>	<b>1195</b>	<b>15768</b>	<b>8731</b>	<b>2887</b>	<b>387</b>	<b>12005</b>

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## Maturity patterns of other Financial Liabilities

As at 31st March, 2018

(Rs. in lakhs)

	0-3 months	3-6 months	6 months to 12 Months	beyond 12 Months	Total
Trade Payable	12355	3893	101	-	16349
Other Financial liability (Current and Non current)	-	-	-	1137	1137
<b>Total</b>	<b>12355</b>	<b>3893</b>	<b>101</b>	<b>1137</b>	<b>17486</b>

As at 31st March, 2017

(Rs. in lakhs)

	0-3 months	3-6 months	6 months to 12 Months	beyond 12 Months	Total
Trade Payable	10533	2869	45	-	13447
Other Financial liability (Current and Non current)	-	-	-	972	972
<b>Total</b>	<b>10533</b>	<b>2869</b>	<b>45</b>	<b>972</b>	<b>14419</b>

As at 1st April, 2016

(Rs. in lakhs)

	0-3 months	3-6 months	6 months to 12 Months	beyond 12 Months	Total
Trade Payable	10117	2058	70	-	12245
Other Financial liability (Current and Non current)	-	-	-	697	697
<b>Total</b>	<b>10117</b>	<b>2058</b>	<b>70</b>	<b>697</b>	<b>12942</b>

## Note :- 35 - FINANCIAL RISK MANAGEMENT (contd..)

### Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Managing Board.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommend risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures like foreign exchange forward contracts, borrowing strategies and ensuring compliance with market risk limits and policies.

### Market Risk- Interest rate risk

The Company's borrowings are of fixed rate nature only. Hence interest rate risk is not applicable and hence no sensitivity analysis.

### Market Risk- Foreign currency risk.

The company manages foreign currency risk primarily through forward contracts

### Derivative instruments and unhedged foreign currency exposure

#### (a) Derivative outstanding as at the reporting data

Foreign currency in lakhs

	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
Forward contracts to buy USD	USD	83.51	USD	12.00	USD	13.90

Derivative financial instruments such as foreign exchange forward contracts are used for hedging purposes and not as trading or speculative instruments.

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## (b) Particulars of unhedged foreign currency exposures as at the reporting date

As at 31st March, 2018 Foreign currency in lakhs

Particulars	USD	EURO
Trade Receivables	41.51	3.14
Trade payables	2.09	19.22

As at 31st March, 2017 Foreign currency in lakhs

Particulars	USD	EURO
Trade Receivables	7.26	4.90
Trade payables	4.00	-

As at 1st April, 2016 Foreign currency in lakhs

Particulars	USD	EURO	GBP
Trade Receivables	49.75	5.05	0.31
Trade payables	3.83	-	-

### (a) (iii) Market Risk- Price Risk

#### (a) Exposure

The Company's exposure to equity securities traded in stock exchange held by the Company as long term and classified in the balance sheet at fair value through OCI. The risk is marginal on account of investment being minimal.

#### (b) Sensitivity

The table below summarizes the impact of increases/decreases of the BSE index on the Company's equity and Gain/Loss for the period. The analysis is based on the assumption that the index has increased by 5 % or decreased by 5 % with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

Impact on profit before tax	(Rs. in lakhs)		
	31st March, 2018	31st March, 2017	1st April, 2016
BSE Sensex -30 - increase in 5%	0.13	0.19	0.15
BSE Sensex -30 - decrease in 5%	-0.13	-0.19	-0.15

Above referred sensitivity pertains to quoted equity investment. Profit for the year would increase / (decrease) as a result of gains/losses on equity securities as at fair value through profit or loss.

### (c) Foreign currency Risk Sensitivity

A change of 5% in foreign currency would have following impact on profit before tax (Rs. in lakhs)

	2017-18		2016-17	
Particulars	5% increase	5% decrease	5% increase	5% decrease
USD	130.39	-130.39	10.57	-10.57
EURO	-64.64	64.64	17.13	-17.13
Increase / (decrease) in profit or loss	65.75	-65.75	27.70	-27.70

### Note :- 36 - CAPITAL RISK MANAGEMENT

#### (a) Risk Management

The Company aim to manages its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may

## CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

(Rs.in lakhs)

(b) Dividend	31st March, 2018	31st March, 2017
Equity shares		
Final dividend for the year ended 31st March, 2017 of INR -0.75	<b>192.40</b>	192.40
(31st March, 2016 - INR 0.75) per fully paid share		

### Note :- 37 - EARNINGS PER SHARE

(Rs.in lakhs)

	31st March, 2018	31st March, 2017
Earnings Per Share has been computed as under :		
Profit / (Loss) for the year	<b>123.17</b>	2273.77
Weighter average number of equity shares outstanding	<b>25653905</b>	25653905
Earnings Per Share - Basic (Face Value of Rs.10 per share)	<b>0.48</b>	8.86
Diluted earning per share is same as basic earning per share		

### Note :- 38 - EXPORT PROMOTION CAPITAL GOODS (EPCG)

Export Promotion Capital Goods (EPCG) scheme allows import of certain capital goods including spares at concessional duty subject to an export obligation for the duty saved on capital goods imported under EPCG scheme. The duty saved on capital goods imported under EPCG scheme being Government Grant, is accounted as stated in the Accounting policy on Government Grant.

### Note :- 39 - DETAILS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE

(Rs.in lakhs)

	31st March, 2018	31st March, 2017
Amount required to be spent as per Section 135 of the Act	<b>50.77</b>	31.63
Amount spent during the on:		
(i) Construction / acquisition of an asset		
(ii) On purpose other than (i) above	<b>51.10</b>	41.77
<b>Total</b>	<b>51.10</b>	<b>41.77</b>

### Note:40 - GST

The Company is liable to pay tax under Goods and Service Tax Act with effect from 1st July 2017.

Revenue / Expenses for the year 2017-18 are net of GST and hence not comparable with that of earlier years.

### Note 41 : CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

#### (I) Contingent Liabilities

#### (a) Claims against the company not acknowledged as Debt:

Rs. lakh

	2017-2018	2016-2017	2015-16
Disputed Excise / Customs duties	<b>137.54</b>	566.86	476.63
Disputed Income Tax	<b>156.09</b>	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.

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## (b) Guarantees

	2017-2018	Rs. lakh	2015-16
		2016-2017	
Guarantees given to Bank for loan to subsidiary	551.00	651.00	651.00
Guarantees given on behalf of Associates for fulfilment of their Export obligation under EPCG Scheme	-	-	93.00

## (c) Other Money for which the company is contingently liable

	2017-2018	Rs. lakh	2015-16
		2016-2017	
Bills discounted with banks	3194.39	2919.37	3233.68
Claim against the company not acknowledged as a debt	6.74	6.74	6.74

## (II) Commitments

	2017-2018	Rs. lakh	2015-16
		2016-2017	
Estimated amount of contracts remaining to be executed in capital account and not provided for	2057.58	10.33	375.00

### Note 42 : Segment Reporting:

		Rs. lakh	
S.No.	Particulars	Consolidated	
		Audited 31.03.2018	Audited 31.03.2017
1	Segment Revenue (Net Sales / Income from Operations)		
	(a) Textiles	63365	60645
	(b) Power	4283	3984
	(c) Garments	11330	11139
	<b>Total</b>	<b>78978</b>	<b>75768</b>
	Add: Other Unallocable Income		
	Less: Inter Segment Sales	6993	5915
	<b>Net Sales / Income from operations</b>	<b>71985</b>	<b>69853</b>
2	Segment Results (Profit before Interest & Tax)		
	(a) Textiles	3410	6023
	(b) Power	(99)	522
	(c) Garments	(555)	71
	<b>Total</b>	<b>2756</b>	<b>6616</b>
	Less:		
	a) Interest & Finance Charges(Net)	2582	2751
	b) Other Unallocable expenditure(Net of Unallocable Income)	-	-
	<b>Profit Before Extra Ordinary Items &amp; Tax</b>	<b>174</b>	<b>3865</b>
3	Capital Employed		
	(a) Textiles	13841	9105
	(b) Power	4613	6554
	(c) Garments	(443)	199
	<b>Total Capital Employed in Company</b>	<b>18011</b>	<b>15858</b>

### Note 43 : Trade payable

Trade payable referred under current liability to Small Scale Industrial units is complied on the information made available to the company includes due of Rs.52.02 lakh of more than 30 days and exceeding Rs.1 lakh to the following parties : Sri Abirami Tubes - Rs.17.76 lakh, Nava Bharath Packaging - Rs.9.59 lakh, Acme Textiles-Rs.3.68 lakh, Asmaco Packaging IND-Rs.15.3 lakh and Harini Packs-Rs.5.69 lakh.

In the absence of necessary information with 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.

### Note 44 : Gratuity

Gratuity is provided as per actuarial valuation of the holding Company and its Subsidiaries



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

Note: 45 - RELATED PARTY DISCLOSURES AS PER Ind AS 24

(Rs. in lakhs)

Particulars	2017 - 2018			2016 - 2017		
	Other Related Party	Key Management Personnel	Relative of Key Management Personnel	Other Related Party	Key Management Personnel	Relative of Key Management Personnel
Purchase of Goods						
KG Fabriks Limited	443.74	-	-	650.40	-	-
Sri Kannapiran Mills Limited	401.41	-	-	-	-	-
Other related party	3.19	-	-	90.13	-	-
Sale of Goods						
Sri Kannapiran Mills Limited	0.33	-	-	-	-	-
Other related party	25.32	-	-	706.15	-	-
Processing / other Charges Paid						
Sri Kannapiran Mills Limited	2282.24	-	-	2598.27	-	-
Other related party	92.02	-	0.30	135.43	-	0.30
Processing / Other Charges Received						
Other related party	40.52	-	-	38.14	-	-
Service Charges Received	676.02	-	-	1.45	-	-
Land Purchase from Ramhari Orchids LLP	635.00	-	-	-	-	-
Machinery Purchase						
Other related party	2.41	-	-	-	-	-
Managerial Remuneration	-	168.00	5.53	-	168.00	20.36

Note: 45.1 - Balance Outstanding

(Rs. in lakhs)

Particulars	as on 31.03.2018			as on 31.03.2017		
	Other Related Party	Key Management Personnel	Relative of Key Management Personnel	Other Related Party	Key Management Personnel	Relative of Key Management Personnel
Trade Receivable	-	-	-	-	-	-
Trade Payable	186.63	-	-	538.92	-	-
Investments	327.46	-	-	327.46	-	-
Loans and Advances	-	-	-	-	-	-

Note: 45.2

Other Related Party	Sri Kannapiran Mills Limited Sri Balamurugan Textile Processing Limited KG Fabriks Limited Ramhari Orchids LLP
Key Management Personnel	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)

As per our report of even dated  
For **MOHAN & VENKATARAMAN**  
Chartered Accountants  
  
**V KARTHIKEYAN**  
Partner  
Coimbatore  
25th May, 2018  
Membership No.208828  
Firm Regn. No.0073215

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174  
**M BALAJI**  
Company Secretary

**B SRIRAMULU**  
Managing Director  
DIN : 00002560  
**S MUTHUSWAMY**  
Chief Financial Officer

**B SRIHARI**  
Managing Director  
DIN : 00002556



**K G DENIM LIMITED**

CIN : L17115TZ1992PLC003798

Registered Office : Then Thirumalai

Jadayampalayam, Coimbatore - 641 302.

Phone No : (+91)-04254-235240, Fax : (+91)-04254-235400

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

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the TWENTY-SIXTH ANNUAL GENERAL MEETING of the Members of K G DENIM LIMITED will be held on Thursday, the 27<sup>th</sup> day of September, 2018 at 4.15 p.m. at the Registered Office Premises, Then Thirumalai, Jadayampalayam, Coimbatore 641 302 to transact the following business:

**ORDINARY BUSINESS**

1. To consider and adopt Standalone and Consolidated Annual Financial Statements including the Balance Sheet as at 31<sup>st</sup> March 2018, the Statement of Profit and Loss and Cash Flow Statements for the year ended 31<sup>st</sup> March 2018 and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri A Velusamy (DIN : 00002204), who retires by rotation and, being eligible, offers himself for reappointment.

**SPECIAL BUSINESS**

4. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

“RESOLVED THAT pursuant to provisions of Section 196, 197 and 198 read with Schedule V and other applicable provisions of the Companies Act, 2013, approval of the members be and is hereby accorded for the reappointment of Shri KG Baalakrishnan (DIN : 00002174) as the Executive Chairman of the Company for a period of 5 years with effect from 03.11.2018 on a remuneration of Rs.60 lakhs per annum with effect from 01.04.2018 to 31.03.2021 for 3 years which shall also be the minimum remuneration payable in terms of part II of Schedule V of the Companies Act, 2013 in the event of loss or inadequacy of profit.”

**“RESOLVED FURTHER THAT :**

- a. The Executive Chairman shall be entitled to reimbursement of all actual expenses including entertainment and traveling incurred in the course of the Company's business.
- b. The Company shall provide a car with driver, telephone and internet facility at the residence of the Executive Chairman.

Provision of car with driver for use of the Company's business, telephone and internet facility at the residence will not be considered as perquisites. Personal long distance calls on the telephone and use of car for private purposes shall be billed by the Company to the Executive Chairman.

- c. He shall in addition be entitled to (i) contribution to provident fund / super annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961, (ii) gratuity payable at a rate not exceeding half a month salary for each completed year of services and (iii) encashment of leave at the end of the tenure.”
5. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :

“RESOLVED THAT pursuant to provisions of Section 196, 197, 198 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013, approval of the members be and is hereby accorded for the reappointment of Shri B Sriramulu (DIN-00002560) as the Managing Director of the Company for a period of 5 years with effect from 03.11.2018 on a remuneration of Rs.60 lakhs per annum with effect from 01.04.2018 to 31.03.2021 for 3 years which shall also be the minimum remuneration payable in terms of part II of Schedule V of the Companies Act, 2013 in the event of loss or inadequacy of profit.”

**“RESOLVED FURTHER THAT :**

- a. The Managing Director shall be entitled to reimbursement of all actual expenses including entertainment and traveling incurred in the course of the Company’s business.
- b. The Company shall provide a car with driver, telephone and internet facility at the residence of the Managing Director.

Provision of car with driver for use of the company’s business, telephone and internet facility at the residence will not be considered as perquisites. Personal long distance calls on the telephone and use of car for private purposes shall be billed by the Company to the Managing Director.

- c. He shall in addition be entitled to (i) contribution to provident fund / super annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961, (ii) gratuity payable at a rate not exceeding half a month salary for each completed year of services and (iii) encashment of leave at the end of the tenure.”
6. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution

**“RESOLVED THAT** pursuant to provisions of Section 196, 197, 198 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013, approval of the members be and is hereby accorded for the reappointment of Shri B Srihari (DIN-00002556) as the Managing Director of the Company for a period of 5 years with effect from 03.11.2018 on a remuneration of Rs.60 lakhs per annum with effect from 01.04.2018 to 31.03.2021 for 3 years which shall also be the minimum remuneration payable in terms of part II of Schedule V of the Companies Act, 2013 in the event of loss or inadequacy of profit.”

**“RESOLVED FURTHER THAT :**

- a. The Managing Director shall be entitled to reimbursement of all actual expenses including entertainment and traveling incurred in the course of the Company’s business.
- b. The Company shall provide a car with driver, telephone and internet facility at the residence of the Managing Director.

Provision of car with driver for use of the company’s business, telephone and internet facility at the residence will not be considered as perquisites. Personal long distance calls on the telephone and use of car for private purposes shall be billed by the Company to the Managing Director.

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

To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

**“RESOLVED THAT** pursuant Section 152 of the Companies Act, 2013 and in terms of Rule 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2018 Shri K N V Ramani be appointed as an Independent Director for 3 years with effect from 01.04.2019 to 31.03.2022 subject to reappointment on mutual terms.”

8. Reappointment of Non-executive Director

To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

**“RESOLVED THAT** pursuant Section 152 of the Companies Act, 2013 and in terms of Rule 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2018 Shri G V S Desikan be appointed as an Independent Director for 3 years with effect from 01.04.2019 to 31.03.2022 subject to reappointment on mutual terms.”

9. Reappointment of Non-executive Director

To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

**“RESOLVED THAT** pursuant Section 152 of the Companies Act, 2013 and in terms of Rule 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2018 Shri G P Muniappan be appointed as an Independent Director for 3 years with effect from 01.04.2019 to 31.03.2022 subject to reappointment on mutual terms.”

10. Appointment of Independent Director

Shri M B N Rao, whose credentials are disclosed in the Explanatory Statement annexed herewith, be and is hereby appointed as an Independent Director for a period of 5 years from 01.08.2018 to 31.03.2023.

**“RESOLVED THAT** pursuant Section 149(6) of the Companies Act, 2013 Shri M B N Rao be and is hereby appointed as an Independent Director for a period of 5 years from 01.08.2018 to 31.03.2023.”

11. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

**“RESOLVED THAT** the Memorandum of Association and Articles of Association of the Company which were redrafted and hosted on company's website be and are hereby approved.”

12. 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, 2019 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  
01.08.2018

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

**NOTES:**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in the meeting instead of himself/herself, and the proxy need not be a member of the Company.
2. Proxies in order to be effective must be deposited at the Registered Office at Then Thirumalai, Coimbatore 641 302 not less than 48 hours before holding the meeting.
3. Members holding shares in physical form are requested to intimate the Change of Address and their Bank Account details such as Bank name, Branch with address and Account number for incorporating the same in Dividend Warrants to M/s Cameo Corporate Services Ltd, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002 quoting their respective folio number and members holding shares in demat form shall intimate the above details to their Depository Participant with whom they have Demat Account.
4. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail address with the Company in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in Demat form to enable the Company to serve documents in electronic form.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday the 20<sup>th</sup> September 2018 to Thursday, the 27<sup>th</sup> September, 2018 (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 27<sup>th</sup> September, 2018. 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 19<sup>th</sup> September, 2018. No deduction of tax at source will be made from dividend.
7. Explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business Item Nos.4 to 12 are enclosed.
8. Re-appointment of Directors:  
At the ensuing Annual General Meeting Shri A Velusamy (DIN : 00002204) 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 is 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 26<sup>th</sup> Annual General Meeting scheduled to be held at 4.15 p.m., on Thursday the 27<sup>th</sup> September, 2018, 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 24.09.2018 and ends on at 05.00 PM on 26.09.2018. 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 19.09.2018, 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., 19.09.2018 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  
01.08.2018

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

**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013.****ITEM No.4**

The Board at its meeting held on 01.08.2018 reappointed of Shri KG Baalakrishnan (DIN - 00002174) as Executive Chairman for the period of 5 years from 03.11.2018 on a remuneration of Rs.60 lakhs per annum with effect from 01.04.2018.

Shri KG Baalakrishnan aged 78 years is B.Com., B.L., and is a renowned industrialist. He has been associated with the textile industry for more than 55 years and instrumental in building K G Group in Coimbatore. He is also the Chairman of Sri Kannapiran Mills Limited that promoted K G Denim Limited.

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

The remuneration has been approved by the Nomination and Remuneration Committee on 01.08.2018 and also by the Board on the same date.

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

**INFORMATION REQUIRED TO BE DISCLOSED IN TERMS OF SCHEDULE V TO THE COMPANIES ACT, 2013**

<b>I. GENERAL INFORMATION</b>	
1. Nature of Industry	Textiles - Weaving and processing of Denim Fabrics, Apparel Fabrics and Home Textiles
2. Date of commencement of commercial production	25.06.1992
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions in the prospectus	Not applicable
4. Financial performance based on given indicators	The financial performance of the Company for 2016-17 and 2017-18 are provided in the Annual Report 2018 which accompanies this Notice
5. Foreign investments or collaborations, if any	Nil
<b>II. INFORMATION ABOUT THE APPOINTEE</b>	
Background details:	Shri KG Baalakrishnan aged 78 years is B.Com., B.L., and has been in the textile industry for nearly five decades spanning over trading, spinning, weaving, processing, garmenting and retailing operations. He has been closely associated with planning, implementation and follow up on new, expansion and diversification projects with detailed exposure to various functional areas viz., production, human resource, administration, commercial, legal, banking, financial and liaison with trade and governmental agencies. He is Chairman in Sri Kannapiran Mills Limited, K G Denim Limited and KG Fabriks Limited.
Past remuneration:	Rs.60 lakh per annum
Recognition or awards	-
Job profile and his suitability	Shri KG Baalakrishnan is a B.Com, B.L. and has nearly 5 decades of practical experience in the setting up and management of textile units.
Remuneration proposed	Details of proposed remuneration are presented in the resolution and also in the Statement under Section 102 of the Companies Act, 2013

Comparative remuneration profile with respect to industry, size of company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The remuneration offered to Shri KG Baalakrishnan is at par with the industry norms considering the nature of the industry, size of the company, profile and position of the person.
Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel if any	Besides the remuneration he does not have any other pecuniary relationship with the Company.
<b>III. OTHER INFORMATION</b>	
Reasons of loss or inadequate profits	During 2017-18 on account of Implementation of GST from 1.7.2017 impacted textile industry as customers took some time to get familiarized with the system. Sale price declined mainly due to intense competition arising out of additional capacity. Increase in input costs could not therefore be fully passed on by way of higher sale price. There was reduction in export incentives.
Steps taken or proposed to be taken for improvement	Product mix is being reoriented in the backdrop of higher cotton prices with productivity improvement and higher export sales and cost reduction measures.
Expected increase in productivity and profits in measurable terms	The aforesaid steps being taken up by the Company are expected to improve company's performance and profitability in the future

#### ITEM No.5

The Board at its meeting held on 01.08.2018 reappointed of Shri B Sriramulu (DIN-00002560) as Managing Director for the period of 5 years from 03.11.2018 on a remuneration of Rs.60 lakhs per annum with effect from 01.04.2018.

The remuneration has been approved by the Nomination and Remuneration Committee on 01.08.2018 and also by the Board on the same date.

Shri B Sriramulu aged 51 years is the eldest son of Shri KG Baalakrishnan, Executive Chairman. He is a Graduate Engineer in Textile Technology from Bharathiar University, Tamil Nadu and Master of Science (Textile Technology) from the University of Manchester, UK.

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

Shri B Sriramulu is also Managing Director of Sri Kannapiran Mills Limited and in terms of Section 203(3) of the Companies Act, 2013 approval for re-appointment was taken at the Board Meeting.

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



**INFORMATION REQUIRED TO BE DISCLOSED IN TERMS OF SCHEDULE V TO THE COMPANIES ACT, 2013**

<b>I. GENERAL INFORMATION</b>	
1. Nature of Industry	Textiles - Weaving and processing of Denim Fabrics, Apparel Fabrics and Home Textiles
2. Date of commencement of commercial production	25.06.1992
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions in the prospectus	Not applicable
4. Financial performance based on given indicators	The financial performance of the Company for 2016-17 and 2017-18 are provided in the Annual Report 2018 which accompanies this Notice
5. Foreign investments or collaborations, if any	Nil
<b>II. INFORMATION ABOUT THE APPOINTEE</b>	
Background details:	Shri B Sriramulu aged 51 years is the eldest son of Shri KG Baalakrishnan, Executive Chairman. He is a Graduate Engineer in Textile Technology from Bharathiar University, Tamil Nadu and Master of Science (Textile Technology) from the University of Manchester, UK. and has been in the textile industry for nearly three decades spanning over trading, spinning, weaving, processing, garmenting and retailing operations. He has been closely associated with planning, implementation and follow up on new, expansion and diversification projects with detailed exposure to various functional areas viz., production, human resource, administration, commercial, legal, banking, financial and liaison with trade and governmental agencies. He is Managing Director in Sri Kannapiran Mills Limited and K G Denim Limited.
Past remuneration:	Rs.60 lakh per annum
Recognition or awards	-
Job profile and his suitability	Shri B Sriramulu is a B.Tech, MS(Textiles) and has nearly 3 decades of practical experience in the setting up and management of textile units.
Remuneration proposed	Details of proposed remuneration are presented in the resolution and also in the Statement under Section 102 of the Companies Act, 2013
Comparative remuneration profile with respect to industry, size of company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The remuneration offered to Shri B Sriramulu is at par with the industry norms considering the nature of the industry, size of the company, profile and position of the person.
Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel if any	Besides the remuneration he does not have any other pecuniary relationship with the Company.
<b>III. OTHER INFORMATION</b>	
Reasons of loss or inadequate profits	During 2017-18 on account of Implementation of GST from 1.7.2017 impacted textile industry as customers took some time to get familiarized with the system. Sale price declined mainly due to intense competition arising out of additional capacity. Increase in input costs could not therefore be fully passed on by way of higher sale price. There was reduction in export incentives.
Steps taken or proposed to be taken for improvement	Product mix is being reoriented in the backdrop of higher cotton prices with productivity improvement and higher export sales and cost reduction measures.
Expected increase in productivity and profits in measurable terms	The aforesaid steps being taken up by the Company are expected to improve company's performance and profitability in the future

**ITEM No.6**

The Board at its meeting held on 01.08.2018 reappointed of Shri B Srihari (DIN-00002556) as Managing Director for the period of 5 years from 03.11.2018 on a remuneration of Rs.60 lakhs per annum with effect from 01.04.2018.

The remuneration has been approved by the Nomination and Remuneration Committee on 01.08.2018 and also by the Board on the same date.

Shri B Srihari aged 49 years is the younger son of Shri KG Baalakrishnan, Executive Chairman. He is a Graduate Engineer in Chemical Technology from Bharathidasan University, Tamil Nadu and Master of Science (Chemical Technology) from Cornell University, USA.

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

Shri B Srihari is also Managing Director of Sri Kannapiran Mills Limited and in terms of Section 203(3) of the Companies Act, 2013 approval for re-appointment was taken at the Board Meeting.

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

**INFORMATION REQUIRED TO BE DISCLOSED IN TERMS OF SCHEDULE V TO THE COMPANIES ACT, 2013**

<b>I. GENERAL INFORMATION</b>	
1. Nature of Industry	Textiles - Weaving and processing of Denim Fabrics, Apparel Fabrics and Home Textiles
2. Date of commencement of commercial production	25.06.1992
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions in the prospectus	Not applicable
4. Financial performance based on given indicators	The financial performance of the Company for 2016-17 and 2017-18 are provided in the Annual Report 2018 which accompanies this Notice
5. Foreign investments or collaborations, if any	Nil
<b>II. INFORMATION ABOUT THE APPOINTEE</b>	
Background details:	Shri B Srihari aged 49 years is the younger son of Shri KG Baalakrishnan, Executive Chairman. He is a Graduate Engineer in Chemical Technology from Bharathidasan University, Tamil Nadu and Master of Science (Chemical Technology) from Cornell University, USA. and has been in the textile industry for nearly three decades spanning over trading, spinning, weaving, processing, garmenting and retailing operations. He has been closely associated with planning, implementation and follow up on new, expansion and diversification projects with detailed exposure to various functional areas viz., production, human resource, administration, commercial, legal, banking, financial and liaison with trade and governmental agencies. He is Managing Director in Sri Kannapiran Mills Limited and K G Denim Limited.
Past remuneration:	Rs.60 lakh per annum
Recognition or awards	-
Job profile and his suitability	Shri B Srihari is a B.Tech, MS(Chemical Technology) and has nearly 3 decades of practical experience in the setting up and management of textile units.
Remuneration proposed	Details of proposed remuneration are presented in the resolution and also in the Statement under Section 102 of the Companies Act, 2013

Comparative remuneration profile with respect to industry, size of company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The remuneration offered to Shri B Srihari is at par with the industry norms considering the nature of the industry, size of the company, profile and position of the person.
Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel if any	Besides the remuneration he does not have any other pecuniary relationship with the Company.
<b>III. OTHER INFORMATION</b>	
Reasons of loss or inadequate profits	During 2017-18 on account of Implementation of GST from 1.7.2017 impacted textile industry as customers took some time to get familiarized with the system. Sale price declined mainly due to intense competition arising out of additional capacity. Increase in input costs could not therefore be fully passed on by way of higher sale price. There was reduction in export incentives.
Steps taken or proposed to be taken for improvement	Product mix is being reoriented in the backdrop of higher cotton prices with productivity improvement and higher export sales and cost reduction measures.
Expected increase in productivity and profits in measurable terms	The aforesaid steps being taken up by the Company are expected to improve company's performance and profitability in the future

#### ITEM Nos.7 to 9

In terms of Rule 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2018, with effect from 01.04.2019 all Non-Executive Directors who have attained the age of 75 years need to be appointed by a Special Resolution at the Annual General Meeting.

Messrs. K N V Ramani, G V S Desikan and Shri G P Muniappan, who are Non-Executive Directors and more than 75 years of age, need to be appointed at the Annual General Meeting for their continuance as Directors for 3 years from 01.04.2019 to 31.03.2022.

Shri K N V Ramani is past the age of seventy five years. He is a Senior Corporate Lawyer with more than fifty years standing. He is the Founder and Senior Partner leading the Law Firm 'RAMANI AND SHANKAR' which is a reputed and well recognised Consultant of many Corporates and other Institutions in the region. As Corporate Lawyer, specializing in legislations concerning them and all types of commercial causes, his association in the Board has been of value to the Company. He continues on the Board and Committees including Audit Committees of several Listed Companies. The Company will benefit by his continued association and guidance as a Member of the Board.

Shri G V S Desikan, is past the age of seventy five years. He is a B.Sc., B.Sc (Tech) and has rich experience in the management of textile industry. He was formerly Technical Advisor for National Textile Corporation, New Delhi, Chairman and Managing Director of Kerala Textile Corporation Limited, Trivandrum and Managing Director of Binny Limited. The Company will benefit by his continued association and guidance as a Member of the Board.

Shri G P Muniappan is past the age of seventy five years. He is a University Rank Holder in MA Economics with PGDBM. He joined RBI in 1965 and after heading various departments in different capacities such as Regional Director, Executive Director became its Deputy Governor in 2001 and held office till 2003. He had held high positions such as Chairman of Bank of Madras, Trustee of UTI, Nominee of RBI on the boards of SEBI, IOB, Indian Bank and as Banking Ombudsman for Kerala State. He was the Member Secretary to "Jilani Committee" set up RBI to examine internal control, inspection and audit system in Banks, a member of the core liaison group set up by Basle Committee on bank supervision, Chairman of Technical Group on Refinancing Institutions, Chairman of Deposit Insurance and Credit Guarantee Corporation. He has specialized exposure in forex management, banking operations, bank regulations and supervision. The Company will benefit by his continued association and guidance as a Member of the Board.

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

Shri M B N Rao is an acclaimed banking professional who had held eminent positions in the past.

He had been Chairman and Managing Director of Indian Bank and Canara Bank besides having held various distinguished positions in banking and financial institutions.

The Company would be most benefited in having Shri M B N Rao as a Board member and recommends approval of his appointment.

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

The Company is considering embarking on real estate development and allied civil construction business. Further, the Company may also go in for acquisition, amalgamation, merger with other companies in future. The above two activities are sought to be added in object clause in Memorandum of Association.

The Companies Act, 2013 had made a virtual overhaul of the provisions hitherto existing under Companies Act, 1956.

The amended provisions of Companies Act, 2013 necessitated all companies to redraft their Memorandum and Articles of Association to be in line with the Companies Act, 2013. Besides certain activities which the Company may undertake in future have also been incorporated.

In terms of Sections 13 and 14 of the Companies Act, 2013 a Special Resolution needs to be passed at the Annual General Meeting of the Company for Alteration of Memorandum and Articles of Association of the Company.

A copy of the draft Memorandum and Articles of Association of the Company is available on the website of the Company and can be viewed by the members through the web-link [www.kgdenim.com](http://www.kgdenim.com). Both the existing and new set of Articles of Association of the Company are available for inspection at the Registered Office of the Company during the business hours on any working day up to the date of the Annual General Meeting. Upon request received from members a physical copy of the proposed new set of Memorandum and Articles would be sent to their registered address.

#### **ITEM No.12**

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 14, 2018, 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, 2019.

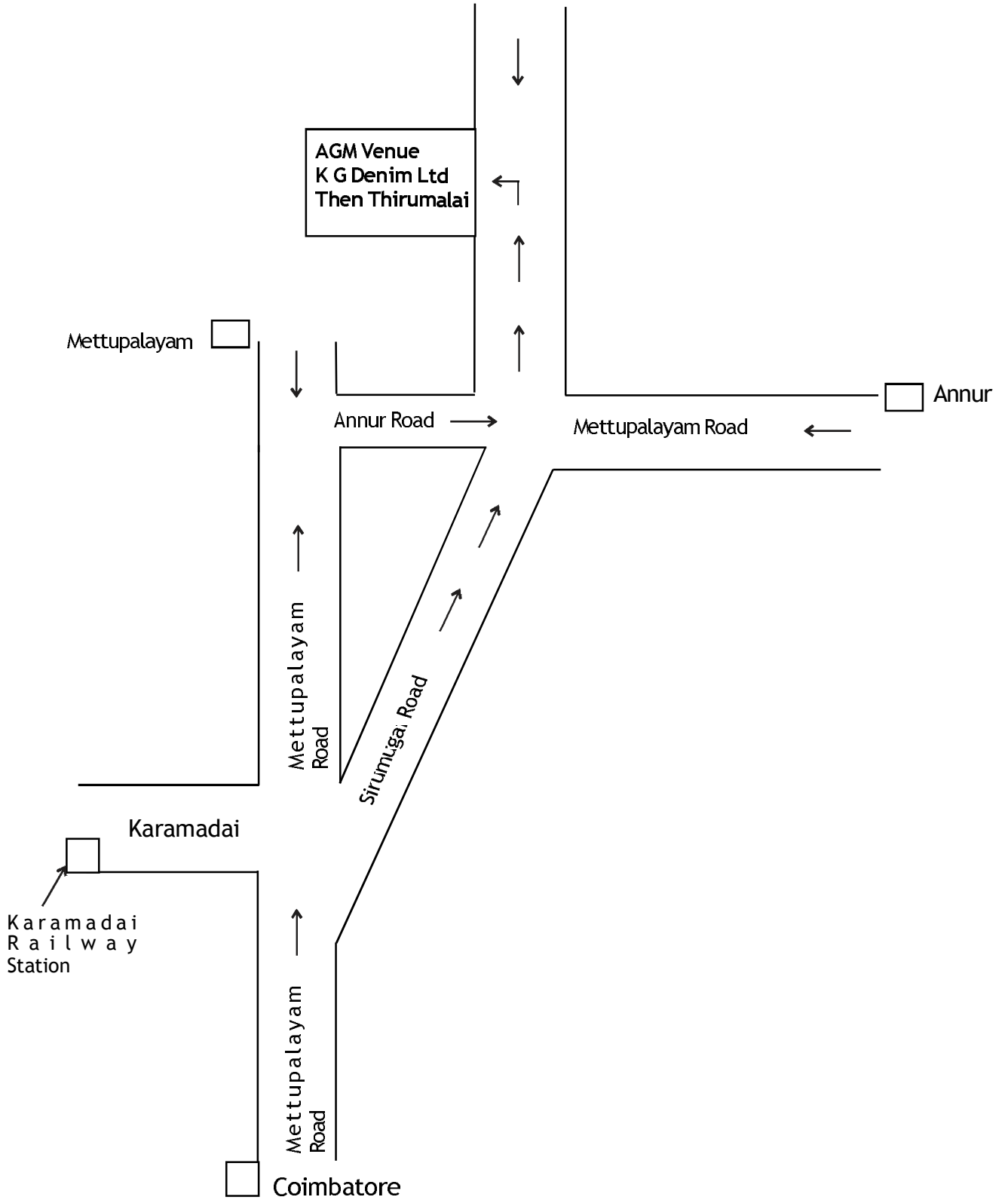
The Resolution at Item No.12 of the Notice is set out as an Ordinary Resolution for approval and ratification by the members in terms of Section 148 of the Companies Act, 2013.

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.12.

Coimbatore  
01.08.2018

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

# Route map of AGM Venue



## CAMEO CORPORATE SERVICES LIMITED

Subramanian Building, No.1 Club House Road, Chennai 600 002, Tamilnadu  
CIN : U67120TN1998PLC041613; Ph: 91-44-28460390 / 91-44-40020700 (Board);  
Email :investor@cameoindia.com; Web : www.cameoindia.com

Date : 27.08.2018

Dear Shareholder,

**Ref: Shares held in K G Denim Limited**  
**PAN & Bank Details - Reg**

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Please refer our earlier letter dated 14.07.2018. This has reference to the shares held by you in the above referred company. We draw your attention to the circular issued by Securities and Exchange Board of India (SEBI) No.SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20/04/2018. SEBI, in point no. 12 (ii) of the Annexure to its circular had directed all the listed companies through their Registrars and Transfer agents (RTA), who are holding shares in physical form and obtain copy of the PAN of all the holders and Bank account details of the first / sole shareholder of the company. These guidelines are issued by SEBI to streamline and strengthen the procedures and processes with regard to RTAs, Issuer Companies and Bankers to Issue.

To enable us to update the PAN and Bank account details, we, being RTA to the above referred Company request you to kindly submit the following documents :

- Copy of self- PAN card of the shareholders including joint holders, if any
- Bank a/c details of the first/sole shareholder, as per the Bank Mandate form
- Original cancelled cheque leaf with the name of the first/sole shareholder printed on it or copy of bank passbook showing name & account details of the account holder

On receipt of the above documents, we will update the same in our records.

All dividends including past unpaid dividends, if any, will be directly credited to the bank account furnished by you then the underlying shares are also liable to be transferred to the a/c of IEPF authority. Hence, we request you to kindly submit the documents sought immediately.

We also request you to kindly arrange to send us the first/sole shareholders email Id for sending future.

Further, we draw your attention to the notification issued by SEBI dated 08.06.2018 amending Regulation 40 of the Listing Regulations. Pursuant to this, request for effecting transfer of securities shall not be processed except in case of transmission or transposition of securities unless the securities are held in demat form. Hence, we would not be in a position to accept / process the requests for transfer of shares held in physical form with effect from 04.12.2018. We therefore advise you to take immediate steps for dematerializing your shareholding in the company. As you may be aware holding shares in dematerialized form offers host of benefits like enhanced security, ease of handling, faster transfers, exemption from stamp duty, eliminating bad deliveries. In view of the above, in order to ensure that you are able to deal in the securities hassle-free, kindly take steps for dematerializing the shares at an early date

Thanking you,

Yours sincerely

For

Cameo Corporate Services Limited

Sd/-

Head -

RTA & Company Secretary