



**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 Baal Krishnan (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 Baal Krishnan  
Executive Chairman  
DIN : 00002174

**NOTES:**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in the meeting instead of himself/herself, and the proxy need not be a member of the Company.
2. Proxies in order to be effective must be deposited at the Registered Office at Then Thirumalai, Coimbatore 641 302 not less than 48 hours before holding the meeting.
3. Members holding shares in physical form are requested to intimate the Change of Address and their Bank Account details such as Bank name, Branch with address and Account number for incorporating the same in Dividend Warrants to M/s Cameo Corporate Services Ltd, ‘Subramanian Building’, No.1, Club House Road, Chennai - 600 002 quoting their respective folio number and members holding shares in demat form shall intimate the above details to their Depository Participant with whom they have Demat Account.
4. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail address with the Company in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in Demat form to enable the Company to serve documents in electronic form.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 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-0002560) 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

I. GENERAL INFORMATION	
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
II. INFORMATION ABOUT THE APPOINTEE	
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 Madura, 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