



ANNUAL REPORT

2021-2022

K G DENIM LIMITED

K G Denim Limited



**30th Annual Report
2021 - 22**

K G DENIM LIMITED

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K G DENIM LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Shri KG Baalakrishnan
Executive Chairman

Shri B Sriramulu
Managing Director

Shri B Srihari
Managing Director

Smt T Anandhi
Shri M B N Rao
Shri A Velusamy
Shri A P Seturaaman
Shri N Govindarajan
Shri Jagannathan Ramachandran (w.e.f 14.02.2022)
Smt Lakshmi Pattabi Raman (w.e.f 14.02.2022)
Shri G P Muniappan (up to 31.03.2022)
Shri K N V Ramani (up to 31.03.2022)

CHIEF FINANCIAL OFFICER:
Shri S Manickam

COMPANY SECRETARY:
Smt P Krishnaveni w.e.f 29.10.2021
Shri M Balaji up to 28.10.2021

CORPORATE IDENTITY NUMBER:
L17115TZ1992PLC003798

REGISTERED OFFICE:
Then Thirumalai
Coimbatore - 641 302
Phone :04254-235240/235401
Email: cskgdl@kgdenim.in

STATUTORY AUDITORS:
Mohan & Venkataraman
Chartered Accountants
Coimbatore

INTERNAL AUDITORS:
Gopalaiyar & Subramanian
Chartered Accountants
Coimbatore

SECRETARIAL AUDITOR :
Shri M R L Narasimha
Company Secretary in Practice
Coimbatore

COST AUDITOR:
Shri M Nagarajan
Cost Accountant
Coimbatore

BANKERS:
Indian Bank
Union Bank of India
State Bank of India
The South Indian Bank Limited

REGISTRAR AND SHARE TRANSFER AGENTS
Cameo Corporate Services Limited
"Subramanian Building",
No.1, Club House Road,
Chennai - 600 002.
Phone : 044 - 28460390
Email : investor@cameoindia.com

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NOTICE OF 30TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 30th Annual General Meeting of the Members of K G Denim Limited will be held at 3.30.P.M. Indian Standard Time (IST) on Wednesday, 28th September 2022 through Video Conferencing ('VC')/ Other Audio Visual Means ("OAVM") without the physical presence of members to transact the following business(es):-

ORDINARY BUSINESS:

1. To receive, consider and adopt the standalone and consolidated Audited Financial Statements including the Balance Sheet as on 31st March, 2022, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flow for the year ended on that date together with the Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in the place of Smt Thulasidharan Anandhi (DIN: 00050786), who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in the place of Shri Ayyalusamy Velusamy (DIN: 00002204), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider, and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 139, 142(1) and all other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable and pursuant to the recommendations of the Audit Committee, Gopalaiyer and Subramanian, (Firm Registration No. 000960S), Chartered Accountants, Coimbatore be appointed as the Statutory Auditors of the Company in place of retiring Auditors Mohan & Venkataraman, (Firm Registration No. 007321S), Chartered Accountants, Coimbatore, for a period of 5 years from the conclusion of this Annual General Meeting till the conclusion of the 35th Annual General Meeting which ought to be held in the year 2027, on remuneration as may be decided by the Board of Directors in consultation with the Auditors."

SPECIAL BUSINESS:

5. To consider, and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) Shri M Nagarajan (ICAI Membership No: 102133), Cost Accountant, Coimbatore, who was appointed as Cost Auditor by the Board of Directors of the Company on the recommendation of the Audit Committee, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2023 on remuneration of Rs.75,000 (Rupees Seventy Five Thousand only) plus applicable taxes and re-imbursment of travelling and out of pocket expenses incurred by him for the purpose of audit be and are hereby ratified and confirmed."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory enactment or modification(s) thereof for the time being in force) the regulations contained in the new set of Articles of Association as placed on the Company's weblink <https://www.kgdenim.com/wp-content/uploads/2022/06/ArticlesofAssociationDraft.pdf> are hereby approved and adopted as the Articles of Association of the Company in place of, in substitution for, and to the entire exclusion of the existing Articles of Association of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding."

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STATEMENT IN TERMS OF SECTION 102 OF THE COMPANIES ACT, 2013:

ITEM No.4

In compliance with the provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Mohan & Venkataraman (Firm Registration. No. 007321S) Chartered Accountants, Coimbatore has been appointed as the Statutory Auditors of the Company for a term of five years commencing from the financial year 2017-18 to 2021-22 and to hold office from the conclusion of the Annual General Meeting held on 2017 and until the conclusion of the Annual General Meeting to be held in the year 2022. Therefore, it is proposed to appoint Gopalaiyer and Subramanian, (Firm Registration No. 000960S), Chartered Accountants, Coimbatore as Statutory Auditors for a term of 5 years from the financial year 2022-23 onwards in the place of the retiring auditors.

The Company has also received a certificate from the said Auditors to the effect that their appointment, if made, would be within the limits prescribed under Section 139 of the Companies Act, 2013 and that they are eligible to be appointed as the Statutory Auditors of the Company.

Accordingly, based on the recommendation of the Audit Committee, the Board of Directors of the Company has recommended the appointment of Gopalaiyer and Subramanian, (Firm Registration No. 000960S), Chartered Accountants, Coimbatore as Statutory Auditors of the Company for a period of 5 consecutive years from the conclusion of the ensuing Annual General Meeting till the conclusion of Annual General Meeting which ought to be held in the year 2027.

The Board of Directors proposes to pay a fee of Rs.6 lakhs (Rupees Six Lakhs only) per annum, exclusive of taxes and other out of pocket expenses incurred in connection with the audit, to the Statutory Auditors during the tenure of their appointment. There is no material change in the proposed fee payable to the new auditors as compared to the fee paid to the outgoing auditors. The terms of appointment of the Statutory Auditors will be as specified by the Audit Committee and the Board of Directors of the Company. Gopalaiyer and Subramanian has also confirmed that they hold a valid certificate issued by the peer review board of ICAI.

The Audit Committee and the Board of Directors of the Company have considered the following credentials of Gopalaiyer and Subramanian, (Firm Registration No. 000960S), Chartered Accountants while considering their appointment:

- Client base of the firm and availability of trained and industry experienced professionals in the firm.
- Availability of expertise in Accounting procedures/ processes, Audit, Direct/Indirect Taxation and Corporate Laws.
- Professional integrity, ethics and independence.

By considering the above facts, the Board recommends the Ordinary Resolution as set out under Item No. 4 of the Notice for the approval of the Shareholders.

None of the Directors and/or Key Managerial Personnel of the Company and/or their respective relatives are concerned or interested, financially or otherwise, in the Ordinary Resolution set out as Item No. 4 of the Notice.

ITEM No.5

The Board of Directors of the Company based on the recommendations of the Audit Committee of the Company, appointed Shri M Nagarajan (ICAI Membership No: 102133), Cost Accountant, Coimbatore, to conduct the audit of the cost records of the Company for the financial year 2022-23 and also approved the remuneration of Rs.75,000 (Rupees Seventy Five Thousand only) along with the payment of applicable taxes and reimbursement of travelling and out-of-pocket expenses incurred by them during the course of the audit.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, appointment and also the remuneration payable to the Cost Auditors of the Company shall be recommended by the Audit Committee and approved by the Board of Directors and has to be ratified subsequently by the Members at the Annual General Meeting of the Company. Accordingly, the consent of the members is being sought for the ratification of the said remuneration payable to the Cost Auditors of the Company for the financial year 2022-23.

The Board recommends the resolution as set out under Item No.5 of the Notice for the approval of the members of the Company.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in the resolution as set out under Item No. 5.

ITEM No.6

The existing regulations of the Articles of Association require alterations/ deletions and therefore it is considered expedient to adopt a new set of Articles of Association in place of the existing Articles of Association, instead of amending it by alteration.

Pursuant to Section 14 of the Companies Act, 2013, any alteration(s) to the Articles of Association of the Company requires the consent of the members by way of necessary Special Resolution and such alteration(s) shall be subject to the approval of the Registrar of Companies, Coimbatore.

The Board of Directors of the Company at their meeting held on 13.08.2022 has approved the proposal of replacing the existing Regulations of the Articles of Association with a new set of Regulations.

The Board recommends the Special Resolution as set out in Item No. 6 of the Notice for approval of the Members.

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A copy of the draft 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 <https://www.kgdenim.com/wp-content/uploads/2022/06/ArticlesofAssociationDraft.pdf>. Both the existing and the new set of Articles of Association of the Company are available for inspection at the registered office of the Company during business hours on any working day up to the date of the Annual General Meeting.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution as set out under Item No. 6 of the Notice.

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Secretarial Standards on General Meetings, brief profile of the Directors, who are proposed to be re-appointed, nature of their expertise in specific functional areas, other directorships and committee memberships, their shareholding and relationship with other Directors of the Company are given below:

| | | |
|--|---|---|
| Name of the Director | Smt Thulasidharan Anandhi | Shri Ayyalusamy Velusamy |
| DIN | 00050786 | 00002204 |
| Date of Birth/Age | 22.12.1964 / 57 | 11.05.1956 / 66 |
| Nationality | Indian | Indian |
| Date of appointment on the Board | 03/11/2003 | 01/04/2010 |
| Qualification | Pre Degree | B.Sc., B.L |
| Experience / Area of Expertise | 27 years of experience in the field of textiles | More than 4 decades of experience in the field of textiles |
| No. of Shares held in the Company | 20,31,000 equity shares | 500 equity shares |
| Inter-se Relationship with other directors | Smt T Anandhi is the daughter of Shri KG Baalakrishnan, Executive Chairman and sister of Shri B Sriramulu and Shri B Srihari, Managing Directors of the Company | He is not related to any of the directors or Key Managerial Personnel of the Company |
| Board position held | Non-Executive Non-Independent Director | Non-Executive Non-Independent Director |
| Terms of Appointment/ Re-appointment | Liable to retire by rotation | Liable to retire by rotation |
| Remuneration sought to be paid | - | - |
| Remuneration last drawn | Nil | Nil |
| No. of Board Meetings attended during the year | 5 | 5 |
| List of Directorships held in other Companies | 1. Elljay Textiles Private Limited. 2. Anandhi Power Limited. 3. Thaniksha Textiles Private Limited | 1. Sri Kannapiran Mills Limited 2. KGDL Composites Private Limited. 3. Trigger Apparels Limited. 4. K G B Securities and Investments Private Ltd. 5. Anandhi Power Limited. |
| Details of Membership in Committees of Other Companies | Nil | Nil |
| Names of listed entities in which the person has resigned in the past three years | Nil | Nil |

By order of the Board
For **K G DENIM LIMITED**

KG Baalakrishnan
Executive Chairman
DIN: 00002174

Place: Coimbatore
Date: 13th August 2022

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NOTES

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has to vide its circular dated 5th May, 2020 read with circulars dated 8th April, 2020, 13th April, 2020, 13th January, 2021, 14th December 2021 and 5th May 2022 (collectively referred to as "MCA Circulars") permitted the conduct of the Annual General Meeting ("AGM") through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. The same has been acknowledged by the Securities and Exchange Board of India vide their circulars dated 12th May, 2020, 15th January, 2021 and 13th May 2022 (collectively referred to as "SEBI Circulars"). The deemed venue for the AGM shall be the Registered Office of the Company.

In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") MCA Circulars and SEBI Circulars, the 30th AGM of the Company will be held through VC / OAVM. Members desirous of participating in the 30th AGM through VC/OAVM, may refer to the procedures mentioned below.

2. **Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this 30th AGM of the Company will be held pursuant to the MCA and SEBI Circulars through VC / OAVM, the physical attendance of the Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for this 30th AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.**
3. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/ Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to mds@mdsassociates.in with a copy marked to the Company at cskgdl@kgdenim.in and to its RTA at investor@cameoindia.com.
4. In compliance with the aforesaid MCA Circulars and SEBI Circulars, the Notice of the 30th AGM along with the Annual Report for the financial year 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the RTA/Company/Depositories. Members may note that the physical copy of the Notice of the AGM along with the Annual Report will not be sent. Members may note that the Notice of the 30th Annual General Meeting and the Annual Report for the financial year 2021-22 will also be made available on the Company's weblink <https://www.kgdenim.com/investors-page/annual-reports/> and also on the website of the Stock Exchange i.e. BSE Limited at www.bseindia.com and on the website of Central Depository Services (India) Limited at www.evotingindia.com. Members can attend and participate in the Annual General Meeting through VC/OAVM facility only. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days.
5. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
7. Details as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2) in respect of the Director seeking re-appointment/ appointment at the 30th Annual General Meeting are furnished as annexure and forms part of the Notice.
8. The Company has paid the annual listing fees for the period 2022-23 to the Stock Exchange, BSE Limited, Mumbai.
9. Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Register of Members and share transfer books of the Company will remain closed during the period from (Thursday, 22nd September, 2022 to Wednesday, 28th September, 2022) (both days inclusive) for determining the names of the members eligible for Annual General Meeting.
10. a. Members are requested to notify immediately if any change in their address:
 - i. to their Depository Participant(s) ("DPs") in respect of the shares held in electronic form, and
 - ii. to the Company or its RTA, in respect of the shares held in physical form together with a proof of address viz, Aadhar Card /Electricity Bill/ Telephone Bill/Ration Card/Voter ID Card/ Passport etc.
- b. In case the registered mailing address is without the Postal Identification Number Code ("PIN CODE"), Members are requested to kindly inform their PIN CODE immediately to the Company/ RTA/ DPs.
11. Pursuant to the provisions of Section 72 of the Companies Act, 2013, members may file nomination forms in respect of their physical shareholdings. Any member wishing to avail of this facility may submit to the company's Registrar and Share Transfer Agents in the prescribed Form SH-13 (hosted on the website of the Company and RTA). Should any assistance be desired, members shall get in touch with the company's Registrar and Share Transfer Agents. Members holding shares in electronic form must approach their Depository Participant(s) for completing the nomination formalities.
12. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Registrar and Share Transfer Agents ("RTA"), the details of such folios together with the share certificates for consolidating their holdings into one folio. A consolidated share certificate will be returned to such members after making requisite changes thereon.

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13. Soft copies of the Register of Directors and Key Managerial Personal and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be made available electronically for inspection by the Members on the website of the Company at www.kgdenim.com during the time of the AGM.
14. Non-Resident Indian ("NRI") Members are requested to inform the Company or RTA or to the concerned Depository Participants, as the case may be, immediately:
 - a) the change in the residential status on return to India for permanent settlement or
 - b) the particulars of the NRE/NRO Account with a Bank in India, if not furnished earlier.
15. Those members who have not encashed dividend warrants of earlier years may return the time barred dividend warrants to the Company or its Registrar and Share Transfer Agents for revalidation of such instruments.
16. Members who wish to claim dividends, which remain unclaimed are requested to correspond with the Registrar and Share Transfer Agents of the Company. Members are requested to note that pursuant to Section 124 of the Companies Act, 2013 dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund ("IEPF"). The details of unpaid dividends can be viewed on the Company's weblink <https://www.kgdenim.com/investors-page/unclaimed-dividend/>
 As per the provisions of Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company will be transferring unclaimed shares on which the beneficial owner has not encashed any dividend warrant continuously for seven years to the IEPF Account as identified by the IEPF Authority. Details of shares transferred during the year 2021-22 are available at the Company's weblink <https://www.kgdenim.com/investor-education-and-protection-fund-iepf/>
 The shareholders, whose unclaimed shares or the unpaid amount has been transferred to the IEPF Authority Account, may claim the same from the IEPF Authority by filing Form IEPF-5 along with requisite documents. Smt P Krishnaveni, Company Secretary, is the Nodal Officer of the Company for the purpose of verification of such claims.
17. Shareholders holding shares in Demat form and who have not yet registered their e-mail address are requested to register their email address with their respective Depository Participant (DP) immediately. Shareholders holding shares in physical form are requested to dematerialize their shares and register their email address with our Registrar and Share Transfer Agents, Cameo Corporate Services Limited, 'Subramanian Building' No.1, Club House Road, Chennai – 600002; email id: investor@cameoindia.com.
18. The Securities and Exchange Board of India ("SEBI") has mandated that the transfer of securities held in physical form, shall not be processed by the listed entities / Registrars and Share Transfer Agents with effect from April 1, 2019. Further, the Securities and Exchange Board of India ("SEBI") vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January, 2022 has mandated that the Company or its Registrar and Share Transfer Agents shall issue the securities in dematerialized form only while dealing with the requests for issue of duplicate share certificate, transmission or transposition, with effect from 25th January, 2022. As per the said circular, the Company has opened a separate Escrow Demat Account for the purpose of crediting the shares of the Shareholders who fail to submit the letter of confirmation with the respective Depository Participant within the prescribed timeline. The shareholders/claimants shall submit duly filled up Form ISR-4 (hosted on the website of the Company and the RTA) along with the documents / details specified therein in order to process such requests. Therefore, the members, who are holding share(s) in physical form, are requested to immediately dematerialize their shareholding in the company. Necessary prior intimation in this regard has already been provided to the shareholders.
19. The Securities and Exchange Board of India (SEBI) has mandated the submission of a Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant(s) in the prescribed form with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the Company or Registrar and Share Transfer Agents.
 Further, SEBI vide its circular dated 3rd November 2021 has also mandated that the Shareholders holding shares in physical form are required to update their PAN, KYC details, bank details and nomination details with the RTA on or before 1st April 2023, failing which the securities held by such Shareholder will be frozen by the RTA. The securities once frozen will revert to normal status only upon receipt of requisite KYC documents or upon dematerialization of the said securities. Shareholders holding shares in physical form may also note that once the securities are frozen, the dividend payments will be processed only upon receipt of requisite KYC details and credited to the bank account of the Shareholder electronically.
 Further, SEBI vide its circular dated 3rd November 2021 has also mandated that the Shareholders holding shares in physical form are required to compulsorily link their PAN and Aadhaar. Accordingly, the physical folios in which PAN and Aadhaar are not linked have been frozen by the RTA as per the said circular. The securities which have been once frozen will revert to normal status only upon receipt of requisite KYC documents or upon dematerialization of the said securities.
20. In the case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
21. Members desirous of receiving any information on the accounts or operations of the Company are requested to forward his/her queries to the Company Secretary at least seven working days prior to the date of the 30th Annual General Meeting. The same will be replied by the company suitably.

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22. The Company has entered into agreements with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"). The Depository System envisages the elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delays in transfers, mutilation of share certificates, etc. Simultaneously, Depository System offers several advantages like exemption from stamp duty, elimination of the concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc. Members, therefore, now have the option of holdings and dealing in the shares of the Company in electronic form through NSDL or CDSL. Members are encouraged to convert their holding to electronic mode.
23. Members are requested to forward their share related queries and communications directly to the Registrar and Share Transfer Agents of the Company – Cameo Corporate Services Limited, 'Subramanian Building' No.1, Club House Road, Chennai - 600002, India, email id: investor@cameoindia.com or the Company Secretary of the Company; email id: cskgdl@kgdenim.in.
24. As per the green initiative taken by the Ministry of Corporate Affairs, members are advised to register their email 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.
25. Members are requested to make all correspondence in connection with shares held by them by addressing letters directly to the Company Secretary of the Company or its Registrar and Share Transfer Agents, Cameo Corporate Services Limited, 'Subramanian Building' No.1, Club House Road, Chennai – 600002; email id: investor@cameoindia.com., by quoting the Folio number or the Client ID number with DP ID number.

VOTING THROUGH ELECTRONIC MEANS

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, (as amended) (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force), Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS - 2), the Company is providing its members the facility to cast their vote electronically from a place other than venue of the Annual General Meeting ("remote e-voting") using an electronic voting system provided by Central Depository Services (India) Limited ("CDSL"), for all members of the Company to enable them to cast their votes electronically, on all the business items set forth in the Notice of Annual General Meeting and the business may be transacted through such remote e-voting. The instructions for e-voting, as given below, explain the process and manner for the casting of the vote(s) in a secure manner.

- i) Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of Annual General Meeting Notice and holding shares as on Wednesday, 21st September, 2022, may refer to this Notice of the Annual General Meeting, posted on Company's weblink <https://www.kgdenim.com/agm/> for the detailed procedure with regard to remote e-voting. Any person who ceases to be the member of the Company as on the cut-off date and is in receipt of this Notice, shall treat this Notice for information purposes only.
- ii) The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again. Once the vote on a Resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- iii) The voting period begins on 25th September, 2022 at 9.00 AM (IST) and ends on 27th September, 2022 at 5.00 PM (IST). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Wednesday, 21st September, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

CDSL e-Voting System – For e-voting and Joining Virtual meetings

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on a first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.

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THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER :

- Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.
- Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.
- The voting period begins on Sunday, 25th September, 2022 at 9.00 AM (IST) and ends on Tuesday, 27th September, 2022 at 5.00 PM (IST). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Wednesday, 21st September, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
 - Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facilities to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in the e-voting process.

- Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.
- In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access the e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

| Type of shareholders | Login Method |
|--|--|
| Individual Shareholders holding securities in Demat mode with CDSL Depository | <ol style="list-style-type: none"> Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers. |

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| Type of shareholders | Login Method |
|--|---|
| Individual Shareholders holding securities in demat mode with NSDL Depository | <ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |
| Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP) | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

Important Note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL.

| Login type | Helpdesk details |
|---|--|
| Individual Shareholders holding securities in Demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33 |
| Individual Shareholders holding securities in Demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

v) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

1. The shareholders should log on to the e-voting website www.evotingindia.com.
2. Click on "Shareholders" module.
3. 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) Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
4. Next enter the Image Verification as displayed and Click on Login.
5. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
6. If you are a first-time user follow the steps given below:

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| | |
|---|---|
| | For Physical shareholders and other than individual shareholders holding shares in Demat. |
| PAN | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field. |

- vi) After entering these details appropriately, click on "SUBMIT" tab.
- vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat 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.
- viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- ix) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- x) 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.
- xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xii) 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.
- xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- xvii) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.
- Non-Individual shareholders (i.e., other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
 - It is Mandatory that, 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.
 - Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; cskgdl@kgdenim.in (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

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INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM/EGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM/ EGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM/EGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 3 (three) days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance of 3 (three) days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM/EGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective **Depository Participant (DP)**
3. **For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.**

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Shri Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.

- i) The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the company as on the cut-off date (record date) of Wednesday, 21st September, 2022.
- ii) Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote by remote e-voting shall not vote by e-voting conducted during the Meeting.
- iii) The Company has appointed Shri M D Selvaraj, FCS of MDS & Associates, Company Secretaries in Practice, Coimbatore as the Scrutinizer to scrutinize the remote e-voting and e-voting process at the meeting in a fair and transparent manner and for the purpose of ascertaining the majority.

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- iv) The Chairman shall, at the 30th Annual General Meeting, at the end of discussion on all the resolutions on which voting is to be cast, allow e-voting for all those members who are present at the 30th Annual General Meeting but who have not cast their votes by availing the remote e-voting facility.
- v) The Scrutinizer shall after the conclusion of the e-voting at the Annual General Meeting, will first count the votes cast during the AGM 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 48 hours 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.
- vi) The results shall be declared within the time stipulated under the applicable laws. The results declared along with the consolidated scrutinizer's report shall be placed on the company's weblink <https://www.kgdenim.com/scrutnizer-report/> and on the website of CDSL and communicated to the Stock Exchange where the company's shares are listed.

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors have the pleasure in presenting the 30th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2022.

FINANCIAL RESULTS

The highlights of the performance of your Company during the financial year 2021-22 are given hereunder;

(Rs.in lakhs)

| Particulars | Standalone | | Consolidated | |
|---|-------------------------|--------------------------|-------------------------|--------------------------|
| | Current Year 2021-22 | Previous Year 2020-21 | Current Year 2021-22 | Previous Year 2020-21 |
| Total Revenue | 59,226.53 | 41,561.62 | 61,784.49 | 43,817.93 |
| Gross Profit before interest, depreciation, exceptional, extraordinary items and income tax | 3212.44 | 2,691.22 | 3329.20 | 2,649.52 |
| Finance Cost | 2430.15 | 2,192.97 | 2,503.47 | 2,280.62 |
| Depreciation | 1564.14 | 1,540.90 | 1,572.58 | 1,549.10 |
| Profit/(Loss) before Exceptional & Extra-ordinary items | (781.85) | (1,042.65) | (746.85) | (1,180.20) |
| Exceptional Items (Income) | - | - | - | - |
| Profit/(Loss) before tax | (781.85) | (1,042.65) | (746.85) | (1,180.20) |
| Provision for Income tax | - | - | - | - |
| for Deferred tax | (76.47) | (454.42) | 92.21 | (520.71) |
| Profit / (Loss) for the period | (705.38) | (588.23) | (839.06) | (659.49) |

COVID-19 IMPACT

The Covid 19 Pandemic has impacted businesses across the globe including India and has emerged as a global challenge to mankind. During the second wave of the Covid-19 Pandemic, there were disruptions in the operations of the Company for a period of two months from April to May 2021, when the Government imposed total lockdown measures and various restrictions were also put in place to mitigate the Covid 19 impact.

The Company took various measures to mitigate the ill effects of the Pandemic and ensuring the well-being of its employees at all levels.

The Company will continue to take adequate steps to ensure the well-being of the employees and other stakeholders by maintaining protocols suggested by the Central and State Governments.

OPERATIONS

The Operating Revenue of the Company has increased by 42% from Rs.41,334.47 Lakhs in the previous year to Rs.58,618.68 Lakhs in the current year. After charging depreciation, interest and other overheads, the Company recorded a loss of Rs.781.85 Lakhs as compared to the loss of Rs.1042.65 Lakhs in the previous year, showing a decrease in loss of 25% over the last year. There has been no change in the nature of business of the Company.

The Company does not own the spinning facilities. As a result, the Company depends on third parties for yarn purchases. The rise in cotton/other yarn costs from last year had an impact on the Company's profit. The unusual increase in coal price also affected profitability. Prices for cotton and coal are still the same for the year 2022-23. A sudden increase in cotton and yarn prices affected the profitability in 2021-22. The prices of cotton/yarn continue to be challenging in the current year 2022-23 also.

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ENVIRONMENT, SOCIAL AND GOVERNANCE

The Company holds due certification under Occupational Health and Safety Management System-ISO-45001 which is also focused on the environmental management systems. It ensures that the manufacturing of products is carried on without affecting the environment in the working area and surroundings.

The Company has again achieved one of the best scores in the apparel industry as verified by a leading brand assessor continuously this year also and has been meticulously following various environmental measures and reduction programs to achieve the above. The Company has introduced an in-house developed Agitated Thin Film Dryer (ATFD) to concentrate the RO reject water to fine tune the existing Zero Liquid Discharge system.

The Company is maintaining a dhanvanthri hospital for serving the community including supply of medicines at subsidized costs. As a part of social environmental protection, agroforestry has been developed with a demo plant with the technical support of Forest College, Coimbatore. Besides necessary essential services like providing potable drinking water to nearby villages, financial aid to schools etc., are also rendered.

HEALTH AND SAFETY

The Company has obtained certification under Occupational Health and Safety Management System-ISO-45001 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 workplace.

The Company is implementing various health and safety practices in a continuous manner as per Occupational Health and Safety Management System-ISO-45001 standards and legal requirements.

The Company is conscious of improving the occupational and personal health of its employees. In addition, the Company contributes to the well-being of its employees as also people living around the factory premises by organizing free medical camps and health check-up at the in-house hospital on regular basis.

The Company provides a safer work environment for its employees. Basic equipment are provided to ensure safety from fire.

Awareness classes are being conducted periodically with the help of internal/external agencies about basic safety, fire fighting, mock drills, mass evacuation, first aid etc.,

In view of the COVID-19 Pandemic, the Company is following necessary safety precautions for its employees for the smooth functioning of the operations which include:

- Social Distancing -distance marking at the entrance and specific norms inside yard premises.
- Temperature Measurements at the entrance.
- Compulsory Masks. Free mask supply at the entrance.
- Facility for hand washing and sanitizers provided at the workplace.

DIVIDEND

Since the Company has incurred loss during the year under review, the Board of Directors are not in a position to recommend any dividend for the year 2021-22.

TRANSFER TO RESERVES

The Company has not transferred any amount to the General Reserve during the year under review.

SHARE CAPITAL

The paid-up capital of the Company as at 31.03.2022 stood at Rs.2563.78 lakhs divided into 2,56,37,825 equity shares of Rs.10/- each. During the year under review and the Company has not made any fresh issue of shares.

TRANSFER OF UNCLAIMED DIVIDEND/SHARES TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of Sections 124 and 125 of the Companies Act, 2013, ("Act") unclaimed or unpaid dividend relating to the financial year 2014-15 is due for remittance to the Investor Education and Protection Fund ("IEPF") established by the Central Government.

Further, pursuant to Section 124(6) of the Act, read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, 38,742 equity shares of Rs.10/- each on which dividend had remained unclaimed for a period of 7 years have been transferred to the credit of demat account identified by the IEPF Authority during the year under review.

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WEB LINK OF ANNUAL RETURN

The Annual Return of the Company for the financial year 2021-22 as required under Section 92(3) of the Companies Act, 2013 is available on the website of the Company and can be accessed on the Company's website at the link <https://www.kgdenim.com/annual-return/>

BOARD AND ITS COMMITTEE MEETINGS CONDUCTED DURING THE PERIOD UNDER REVIEW

The details of the composition of the Board and its Committees namely the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and of the Meetings held and attendance of the Directors at such Board / Committee Meetings are provided in the Corporate Governance Report under relevant heads which forms a part of this Report.

STATEMENT ON COMPLIANCE WITH SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively. The Company has duly complied with Secretarial Standards issued by the Institute of Company Secretaries of India on a meeting of the Board of Directors (SS-1) and General Meetings (SS-2).

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134(3)(c) of the Companies Act 2013, with respect to the Directors' Responsibility Statement, it is hereby confirmed that –

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departure from those standards;
- b) 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 at the end of the financial year and of the loss of the Company for that period;
- c) The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a going concern basis;
- e) 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
- f) The Directors had devised proper system to ensure compliance with the provisions of all the applicable laws and such systems were adequate and operating effectively;

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12) OF THE COMPANIES ACT, 2013 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

There were no instances of frauds identified or reported by the Auditors during the course of their audit pursuant to Section 143(12) of the Companies Act, 2013.

DECLARATION OF INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as stipulated in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that their name is included in the data bank as per Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014. During the year, the Independent Directors of the Company had no pecuniary relationship or transactions with the Company other than sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board of directors and Committee(s). The details of remuneration and /or other benefits of the Independent director are mentioned in the Corporate Governance Report. Further, they have also declared that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR

The Board of Directors have evaluated the Independent Directors appointed/ re-appointed during the year 2021-22 and opined that the integrity, expertise and experience (including proficiency) of the Independent Directors are satisfactory.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial year ended 31st March, 2022 relate and the date of the report.

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COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND OTHER MATTERS PROVIDED UNDER SECTION 178(3) OF THE COMPANIES ACT, 2013

The Company pursuant to the provisions of Section 178 of the Companies Act, 2013 and also in terms of Regulation 19(4) of the SEBI Listing Regulations and upon the recommendation of the Nomination and Remuneration Committee, framed a policy on the nomination, appointment and remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and employees of the Company including criteria for determining qualifications, positive attributes, independence of a director and other matters pursuant to the provisions of Section 178 of the Companies Act, 2013 and in terms of Regulation 19(4) of the SEBI Listing Regulations. The detailed Remuneration Policy can be accessed on the Company's website at the link <https://www.kgdenim.com/wp-content/uploads/2022/06/nominationandremunerationcommitteepolicy.pdf>.

COMMENTS ON AUDITORS' REPORT

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s.Mohan & Venkataraman, Statutory Auditors in their reports however Shri. M.R.L. Narasimha, Secretarial Auditor has qualified that the Company has not given significant changes in the Key Financial Ratios and change in Net worth as per Clause V(B) of SEBI (LODR) Regulations, 2015 in Management Discussion and Analysis report of the Company.

In reply, your directors wish to state that the compliance of the above regulation shall be ensured in future.

PARTICULAR OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans, guarantees or investments made by the company during the year under review pursuant to Section 186 of the Companies Act, 2013.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions entered into with related parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended) during the financial year 2021-22 were in the ordinary course of business and on an arm's length basis and not material in nature and thus disclosure in Form AOC-2 is not required.

The Policy on Related Party Transactions as approved by the Board of Directors of the Company has been uploaded on the Company's website at the link <https://www.kgdenim.com/wp-content/uploads/2022/06/rpt.pdf>.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure-1** and is attached to this report.

STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

The Committee had formulated a Risk Management Policy for the dealing with different kinds of risks that it faces in the day-to-day operations of the Company. The 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 the Quarterly Financial Results of the Company

DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Board has informed a Corporate Social Responsibility Committee of the Board of Directors comprising of Shri KG Baalakrishnan, Shri A P Seturaaman and Shri A Velusamy. The CSR policy of the Company deals with the allocation of funds, activities, identification of programs, approval, implementation, monitoring and reporting mechanisms under the policy.

The Company has incurred a loss during the immediately preceding financial year and hence no amount has been prescribed/allocated for the CSR expenditure. Thus, no amount has been spent on the CSR activities of the Company for the financial year 2021-22.

The Annual Report on the Company's CSR activities of the Company is furnished in the prescribed format and annexed as **Annexure-2** to this Report. The policy relating to CSR has been displayed on the Company's website and can be accessed at the link <https://www.kgdenim.com/wp-content/uploads/2016/04/corporate-social-responsibility-policy.pdf>.

ANNUAL EVALUATION OF THE BOARD ON ITS OWN PERFORMANCE AND OF THE INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Companies Act, 2013, the Board of Directors evaluated the annual performance of the members of the Board and the Committees vis a vis the nature of business of the Company, Board performance during the year and the contribution of each of the Directors based on the criteria laid down by the Nomination and Remuneration Committee.

The Independent Directors held a meeting during the year and inter-alia, reviewed the performance of the Non-Independent Directors and the Board as a whole and assessed the quality, quantity and timeliness of the flow of information between the Company and the Board.

K G DENIM LIMITED

DIRECTORS & KEY MANAGERIAL PERSONNEL

During the year under review, Shri K N V Ramani (DIN: 00007931) and Shri G P Muniappan (DIN: 01653599) were retired from the Company with effect from 31st March 2022.

The Board wishes to place on record its appreciation for the invaluable services rendered by Shri K N V Ramani (DIN: 00007931) and Shri G P Muniappan (DIN: 01653599) as Independent Directors of the Company.

The Company has obtained the necessary approval of the members through special resolutions for the appointment of Shri Jaganmohan Ramachandran (DIN: 09125603) and Smt Lakshmi Pattabi Raman (DIN: 09488828) as Independent Directors of the Company with effect from 14th February 2022 for a term of five consecutive years through postal ballot on 1st April 2022.

Shri M Balaji resigned as the Company Secretary and Compliance Officer of the Company with effect from 28th October 2021. Smt P Krishnaveni has been appointed as the Company Secretary and Compliance Officer of the Company with effect from 29th October 2021.

Shri A Velusamy and Smt T Anandhi, Directors of the Company retire by rotation at the Annual General Meeting and being eligible, offers themselves for re-appointment. Your Directors recommend their re-appointment.

Key Managerial Personnel of the Company as required pursuant to Section 2 (51) and 203 of the Companies Act, 2013 are Shri KG Baalakrishnan, Executive Chairman, Shri B Sriramulu, Managing Director, Shri B Srihari, Managing Director, Shri S Manickam, Chief Financial Officer and Smt P Krishnaveni, Company Secretary.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company has 2 (Two) subsidiaries namely, Trigger Apparels Limited and KG Denim (USA) Inc.

I. Trigger Apparels Limited

Trigger Apparels Limited is engaged in the marketing of readymade garments, fabric and yarn. The turnover of the Company during the year under review was Rs.6096.83 Lakhs as against Rs.3245.55 Lakhs achieved during the previous year. During the year the Company incurred a net loss of Rs.139.30 Lakhs as against a net loss of Rs.121.91 Lakhs during the previous year.

II. KG Denim (USA) Inc.

The turnover of the Company during the year under review was Rs.3.29 Lakhs (INR) as against Rs.55.17 Lakhs (INR) recorded during the previous year. During the year the Company incurred a net loss of Rs.7.86 Lakhs as against a net loss of Rs.22.80 Lakhs during the previous year. The operations of the Company are expected to improve further in the forthcoming reporting period.

The Consolidated Financial Statements incorporating the Financial Statements of the subsidiary companies are attached to the Annual Report as required under the applicable Accounting Standard(s) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The standalone Annual Financial Statements of Trigger Apparels Limited and KG Denim (USA) Inc., subsidiary companies are posted on the Company's website at the link <https://www.kgdenim.com/investors-page/annual-reports/>

However, Company does not have any Joint Venture or Associate Companies. The Statement containing salient features of the Financial Statement of the subsidiaries pursuant to the provision of Section 129 of the Companies Act, 2013 is attached herewith in Form AOC-1 and is attached as **Annexure-3** to this report.

FIXED DEPOSITS

Since the Company has not accepted any fixed deposit covered under Chapter V of the Companies Act, 2013, there are no deposits remaining unclaimed or unpaid as on 31st March, 2022 and accordingly, the question of default in repayment of deposits or payment of interest thereon during the year does not arise.

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

There was no significant and material order passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operation in the future.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has an adequate Internal Control System, commensurate with the size, scale and complexity of its operations. The Audit Committee of the Board periodically reviews the Internal Financial Control Systems and their adequacy and recommends corrective action as and when necessary to ensure that an effective internal control mechanism is in place.

The Directors confirm that the Internal Financial Control (IFC) systems are adequate with respect to the operations of the Company. The report of Auditors pursuant to Section 143(3)(i) of the Companies Act, 2013 certifying the adequacy of Internal Financial Control is annexed with the Auditors Report.

K G DENIM LIMITED

AUDITORS

STATUTORY AUDITORS

Mohan & Venkataraman (Firm Registration No. 007321S) Chartered Accountants, Coimbatore were appointed as the Statutory Auditors of the Company for a period of five years at the 25th Annual General Meeting of the Company held on 16th September, 2017 up to the conclusion of the 30th Annual General Meeting. Hence Mohan & Venkataraman, Chartered Accountants, Coimbatore would retire at the forthcoming Annual General Meeting. The Directors take this opportunity in thanking Mohan & Venkataraman, for the valuable services rendered by them during their tenure of the audit.

Consequently, the Board recommends the appointment of Gopalaiyer and Subramanian (Firm Registration No. 000960S), Chartered Accountants, Coimbatore as Statutory Auditors of the Company for a term of 5 years from the conclusion of the 30th Annual General Meeting of the Company, based on the review and recommendation of the Audit Committee. Further, the Company has received a certificate from the Statutory Auditors to the effect that their appointment, if made, would be within the limits prescribed under Section 139 of the Companies Act, 2013. The Directors take this opportunity in welcoming the new auditors Gopalaiyer and Subramanian.

Necessary resolution for the appointment of Statutory Auditors is included in the Notice of the Annual General Meeting for the approval of the Members.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed MDS & Associates, Company Secretaries in Practice (C.P. No. 411), Coimbatore as the Secretarial Auditors of the Company for the year 2022-23 to carry out the Secretarial Audit, pursuant to the provisions of Section 204 of the Companies Act, 2013.

The report of Shri. M.R.L. Narasimha, Company Secretary in Practice, Coimbatore, Secretarial Auditor for the financial year 2021-22 is annexed as **Annexure-4** to this Report.

COST AUDITORS

The Board of Directors on the recommendation of the Audit Committee, has appointed Shri. M. Nagarajan, Cost Accountant as the Cost Auditor of the Company for the financial year 2022-23. Pursuant to Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Accounts) Rules, 2014, the remuneration payable for the year 2022-23 to the Cost Auditor of the Company is subject to ratification by the Shareholders at the ensuing Annual General Meeting. The Board recommends his remuneration.

DISCLOSURE ON MAINTENANCE OF COST RECORDS UNDER SUB-SECTION (1) OF SECTION 148 OF THE COMPANIES ACT, 2013

The maintenance of cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013 is applicable to the Company and accordingly, the cost accounts and records are prepared and maintained.

DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 DURING THE YEAR

No applications have been made and no proceedings are pending against the Company under the Insolvency and Bankruptcy Code, 2016.

DETAILS OF THE DIFFERENCE BETWEEN THE AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING A LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

The disclosure under this clause is not applicable as the Company is debt free and has not undertaken any one-time settlement with the banks or financial institutions.

INDUSTRIAL RELATIONS

The relationship between the management and the employees at all levels during the year under review has been cordial and productive.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has complied with the provisions relating to the constitution of the Internal Complaints Committee under the Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to define the policy and redress complaints received. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed of during the year 2021-22:

- i. Number of complaints received - Nil
- ii. Number of complaints disposed of – NA

PARTICULARS OF EMPLOYEES

The statement pursuant to Section 134 of the Companies Act, 2013, read with the Companies (Particulars of Employees) Rules, 1975 and Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as **Annexure-5** is attached to this report.

K G DENIM LIMITED

CORPORATE GOVERNANCE

A report on Corporate Governance is annexed which forms part of this report. The Company has complied with the conditions relating to Corporate Governance as stipulated in Regulation 27 of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015.

AUDIT COMMITTEE

The Audit Committee of the Board of Directors has been duly constituted in accordance with the provisions of Section 177 of the Companies Act, 2013. The details relating to the composition, meetings and functions of the Committee are set out in the Corporate Governance Report forming part of this Annual Report. The Board has accepted the Audit Committee recommendations during the year whenever required and hence no disclosure is required under Section 177(8) of the Companies Act, 2013 with respect to the rejection of any recommendations of the Audit Committee by the Board.

VIGIL MECHANISM AND WHISTLE BLOWER POLICY

The Company has provided adequate safeguards to deal with instances of fraud and mismanagement and to report concerns about unethical behavior or any violation of the Company's Code of Conduct. During the year under review, there were no complaints received under this mechanism. The policy can be accessed on the Company's web link at <https://www.kgdenim.com/wp-content/uploads/2015/10/Whistle-Blower-Policy.pdf>

ACKNOWLEDGEMENT

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

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

By order of the Board
For **K G DENIM LIMITED**

KG Baalakrishnan
Executive Chairman
DIN: 00002174

Place: Coimbatore
Date: 13th August 2022

K G DENIM LIMITED

Annexure-1

PARTICULARS PURSUANT TO SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014:

A. Conservation of Energy:

(i) Steps Taken for Conservation of Energy:

The energy review meetings are regularly conducted by Energy Cell headed by Certified Energy Auditor. Benchmark figures arrived in all the utilities and deviations are monitored on a regular basis and corrective and preventive actions are taken as and when required.

The major efforts are mentioned below:

1. All conventional lighting has been changed to LED lighting in the mills area. Only LED lights will be purchased and used hereafter.
2. All our climate controlled Labs have been renovated with PUF insulation wall and ceiling panels for thermal insulation to bring down the energy consumption of HVAC equipment, about a 10% reduction in energy consumption on this account has been achieved.
3. With the support of our employees, we have modified one of our climate controlled offices to a naturally ventilated office thereby eliminating 6 Ton HVAC system, resulting in 30% cost savings. This being a pilot project, more such energy conservation projects are planned in the anvil.
4. Major investment has been done in Automatic Warehouse by Purchasing State of the Art Systems Italy instead of conventional godowns which save 100 % cost of the lighting load.

(ii) Steps Taken by the Company for utilizing alternate sources of energy:

The Company has installed Solar Cell and linked the same to LED lights for energy conservation.

(iii) Capital Investment on energy conservation equipment: Nil

B. Technology absorption & Research & Development

- 1) Efforts made towards technology absorption, adaptation and innovation: Nil
- 2) The Benefits derived like product improvement, cost reduction, product development or import substitution: Nil
- 3) Information of Imported Technology (imported during the last 5 years from the beginning of the Financial Year)
 - a) Technology Imported None
 - b) Year of Import N.A.
 - c) Technology absorption N.A.
- 4) Expenditure incurred on Research & Development:

(Rs. In Lakhs)

| Expenditure on R&D | 2021-22 | 2020-21 |
|---|---------|---------|
| Capital | 149.85 | - |
| Revenue | 200.15 | 166.69 |
| Total | 350.00 | 166.69 |
| R&D Expenditure as a percentage of Turnover | 0.59% | 0.40% |

Foreign Exchange earnings & outgo:

The details of foreign exchange earnings and outgo are furnished below:

| Particulars | 2021-22 | 2020-21 |
|---------------------------|----------|----------|
| Foreign Exchange Earnings | 18746.36 | 15853.00 |
| Foreign Exchange Outgo | 309.50 | 250.50 |

By order of the Board
For **K G DENIM LIMITED**

Place: Coimbatore
Date: 13th August 2022

KG Baalakrishnan
Executive Chairman
DIN: 00002174

K G DENIM LIMITED

Annexure-2

Annual Report on Corporate Social Responsibility (CSR) Activities

01. Brief outline on CSR Policy of the Company

As required under the Companies Act, 2013, the Company has formulated a CSR Policy that is in line with the activities mentioned in Schedule VII of the Companies Act, 2013. The CSR Policy is available on the Company's Website <https://www.kgdenim.com/wp-content/uploads/2016/04/corporate-social-responsibility-policy.pdf>. The CSR policy of the Company is primarily directed towards promoting education, eradicating hunger, poverty and malnutrition, promoting healthcare, including preventive health care and sanitation and making available safe drinking water, ensuring environmental sustainability and rural development projects.

02. Composition of CSR Committee

The CSR Committee of the Board of Directors is optimally balanced between Independent and Non-Independent Directors. The Constitution of the committee and the details of meetings held during the year are as under :

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|-----------------------|---|--|--|
| 1. | Shri KG Baalakrishnan | Executive Chairman (Chairperson of the Committee) | 4 | 4 |
| 2. | Shri A P Seturaaman | Non-Executive Independent Director (Member) | 4 | 4 |
| 3. | Shri A Velusamy | Non-Executive Non-Independent Director (Member) | 4 | 4 |

03. The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

The web-link where the Composition of the CSR Committee is disclosed on the website of the Company is <https://www.kgdenim.com/wp-content/uploads/2022/04/kgdl-committeemembers-01042022-final.pdf>

The web-link where the CSR policy is disclosed on the website of the Company is <https://www.kgdenim.com/wp-content/uploads/2016/04/corporate-social-responsibility-policy.pdf>

04. The details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable:

The Company has not carried out an Impact assessment of CSR projects in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 as the same is not applicable to the Company.

05. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

There is no amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and hence disclosure under this clause is not applicable to the Company.

06. Average Net Profit of the Company as per Section 135(5): There was a net loss for the immediately preceding three financial years.

07. (a) Two percent of average net profit of the company as per section 135(5): The Company was not required to spend on the Corporate Social Responsibility activities as the average net profits of the preceding three financial years of the Company was in the negative.

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

(c) Amount required to be set off for the financial year, if any: NIL

(d) Total CSR obligation for the financial year (7a+7b-7c): NIL

08. (a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year. (in Rs.) | Amount Unspent (in Rs.) | | | | |
|---|--|-------------------|--|---------|-------------------|
| | Total Amount transferred to Unspent CSR Account as per section 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). | | |
| | Amount. | Date of transfer. | Name of the Fund | Amount. | Date of transfer. |
| NIL | NIL | Not Applicable | Not Applicable | NIL | Not Applicable |

K G DENIM LIMITED

(b) Details of CSR amount spent against ongoing projects for the financial year:

The Company has not spent any amount against ongoing projects during the financial year under review.

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---------|---------------------|---|---------------------|-------------------------|----------|---------------------------------------|--|--|-------------------------|
| Sl. No. | Name of the Project | Item from the list of activities in schedule VII to the Act | Local area (Yes/No) | Location of the project | | Amount spent for the project (in Rs.) | Mode of implementation – Direct (Yes/No) | Mode of implementation - Through implementing agency | |
| | | | | State | District | | | Name | CSR registration number |

As the company was not required to spend any amount on CSR expenses, the disclosure with regard to the manner in which the amount was spent during the financial year does not arise

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Nil

(g) Excess Amount for set off, if any: Nil

| Sl. No. | Particulars | Amount (Rs. In Lakhs) |
|---------|---|-----------------------|
| (i) | Two percent of average net profit of the company as per Section 135(5) | Nil |
| (ii) | Total amount spent for the Financial Year 2021-22 | |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | |

09. (a) Details of Unspent CSR amount for the preceding three financial years:

The Company does not have any unspent CSR amount in any of the preceding three financial years and hence disclosure under this clause does not arise.

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

The Company does not have any ongoing projects in any of the preceding financial years and hence disclosure under this clause does not arise.

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:

The Company has not created or acquired any capital asset out of CSR spending in the financial year and hence reporting under this clause does not arise.

11. Reason if the Company has failed to spend 2% of the average net profits as per section 135(5):

The Company was not required to spend on Corporate Social Responsibility activities as the average net profits of the preceding three financial years of the Company was in the negative.

Place: Coimbatore
Date: 13th August 2022

A Velusamy
Member of CSR Committee
DIN : 00002204

KG Baalakrishnan
Chairman of CSR Committee
DIN : 00002174

K G DENIM LIMITED

Annexure-3

Form AOC-1

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

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

Part "A": Subsidiary

| S I . No. | Particulars | Details | Details |
|-----------|---|--------------------------|--------------------------|
| 1. | Name of the subsidiary | Trigger Apparels Limited | KG Denim (USA) Inc. |
| 2. | The reporting period for the subsidiary concerned, if different from the holding company's reporting period | 01.04.2021 to 31.03.2022 | 01.04.2021 to 31.03.2022 |
| 3. | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Rupees (in Lakhs) | USD |
| 4. | Share capital | 600.00 | 700.00 |
| 5. | Reserves & surplus | (2,167.83) | (1,24,124) |
| 6. | Total assets | 3,865.88 | 3,37,856 |
| 7. | Total Liabilities | 5,433.71 | 4,61,280 |
| 8. | Investments | Nil | Nil |
| 9. | Turnover | 6,096.83 | 4,353 |
| 10. | Profit / (loss) before taxation | 29.38 | (10,391) |
| 11. | Provision for taxation | 168.68 | Nil |
| 12. | Profit / (loss) after taxation | (139.30) | (10,391) |
| 13. | Proposed Dividend | Nil | Nil |
| 14. | % of shareholding | 75 | 100 |

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries that are yet to commence operations: Nil
- Names of subsidiaries that have been liquidated or sold during the year: Nil

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures : Not Applicable

By order of the Board
For **K G DENIM LIMITED**

Place: Coimbatore
Date: 13th August 2022

KG Baalakrishnan
Executive Chairman
DIN: 00002174

K G DENIM LIMITED

Annexure-4

FORM MR - 3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH 2022

[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 31st March, 2022 and also after 31st March, 2022 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 31st March 2022 (hereinafter referred to as "the year"), the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made here in after. The members are requested to read this report along with my letter of even date annexed to this report as Annexure-A.

1. I have examined the books, papers, minutes books and other records maintained by the Company and the forms and returns filed during the year according to the applicable provisions of:
 - i. The Companies Act, 2013 (the Act), the rules made there under.
 - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.
 - iii. The Depositories Act, 1996 and the regulations and byelaws framed there under.
 - iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

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 (Depositories and Participants) Regulations, 2018
 - (e) The Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015 except that in Management Discussion and Analysis the Company has not given significant changes in the Key Financial Ratios and change in Net worth as per Clause V(B) of SEBI (LODR) Regulations, 2015
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 (Delisting of Equity Shares) Regulations, 2009.
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
 - (e) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations 2018
 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.

K G DENIM LIMITED

4. i) I have also examined compliance with the Secretarial Standards with respect to Board Meetings (SS- 1) and General Meetings (SS- 2) issued by The Institute of Company Secretaries of India.

ii) The Listing Agreement entered by the company with BSE Limited

I further report that the compliance by the company of applicable financial laws, like Direct and Indirect Tax laws, has not been reviewed in this audit since the has been subject to review by Statutory Auditor and other designated professionals.

5. 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 Woman 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.
- (v) There were no instances of
 - (a) Public/ Rights/Preference Issue of shares/Debentures/Sweat Equity
 - (b) Redemption/Buy-back of Securities.
 - (c) Major decision taken by the members pursuant to section 180 of the Companies Act 2013
 - (d) Merger/ Amalgamation/ Reconstruction etc
 - (e) Foreign technical collaborations.

Place: Coimbatore
Date : 13.08.2022
UDIN: F002851D000790979

MRL Narasimha
Practicing Company Secretary
MNo 2851
CP No:799
PR NO.1420/2021

Annexure - A to Secretarial Audit Report of even date

To, The Members, K G DENIM LIMITED, [CIN: L17115TZ1992PLC3798].

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March, 2022 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 are 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 31st March 2022 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.

Place: Coimbatore
Date : 13.08.2022
UDIN: F002851D000790979

MRL Narasimha
Practicing Company Secretary
MNo 2851
CP No:799
PR NO.1420/2021

K G DENIM LIMITED

Annexure-5

Statement pursuant to Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 and Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| | | | | |
|--|---|--|--------------------|----------------------------|
| 1. | The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year and the percentage increase of each Director, MD, ED, CFO and Company Secretary in the financial year: | Name of KMP | Designation | Ratio to median |
| | | Shri KG Baalakrishnan | Executive Chairman | 30.28 |
| | | Shri B Sriramulu | Managing Director | 24.23 |
| | | Shri B Srihari | Managing Director | 24.23 |
| | | Shri S Manickam | CFO | 11.15 |
| | | Smt P Krishnaveni (from 29.10.2021) | CS | 1.83 |
| | | Shri M Balaji (up to 28.10.2021) | CS | 3.53 |
| Sitting fees paid to the Non-Executive Directors have not been considered as remuneration | | | | |
| 2. | Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year | Name of Director | Designation | Percentage increase |
| | | Shri KG Baalakrishnan | Executive Chairman | - |
| | | Shri B Sriramulu | Managing Director | - |
| | | Shri B Srihari | Managing Director | - |
| | | Shri S Manickam | CFO | 12.50% |
| | | Smt P Krishnaveni (from 29.10.2021) | CS | - |
| | | Shri M Balaji (up to 28.10.2021) | CS | - |
| Not paid any remuneration to other Non-Executive Directors | | | | |
| 3. | The median remuneration for the year 2021-22 is | Rs.1,98,100 | | |
| 4. | The percentage increase in the median remuneration of employees in the financial year | 14.85% | | |
| 5. | The number of permanent employees on the rolls of Company | 1255 | | |
| 6. | 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 any exceptional circumstances for increase in the managerial remuneration | There has been an increase of 14.85% in the remuneration of employees. There was no increase in the remuneration of the Executive Chairman and Managing Directors. | | |
| 7. | Affirmation that the remuneration is as per the remuneration policy of the Company | Your Directors affirm that the remuneration is as per the remuneration policy of the Company. | | |

K G DENIM LIMITED

Disclosure under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Particulars of Top Ten Employees of the Company in terms of remuneration drawn:

| Name, Designation & Age of the Employee | G r o s s Remuneration paid (In Lakhs.) | Date of Commencement of Employment | Qualification & Experience | Percentage of equity shares held | P r e v i o u s Employment |
|---|---|------------------------------------|-----------------------------------|----------------------------------|--|
| KG Baalakrishnan Executive Chairman & 82 | 60.00 | 03.11.2003 | B.Com, BL 19 Years | 10.06 | NA |
| B Sriramulu Managing Director & 55 | 48.00 | 03.11.2003 | B Tech, MS 19 Years | 8.61 | NA |
| B Srihari Managing Director & 53 | 48.00 | 03.11.2003 | B Tech, ME 19 Years | 8.71 | NA |
| S Manickam, Chief Financial Officer & 62 | 22.08 | 01.03.2018 | CA, ICWA 37 Years | Nil | 1.NLC India Limited, Neyveli-13 Years, 2.Private Practice As Chartered Accountant, Coimbatore-5 Years, 3.Pioneer Poultry Group, Palladam-5 Years. 4.Bannari Amman Spinning Mills Limited, Coimbatore – 10 Years |
| S Gopinath, Head of Sales & 51 | 21.70 | 01.04.1994 | B.Sc-Computer Science 29 Years | Nil | 1.Bharath Information Technology, Coimbatore-1Year 8 Months |
| Srinivasan R, General Manager & 59 | 21.39 | 01.07.2021 | MA,MBA-Marketing 34 Years | Nil | 1.Anglo French Textiles , Puducherry-8 Years |
| Selvakumar R, Vice President-Commercial & 52 | 19.73 | 01.01.1993 | B.E,Demt 29 Years | Nil | NA |
| Pranav Sriraman, Vice President-Home Textiles & 28 | 15.00 | 17.11.2017 | BE 4 Years | 0.26 | NA |

K G DENIM LIMITED

| Name, Designation & Age of the Employee | G r o s s Remuneration paid (In Lakhs.) | Date of Commencement of Employment | Qualification & Experience | Percentage of equity shares held | P r e v i o u s Employment |
|---|---|------------------------------------|-----------------------------------|----------------------------------|---|
| L R Prakash, General Manager & 63 | 14.81 | 19.08.2019 | B.Tech 15 Years | Nil | 1.Madura Coats Pvt Ltd., Bangalore-1 Year. 2.Vijay Eswari Textiles , Perundurai - 12 Years. |
| Vijayaraghavan R, General Manager & 56 | 14.30 | 01.10.2003 | B.Tech, MBA, (MFT) 24 Years | Nil | 1.KG Fabriks Limited, Perundurai - 1 Year. |

During the financial year 2021-22, there were no employees in the Company who was in receipt of remuneration exceeding in aggregate Rs.1.02 Crores, if employed for the whole year and Rs.8.50 Lakhs per month, if employed for any part of the year.

Note:

1. All employees are on the permanent rolls of the Company.
2. Except Shri B Sriramulu, Shri B Srihari and Shri Pranav Sriraman who is a relative of Shri KG Baalakrishnan, no other employees is relative (in terms of the Companies Act, 2013) of any other Director of the Company. Further, no employee of the Company is covered by Rule 5(2)(iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, that is employee, holding by himself or with his family, shares of 2% or more in the Company and drawing remuneration in excess of a Managing Director.

By order of the Board
For **K G DENIM LIMITED**

Place: Coimbatore
Date: 13th August 2022

KG Baalakrishnan
Executive Chairman
DIN: 00002174

K G DENIM LIMITED

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2022, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

1. A brief statement on Company's philosophy on code of governance

The Company is committed to building long term shareholders' value with an emphasis on Corporate Governance. The Company communicates corporate, financial and product information online on its website – www.kgdenim.com. The Company believes that all operations and actions must serve the goal of enhancing overall shareholder value, over a sustained period of time. The Company's philosophy envisages transparency, accountability and equitable benefits of the highest level in its maximum possible operating fields and interaction with all its related stakeholders including esteemed Shareholders, Workmen, Officers, Government, Banks, Vendors and Customers.

2. Board of Directors

The Company's Board of Directors presently comprises Ten (10) Directors including three (3) Executive and Seven (7) Non-Executive Directors (out of which five (5) are Independent Directors including a woman director and two (2) are Non-Executive Non-Independent Director. Shri KG Baalakrishnan is the Executive Chairman and Shri Balakrishnan Srihari & Shri Balakrishnan Sriramulu are the Managing Directors of the Company, and all others are Non-Executive Directors of the Company. The Directors are professionals who have expertise in their respective functional areas and bring a wide range of skills and experience to the Board.

The Board met five times during the financial year 1st April, 2021, 29th July, 2021, 14th August, 2021, 28th October 2021 and 14th February, 2022. The details of composition of Board, number of other directorships in other public companies, chairmanship and membership in Committees of other public companies as held by the directors of the Company, attendance of directors at board meetings and last annual general meeting are given below:

| Name of the Director | Category | Attendance Particulars | | No. of Directorships in other Public Companies # | No. of Committee positions held in all Companies (Member/Chairman) \$ |
|---|---------------------------------|------------------------|----------|--|---|
| | | Board Meeting | Last AGM | | |
| Shri KG Baalakrishnan (DIN: 00002174) | Executive Chairman /Promoter | 5 | Yes | 5 | - |
| Shri B Sriramulu(DIN: 00002560) | Managing Director/Promoter | 5 | Yes | 2 | - |
| Shri B Srihari (DIN: 00002556) | Managing Director /Promoter | 5 | Yes | 4 | - |
| Shri A Velusamy (DIN: 00002204) | Non-Executive/ Non-Independent | 5 | Yes | 3 | 1 |
| Smt T Anandhi (DIN: 00050786) | Non-Executive/ Non- Independent | 5 | Yes | 1 | - |
| Shri M B N Rao (DIN: 00287260) | Non-Executive/ Independent | 4 | Yes | 6 | 9 |
| Shri N Govindarajan (DIN: 00366402) | Non-Executive/ Independent | 5 | Yes | - | - |
| Shri A P Seturaaman (DIN: 07331898) | Non-Executive/ Independent | 4 | Yes | - | 1 |
| Shri K N V Ramani (DIN: 00007931) up to 31.03.2022 | Non-Executive/ Independent | 5 | Yes | 4 | 5 |
| Shri G P Muniappan (DIN: 01653599) up to 31.03.2022 | Non-Executive/ Independent | 5 | Yes | 3 | 4 |
| Shri Jaganmohan Ramachandran (DIN: 09125603) w.e.f.14.02.2022 | Non-Executive/ Independent | - | NA | - | - |
| Smt Lakshmi Pattabi Raman (DIN: 09488828) w.e.f.14.02.2022 | Non-Executive/ Independent | - | NA | - | - |

Excludes directorships in Private Companies, Foreign Companies, Section 8 Companies & Govt. Companies.

\$ Only Audit Committee and Stakeholders Relationship Committee are considered.

Shri B Sriramulu and Shri B Srihari are sons and Smt T Anandhi is the daughter of Shri KG Baalakrishnan, Executive Chairman of the Company. None of the other directors on the Board of the Company are related to each other.

K G DENIM LIMITED

None of the Directors holds directorship in more than 20 Companies (including a limit of maximum directorships in 10 public companies) pursuant to the provisions of the Companies Act, 2013. Further, none of the Directors including Independent Directors hold directorships in more than the maximum number of Directorships prescribed under Regulation 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As per the disclosures received from the directors, none of the directors serve as a member of more than 10 committees nor they are the Chairman / Chairperson of more than 5 committees, as per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Other Directorships:

| Directors | Details of the other listed entities where the Directors hold directorship | |
|--|---|--|
| | Name of the listed entity | Designation |
| Shri KG Baalakrishnan (DIN: 00002174) | Nil | Nil |
| Shri B Sriramulu(DIN: 00002560) | Nil | Nil |
| Shri B Srihari (DIN: 00002556) | Nil | Nil |
| Shri A Velusamy (DIN: 00002204) | Nil | Nil |
| Smt T Anandhi(DIN: 00050786) | Nil | Nil |
| Shri M B N Rao(DIN: 00287260) | The Ramco Cements Limited | Non-Executive - Independent Director |
| | Taj GVK Hotels and Resorts Limited | Non-Executive - Independent Director |
| | Apollo Hospitals Enterprise Limited | Non-Executive - Independent Director |
| Shri N Govindarajan(DIN: 00366402) | Nil | Nil |
| Shri AP Seturaaman(DIN: 07331898) | Nil | Nil |
| Shri K N V. Ramani (DIN: 00007931) up to 31.03.2022 | Bannari Amman Spinning Mills Limited K.P.R. Mill Limited Shiva Mills Limited Shiva Texyarn Limited | Non-Executive - Independent Director Non-Executive - Independent Director Non-Executive - Independent Director Non-Executive - Independent Director |
| Shri G P Muniappan (DIN: 01653599) up to 31.03.2022 | K.P.R. Mill Limited | Non-Executive - Independent Director |
| Shri Jaganmohan Ramachandran (DIN: 09125603) w.e.f.14.02.2022 | Nil | Nil |
| Smt Lakshmi Pattabi Raman (DIN: 09488828) w.e.f.14.02.2022 | Nil | Nil |

Statement showing a number of Equity Shares held by the Non-Executive Directors as on 31st March, 2022:

| Name of the Director | No. of Shares held (as on 31.03.2022) |
|----------------------|---------------------------------------|
| Shri A Velusamy | 500 |
| Smt T Anandhi | 20,31,000 |
| Shri M B N Rao | - |
| Shri N Govindarajan | - |
| Shri AP Seturaaman | - |
| Shri K N V Ramani | 10,000 |
| Shri G P Muniappan | - |

There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-Executive Directors during the year.

The Company has not issued any type of convertible instruments to non-executive directors.

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INDEPENDENT DIRECTORS

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Act and the rules framed thereunder. In terms of Regulation 25(8) of Listing Regulations, the Independent Directors of the Company have confirmed that they are not aware of any circumstance or situation that exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations and that they are independent of the management.

Independent Director Databank Registration:

All the Independent Directors of the Company have applied online to the Indian Institute of Corporate Affairs for inclusion of their name in the Independent Directors Databank and obtained registration thereof as per Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

The Company has received declarations from all the Independent Directors of the Company confirming that their name is included in the data bank as per Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

Familiarization Program for Independent Directors:

The Board Members are regularly updated on changes in Corporate and allied laws, Taxation Laws & matters thereto. In the quarterly Board Meetings, Managing Director and Senior Management conduct a session for the Board Members sharing updates about the Company's business strategy, operations and the key trends in the industry relevant of the Company. These updates help the Board Members to keep themselves abreast with the key changes and their impact on the Company.

At the time of appointment of an Independent Director, a meeting is setup with the Key Managerial Personnel to discuss the functioning of the Board and the nature of operations of the Company.

The Familiarization Program for Independent Directors has been posted on the Company's web link at <https://www.kgdenim.com/wp-content/uploads/2022/06/familirizationprogrammenew.pdf>

Key Board Qualifications, skills, expertise and attributes:

The Board of Directors comprises qualified members who bring in the required skills, competence and expertise that allow them to make effective decisions or contributions to the Board, its committees and the management.

The list of core skills/expertise/competencies identified by the Board of Directors as required in the context of the Company's Business Vertical(s) and those already available with the Board are as follows:

| Category | Expertise | Skill / Competencies |
|---|---|--|
| Non-Executive Non-Independent Directors | In-depth Industry Knowledge Textile Business Policies Legal and Regulatory Framework Strategic Management | Entrepreneurial Governance Leadership Technical Analytical Organizational Technological Planning Resource Management and Utilisation People Management Communication Behavioural |

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| Category | Expertise | Skill / Competencies |
|-----------------------|---|---|
| Independent Directors | In-depth Industry Knowledge Textile Business Policies Audit, Taxation and Financial Management Legal and Regulatory Framework | Technical / Professional Analytical Technological Behavioural |
| Executive Directors | In-depth Industry Knowledge Textile Business Policies Audit, Taxation and Financial Management Legal and Regulatory Framework Strategic Management | Governance Leadership Technical Analytical Organizational Technological Planning Resource Management and Utilization People Management Communication Behavioural |

Confirmation of the fulfillment of the conditions of independence:

Based on the declarations received from the Independent Directors, the Board of Directors are of the opinion that the Independent Directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 and are independent of the management.

Resignation of Independent Directors before the expiry of tenure

During the year under review, there was no instance of the resignation of any Independent Director. However, Shri K N V Ramani and Shri G P Muniappan, Independent Directors retired from the Board consequent to the expiry of their term of office

Separate Meeting of the Independent Directors:

Pursuant to Schedule IV of the Companies Act, 2013, the Independent Directors met on 12th February, 2022 without the presence of Non-Independent Directors and Members of the Management. The Independent Directors, inter alia, evaluated the performance of the Non-Independent Directors and the Board of Directors as a whole, evaluated the performance of the Board considering the views of Executive and Non-Executive Directors and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company Management and the Board.

COMMITTEES OF THE BOARD

3. Audit Committee

Brief description of terms of reference;

The Board has constituted the Audit Committee in compliance with Section 177 of the Companies Act, 2013 read with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the members of the Audit Committee have knowledge of finance and accounts. The quorum for an audit committee meeting is a minimum of two Directors.

The role, powers and functions of the Audit Committee are as per Section 177 of the Companies Act, 2013 and the guidelines set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of this Committee are as required by SEBI - under Regulation 18 read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Besides having access to all the required information within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory Auditors, Internal Auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions, and other related matters. The Committee is empowered to recommend the appointment and remuneration payable to the Statutory Auditors. The Committee meets once in every quarter to carry out its business.

During the year under review, the Committee met four times on 29th July, 2021; 14th August, 2021; 28th October, 2021 and 14th February, 2022. The Composition of the Audit Committee and the attendance of each member of the Committee is given below;

K G DENIM LIMITED

Composition, name of members, meetings and attendance during the year:

| Name of the Member | Category | No. of Meetings held during the year | No. of Meetings attended |
|---|----------------------------|--------------------------------------|--------------------------|
| Shri G P Muniappan (Chairman) up to 31.03.2022 | Non-Executive/ Independent | 4 | 4 |
| Shri K N V Ramani (Member) up to 31.03.2022 | Non-Executive/ Independent | 4 | 4 |
| Shri Jaganmohan Ramachandran (Chairman) w.e.f. 01.04.2022 | Non-Executive/ Independent | - | - |
| Shri M B N Rao (Member) | Non-Executive/ Independent | 4 | 4 |
| Shri A P Seturaaman (Member) w.e.f. 01.04.2022 | Non-Executive/ Independent | - | - |
| Shri N Govindarajan (Member) w.e.f. 01.04.2022 | Non-Executive/ Independent | - | - |

The Company Secretary acts as the Secretary to the Audit Committee. The minutes of the Audit Committee meetings were circulated to the Board, where it was perused and taken note of. The Audit Committee considered and reviewed the accounts for the Financial Year 2021-22, before it was placed before the Board.

The Chairman of the Audit Committee attended the Annual General Meeting held on 27th September 2021.

4. Nomination and Remuneration Committee

Brief description of terms of reference:

The Nomination and Remuneration Committee is constituted in compliance with the requirements of Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 178 of the Companies Act 2013.

The terms of reference of this committee have been mandated with the same as specified in Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also with the requirement of Section 178 of the Companies Act, 2013.

During the year under review, the Committee met two times on 27th October, 2021 and 12th February, 2022.

Composition, name of members, meetings and attendance during the year:

| Name of the Member | Category | No. of Meetings held | No. of Meetings attended |
|--|--------------------------------|----------------------|--------------------------|
| Shri K N V Ramani up to 31.03.2022 | Non-Executive - Independent | 2 | 2 |
| Shri A P Seturaaman (Chairman) | Non-Executive/ Independent | 2 | 2 |
| Shri G P Muniappan (Member) up to 31.03.2022 | Non-Executive/ Independent | 2 | 2 |
| Shri A Velusamy (Member) | Non-Executive/ Non-Independent | 1 | 1 |
| Shri N Govindarajan(Member) | Non-Executive/ Independent | 1 | 1 |

The Chairman of the Nomination and Remuneration Committee attended the Annual General Meeting held on 27th September 2021.

The Company pays remuneration to Executive Chairman and Managing Directors by way of salary, perquisites as approved by the members of the Company. The Non-executive Directors are not paid any remuneration except by way of sitting fees for attending the Meetings of the Board / Committee(s).

This Committee shall identify the persons, who are qualified to become Directors of the Company / who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and also shall carry out an evaluation of every Director's performance. The Committee shall also formulate the criteria for determining qualifications and positive attributes, independent of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for an appointment and fixing/ revising remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and employees of the Company including criteria for determining qualifications, positive attributes, independence of a director and other matters. The salient features of the Remuneration policy of the Company are annexed to the Board's Report and the detailed policy can also be accessed on the Company's website at the link <https://www.kgdenim.com/wp-content/uploads/2022/06/nominationandremunerationcommitteepolicy.pdf>

K G DENIM LIMITED

Performance evaluation of Non-Executive Directors and Independent Directors:

The Securities and Exchange Board of India (SEBI) vide Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated January 5, 2017 had issued a guidance note on Board Evaluation specifying the criteria for evaluation of the performance of (i) Board as a whole (ii) individual Directors (including Independent Directors & Chairperson) and (iii) various Committees of the Board.

Based on the parameters suggested, the Nomination and Remuneration Committee has adopted suitable criteria to evaluate the performance of Non- Executive Directors and Independent Directors of the Company.

Accordingly, pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration Committees. They also evaluated various aspects of the Board such as adequacy of the composition of the Board and its Committees, Board Diversity, execution and performance of specific duties, obligations and governance.

DETAILS OF REMUNERATION TO DIRECTORS:

Remuneration and sitting fees paid to Executive and Non-Executive Directors during the year ended 31st March 2022 are as follows:

(Rs. In Lakhs)

| Name | Salary | Perquisites | Sitting Fees | Commission | Total |
|-----------------------|--------|-------------|--------------|------------|-------|
| Shri KG Baalakrishnan | 60.00 | - | - | - | 60.00 |
| Shri B Sriramulu | 48.00 | - | - | - | 48.00 |
| Shri B Srihari | 48.00 | - | - | - | 48.00 |
| Shri A Velusamy | - | - | - | - | - |
| Smt T Anandhi | - | - | - | - | - |
| Shri M B N Rao | - | - | 1.50 | - | 1.50 |
| Shri N Govindarajan | - | - | - | - | - |
| Shri A P Seturaaman | - | - | 0.50 | - | 0.50 |
| Shri K N V Ramani # | - | - | 1.60 | - | 1.60 |
| Shri G P Muniappan # | - | - | 1.60 | - | 1.60 |

Retired w.e.f 31.03.2022

The Company does not pay remuneration to any of its Non-Executive Directors except sitting fees for attending the Board/Committee Meeting(s).

The criteria for making payments to Non – Executive Directors is appearing on the website of the Company at <https://www.kgdenim.com/wp-content/uploads/2022/06/nominationandremunerationcommitteepolicy.pdf>

The Company currently does not have any Stock Option Scheme.

5. Stakeholders Relationship Committee:

The Board has constituted Stakeholders Relationship Committee (SRC) pursuant to the applicable provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015. The Stakeholders Relationship Committee is responsible for the satisfactory redressal of investors' complaints pertaining to share transfers, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transfer and transmission of shares and other miscellaneous complaints. In addition, the Committee looks into other issues including status of dematerialization / re-materialization of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time. The role of the Stakeholders' Relationship Committee covers all the areas specified in Section 178 of the Companies Act, 2013 and Regulation 20 read with Part D of the Schedule II of the Listing Regulations.

The Stakeholders Relationship Committee comprises three Directors. The Committee is chaired by Sri. G. P. Muniappan, Non-Executive Independent Director. During the year under review, the Committee met eight times on 28th July, 2021; 04th October, 2021; 26th October, 2021; 01st November 2021; 16th November 2021; 06th December 2021; 11th February 2022 and 08th March, 2022.

Composition, name of members, meetings and attendance during the year:

| Name of the Member | Category | No. of Meetings held | No. of Meetings attended |
|--|---------------------------------|----------------------|--------------------------|
| Shri G P Muniappan (Chairman) up to 31.03.2022 | Non-Executive/ Independent | 8 | 8 |
| Shri A Velusamy (Member) | Non-Executive/ Non- Independent | 8 | 8 |
| Shri A P Seturaaman (Member) | Non-Executive/ Independent | 8 | 8 |
| Shri N Govindarajan (Member) w.e.f. 01.04.2022 | Non-Executive/ Independent | - | - |

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The Chairman of the Stakeholders Relationship Committee attended the Annual General Meeting held on 27th September 2021.

Smt P Krishnaveni, Company Secretary of the Company serves as the Compliance Officer.

The total number of complaints received and replied to the satisfaction of shareholders during the year ended on 31st March, 2022 was Nil. There were no pending/ outstanding complaints as on 31st March 2022.

Pursuant to Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate on yearly basis confirming due compliance of share transfer formalities by the Company as duly issued by a Practising Company Secretary, has been submitted to the Stock Exchange.

Unclaimed Suspense Account:

Since there are no unclaimed shares, the Company has not opened an unclaimed suspense account.

Unclaimed Shares Transferred to Investor Education and Protection Fund Authority:

Pursuant to Section 124(6) of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred 38,742 shares to IEPF Authority Account during the financial year.

The voting rights on the outstanding unclaimed shares as on 31st March, 2022 shall remain frozen till the rightful owner of such shares claims the shares by submission of the requisite documentary proof of their identity to the Company's Registrar and Share Transfer Agents.

6. Corporate Social Responsibility (CSR) Committee:

In compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted the Corporate Social Responsibility Committee.

The terms of reference of this Committee, assigned by their Board encompasses:

- To formulate and recommend to the Board, a CSR policy that shall indicate the activities to be undertaken by the Company as specified in Schedule VII:
- To recommend the amount of expenditure to be incurred on the activities referred to in clause A
- To monitor the CSR policy of the Company from time to time:
- Any other matter that may be referred by the Board from time to time or as may be necessary for compliance with the Companies Act, 2013 or Rules made thereunder or any other statutory laws of India:

During the year under review, the Committee met four times on 27th July, 2021; 12th August, 2021; 27th October 2021 and 11th February, 2022.

Composition, name of members, meetings and attendance during the year:

| Name of the Member | Category | No. of Meetings held | No. of Meetings attended |
|----------------------------------|----------------------------------|----------------------|--------------------------|
| Shri KG Baalakrishnan (Chairman) | Executive/ Non- Independent | 4 | 4 |
| Shri A Velusamy (Member) | Non-Executive / Non- Independent | 4 | 4 |
| Shri A P Seturaaman(Member) | Non-Executive/ Independent | 4 | 4 |

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report form part of this Annual Report.

K G DENIM LIMITED

1. General Body Meetings

Location and time of last three AGMs held and the special resolutions passed thereat are as given below:

| Year | Date of Meeting | Time of Meeting | Venue of the Meeting | Special Resolutions Passed, |
|---------|-----------------|-----------------|--|--|
| 2020-21 | 27.09.2021 | 3.30 pm | Video Conference Mode Deemed Venue: Registered Office of the Company | Fixing of remuneration to Shri KG Baalakrishnan (DIN: 00002174) Executive Chairman of the Company with effect from 01.04.2021 to 02.11.2023. |
| 2019-20 | 30.11.2020 | 3.00 pm | Video Conference Mode Deemed Venue: Registered Office of the Company | NIL |
| 2018-19 | 26.09.2019 | 4.30 pm | Then Thirumalai, Jadayampalayam, Coimbatore - 641 302. | Remuneration paid to Smt T Anandhi, Non-executive Director |

2. Extra Ordinary General Meeting:

During the year under review, no Extra Ordinary General Meeting was held.

3. Postal Ballots:

During the year, the Company conducted Postal Ballot vide Notice dated 14th February 2022 for obtaining the approval of the members for the resolutions as detailed below.

The details of resolutions passed through Postal Ballot last year and the voting pattern for the said resolutions are disclosed as under:

| Particulars of Resolution | Type of resolution | No. of valid votes polled | Votes cast in favour | | Votes cast against | | Invalid votes cast |
|--|--------------------|---------------------------|----------------------|------------|--------------------|------------|--------------------|
| | | | No. of votes | % of votes | No. of votes | % of votes | |
| Approval for the appointment of Shri Jagannathan Ramachandran (DIN: 09125603) as an Independent Director of the company with effect from 14 th February, 2022 for a term of five consecutive years. | Special Resolution | 1,46,81,790 | 1,46,81,790 | 100 | - | - | - |
| Approval for the appointment of Smt Lakshmi Pattabi Raman (DIN: 09488828) as an Independent Director of the company with effect from 14 th February, 2022 for a term of five consecutive years | Special Resolution | 1,46,81,790 | 1,46,81,790 | 100 | - | - | - |

K G DENIM LIMITED

Shri M.D. Selvaraj, FCS of MDS & Associates, Company Secretaries, Coimbatore, was appointed as the scrutinizer for carrying on the postal ballot process in a fair and transparent manner for both the postal ballots conducted during the year.

Postal Ballot proposed to be conducted:

As on date of this report, the Company does not foresee the need for the postal ballot to pass any resolution in the financial year 2022-23.

Procedure for Postal Ballot:

Pursuant to the provisions of Section 108 & 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the resolutions as specified in the Notice of the Postal Ballot dated 14th February, 2022 was transacted through Postal Ballot / e-voting. The Company had engaged the services of Link Intime India Private Limited (LIPL) for providing an e-voting facility to the members.

In respect of the Postal Ballot Notice dated 14th February, 2022, the members holding shares as on the cut-off date of Friday, 25th February, 2022 were provided the option of exercising their right to vote on the said resolution(s) through postal ballot / e-voting during the period commencing from 9.00 AM on Thursday, 3rd March, 2022 and ends at 5.00 PM on Friday, 1st April, 2022 (both days inclusive). Upon completion of the voting period, the scrutinizer completed the scrutiny of votes cast and submitted his report to the Managing Director. The results of the voting were declared on Friday, April 1, 2022 and displayed on the website of the Stock Exchange, Company and LIPL.

10. Means of Communication

The Company is regularly publishing quarterly unaudited and audited financial results and notices advertisements in The Financial Express and Dinamani (vernacular language). The Company is posting the quarterly results and other statutory information on the Company's web link <https://www.kgdenim.com/newspaper-advertisement/>. The Company does not display any official news releases on the website of the Company and also it has not made any presentations to the institutional investors or to analysts during the year.

11. General shareholder information:

| | | |
|-------|---|---|
| i. | AGM date, time and venue | 28 th September, 2022 at 3.30 P.M. Through Video Conference Mode |
| ii. | Financial calendar | 1 st April, 2021 to 31 st March, 2022 |
| iii. | Dividend payment date | Not Applicable |
| iv. | Date of Book Closure | 22 nd September, 2022 to 28 th September, 2022 (Both days inclusive) |
| v. | Listing on Stock Exchange | BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001. The Company has paid the Listing Fees for the financial year 2021-2022 to the above Stock Exchange. |
| vi. | Scrip Code, Scrip Name, ISIN No. | 500239, KGDENIM, INE104A01012 |
| vii. | Registrar and Share Transfer Agents for both Dematerialised and physical shares | Cameo Corporate Services Limited, "Subramanian Building", No.1 Club House Road, Chennai – 600 002 |
| viii. | Details of Compliance Officer | Smt P Krishnaveni, Company Secretary, Then Thirumalai, Coimbatore – 641 302 Ph: 04254 – 235568, Fax: +91 4254 235400, Email: krishnaveni@kgdenim.in |
| ix. | Share Transfer System | The company's shares are transferable through the depository system in dematerialized form. With effect from 1st April, 2019, the transfer of shares held in physical form by the listed entity / Registrar and Share Transfer Agents are not permitted in accordance with the amended Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013. Further, the Securities and Exchange Board of India ("SEBI") vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January, 2022 has mandated that the Company or its Registrar and Share Transfer Agents shall issue the securities in dematerialized form only while dealing the requests for issue of duplicate share certificate, transmission or transposition with effect from 25th January, 2022. Accordingly, our Registrar and Share Transfer Agents, Cameo Corporate Services Limited has processed the applications / requests received for transmission or transposition within a period of 15 days from the date of receipt of the requisite documents, if the documents are complete in all respects. All request for dematerialization of shares are processed and confirmed to the depositories, NSDL and CDSL within 15 days. The Stakeholders Relationship Committee generally meets as and when necessary to review investor grievances and other related matters as per their terms of reference. |

K G DENIM LIMITED

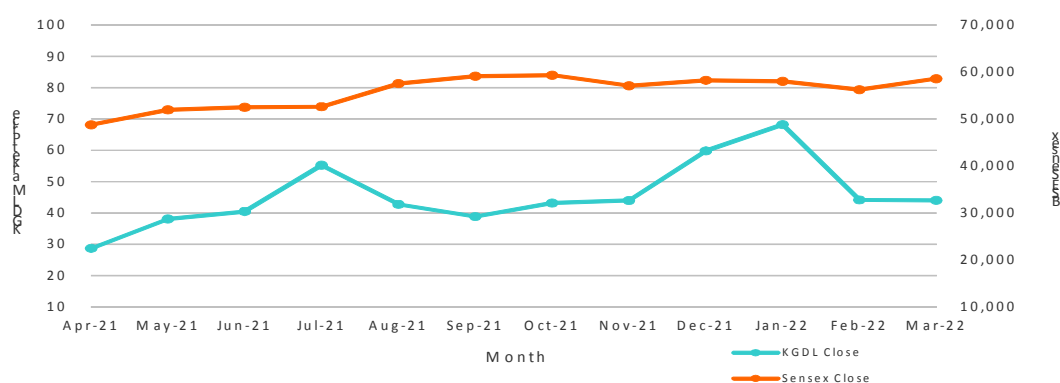
i. Share Price Data during the year at BSE Limited, Mumbai is furnished below (in Rupees):

| Month | High | Low |
|-----------|-------|-------|
| Apr -2021 | 30.00 | 25.55 |
| May -2021 | 46.50 | 27.90 |
| Jun -2021 | 43.00 | 36.50 |
| Jul -2021 | 59.65 | 39.30 |
| Aug -2021 | 55.00 | 39.00 |
| Sep -2021 | 44.65 | 36.40 |
| Oct -2021 | 49.90 | 38.00 |
| Nov-2021 | 48.40 | 42.05 |
| Dec-2021 | 63.20 | 43.25 |
| Jan -2022 | 74.00 | 56.10 |
| Feb -2022 | 71.50 | 41.20 |
| Mar-2022 | 52.00 | 41.00 |

ii. Share Price Performance in comparison with BSE Sensex:

| Month | K G Denim Limited - Close (Rs.) | Sensex- Close |
|--------|------------------------------------|---------------|
| Apr-21 | 28.70 | 48,782.36 |
| May-21 | 38.10 | 51,937.44 |
| Jun-21 | 40.45 | 52,482.71 |
| Jul-21 | 55.25 | 52,586.84 |
| Aug-21 | 42.75 | 57,552.39 |
| Sep-21 | 38.85 | 59,126.36 |
| Oct-21 | 43.15 | 59,306.93 |
| Nov-21 | 44.00 | 57,064.87 |
| Dec-21 | 59.85 | 58,253.82 |
| Jan-22 | 68.20 | 58,014.17 |
| Feb-22 | 44.15 | 56,247.28 |
| Mar-22 | 44.05 | 58,568.51 |

KGDL Market Price vs BSE Sensex



K G DENIM LIMITED

iii. Shareholding pattern as on 31.03.2022

| Category | No of shares held | % of Share Holding |
|-------------------------------|--------------------|--------------------|
| Indian Promoters | 1,50,58,956 | 58.74 |
| Private Corporate Bodies | 3,99,565 | 1.56 |
| Indian Public | 89,68,238 | 34.99 |
| HUF | 3,03,632 | 1.18 |
| NRIs | 1,69,238 | 0.66 |
| IEPF Authority | 7,34,296 | 2.86 |
| Trusts | 200 | 0.00 |
| Mutual Funds | 3,200 | 0.01 |
| Banks/ Financial Institutions | 500 | 0.00 |
| Grand Total | 2,56,37,825 | 100.00 |

iv. Distribution of shareholding as on 31st March, 2022

| Shareholding (Range) | No. of Holders | % of Holders | No. of Shares | % of Shares |
|----------------------|----------------|---------------|--------------------|---------------|
| 1 - 5000 | 8608 | 85.54 | 14,25,560 | 5.56 |
| 5001 - 10000 | 726 | 7.21 | 6,13,095 | 2.39 |
| 10001 - 20000 | 298 | 2.96 | 4,66,188 | 1.82 |
| 20001 - 30000 | 123 | 1.22 | 3,11,771 | 1.22 |
| 30001 - 40000 | 45 | 0.45 | 1,60,928 | 0.63 |
| 40001 - 50000 | 57 | 0.57 | 2,72,852 | 1.06 |
| 50001 - 100000 | 82 | 0.81 | 6,11,716 | 2.39 |
| 100001 and above | 124 | 1.23 | 2,17,75,715 | 84.94 |
| Total | 10063 | 100.00 | 2,56,37,825 | 100.00 |

| | |
|---|--|
| v. Dematerialisation of shareholding and liquidity | Number of shares dematerialized : 2,47,29,161 Percentage : 96.46 % (Promoters have completely dematerialized their shareholdings) With effect from 1 st April, 2019, the applications for transfer of shares held in physical form will not be processed by the listed entity / Registrar and Share Transfer Agents, except in case of transmission or transposition, in accordance with the amended Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. |
| vi. In case the securities are suspended from trading, the directors' report shall explain the reason thereof | The equity shares of the Company are regularly traded on BSE Limited and thereby liquidity is ensured. |
| vii. Outstanding GDR/ADR/ Warrants or any convertible instruments, conversion date and impact on equity | Not Applicable |
| viii. Commodity price risk or foreign exchange risk and hedging activities | Nil |

K G DENIM LIMITED

| | | | |
|--|---|------------------|---------------|
| ix. Plant location | Then Thirumalai, Coimbatore – 641 302 | | |
| x. Address for Correspondence and Registered office | Then Thirumalai, Coimbatore – 641 302 | | |
| xi. List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad | The Company has obtained a rating from CARE Ratings Limited during the year ended 31 st March, 2022. | | |
| | Facilities | Rating | Rating Action |
| | Long Term Bank Facilities | CARE BB+; Stable | Reaffirmed |
| | Short Term Bank Facilities | CARE A4+ | Reaffirmed |

11. Disclosures

a. Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large:

All the Related Party Transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations. There are no materially significant Related Party Transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large.

The details of the transactions with the Related Party are provided in the Company's Financial Statements in accordance with the Accounting Standards. All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all the Related Party Transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

Kindly refer to the notes forming part of the accounts for further details on Related Party Transactions.

b. Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years:

No penalties, strictures was imposed on the Company by Stock Exchange or SEBI or any Statutory Authorities, on any matter relating to capital markets, during the last three years.

c. Details of establishment of vigil mechanism / whistle blower policy, and affirmation that no personnel has been denied access to the audit committee:

The Company has provided adequate safeguards to deal with instances of fraud and mismanagement and to report concerns about unethical behaviour or any violation of the Company's code of conduct. The Audit Committee has been authorized to review the cases received under the Whistle Blower Policy of the Company and address the grievances of all the personnel in the Company.

The Whistle Blower policy can be accessed on the Company's web link at <https://www.kgdenim.com/wp-content/uploads/2015/10/Whistle-Blower-Policy.pdf>

d. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

e. Web link where policy for determining 'material' subsidiaries is disclosed:

The Company has framed a Material Subsidiaries Policy and the same is placed on the Company's web link <https://www.kgdenim.com/wp-content/uploads/2016/04/material-subsidiary.pdf>

f. Web link where policy on dealing with related party transactions is disclosed:

The policy on dealing with related party transactions can be accessed on the Company's web link at <https://www.kgdenim.com/wp-content/uploads/2022/06/rpt.pdf>

g. Disclosure of commodity price risks and commodity hedging activities:

During the financial year ended, the Company did not engage in commodity hedging activities.

K G DENIM LIMITED

h. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):

The Company has not raised any funds through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

i. A Certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority:

The certificate on non-disqualification of directors that none of the directors of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority has been issued by Shri.M.D.Selvaraj, FCS of MDS & Associates, Practising Company Secretaries and as annexed to this report.

j. Where the board had not accepted any recommendation of any committee of the board, which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof:

During the year under review, the recommendations made by the Board level Committees have been accepted and there was no instance where the Board of Directors had not accepted any recommendation of the Committees.

k. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part:

The Company has paid a sum aggregating Rs.8.80 Lakhs as fees to the Statutory Auditor and all entities in the network firm / entity of which the Statutory Auditor is a part for the services rendered by them.

l. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- i. Number of complaints filed during the financial year – NIL
- ii. Number of complaints disposed of during the financial year – NIL
- iii. Number of complaints pending as on the end of the financial year – NIL

m. Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount': NIL

n. Details on the compliance of non-mandatory requirements:

The Company has adopted the non-mandatory requirement relating to Reporting of internal Auditor to the Audit Committee as recommended in terms of Regulation 27(1) read with Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

o. Disclosure on accounting treatment:

In the preparation of financial statements, the Company has followed the accounting standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

p. Disclosure on risk management:

Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Board.

q. Other disclosures

Further, the Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

12. Certificate from CEO and CFO:

The Managing Director and CFO certification of the Financial Statements for the year has been submitted to the Board of Directors, as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

K G DENIM LIMITED

13. Code of Conduct:

As provided under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company has laid down the Code of Conduct for the Directors and the Senior Management Personnel. A declaration has been received from the Managing Director to the effect that the Directors and Senior Management Personnel have confirmed compliance with the said Code of Conduct.

14. Code for prevention of Insider Trading:

The Company has framed a code of conduct to regulate, monitor and report trading by Insiders based on SEBI (Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all Directors / Officers / Designated Employees.

The Company has also formulated "The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)" in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 and the same has been displayed on the Company's official web link <https://www.kgdenim.com/wp-content/uploads/2015/10/fair-disclosure-code.pdf>

Declaration for code of conduct

I, KG Baalakrishnan, Executive Chairman of KG Denim Limited, declare that all the members of the Board of Directors and Senior Management have, for the year ended March 31, 2022 affirmed compliance with the Code of Conduct laid down by the Board of Directors and Senior Management in terms of Regulation 26(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

By order of the Board
For **K G DENIM LIMITED**

KG Baalakrishnan
Executive Chairman
DIN: 00002174

Place: Coimbatore
Date: 13th August 2022

K G DENIM LIMITED

Certificate on Corporate Governance for the year ended 31/03/2022

To

The Members of M/s. K G Denim Limited.

Dear Sir,

I have examined the compliance of the conditions of Corporate Governance by M/s. K G Denim Limited ("the Company") for the financial year ended March 31, 2022 as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanation given to me and based on the representations made by the Directors and Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2022.

I further state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Coimbatore

Date: 13th August 2022

M D SELVARAJ
MDS & Associates
Company Secretaries in Practice
FCS No.: 960, C P No.: 411
UDIN: F000960D000765911
PR 985/2020

K G DENIM LIMITED

CERTIFICATE UNDER REGULATION 17(8) OF SEBI (LODR) REGULATIONS, 2015

To

The Board of Directors

K G Denim Limited

Coimbatore - 641302

We, the undersigned, in our respective capacity as Managing Director and Chief Financial Officer of K G Denim Limited ("the Company") to the best of our knowledge and belief, certify that:

I. We have reviewed the Financial Statements and the Cash Flow Statement for the Quarter and Year Ended 31st March 2022, and to the best of our knowledge and belief, we state that :

- a) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading.
- b) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws, and regulations.

II. We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the Quarter and Year ended which are fraudulent, illegal, or violative of the Company's code of conduct.

III. We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

IV. We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:

- a. there have been no significant changes in the internal control over financial reporting during the Quarter and Year ended;
- b. there have been no significant changes in the accounting policies made during the Quarter and Year ended; and
- c. there have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Place: Coimbatore
Date: 19.05.2022

B Sriramulu
Managing Director

S Manickam
Chief Financial Officer

K G DENIM LIMITED

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members of
M/s. K G DENIM LIMITED
(CIN: L17115TZ1992PLC003798)
Then Thirumalai,
Coimbatore – 641 302

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **M/s. K G DENIM LIMITED** having CIN: L17115TZ1992PLC003798 and having registered office at Then Thirumalai, Coimbatore – 641 302 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31st March 2022** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| Sr. No. | Name of Director | DIN | Date of appointment in Company |
|---------|---|----------|--------------------------------|
| 1 | Mr Govindaswamynaidu Balakrishnan (Executive Chairman) | 00002174 | 03/11/2003 |
| 2 | Mr Balakrishnan Srihari (Managing Director) | 00002556 | 03/11/2003 |
| 3 | Mr Balakrishnan Sriramulu (Managing Director) | 00002560 | 03/11/2003 |
| 4 | Mrs Thulasidharan Anandhi | 00050786 | 03/11/2003 |
| 5 | Mr Ayyalusamy Velusamy | 00002204 | 01/04/2010 |
| 6 | Mr Bhaskara Mandavilli Nageswara Rao | 00287260 | 27/09/2018 |
| 7 | Mr Annamaili Ponnusamy Seturaaman | 07331898 | 05/11/2015 |
| 8 | Mr N Govindarajan | 00366402 | 29/07/2020 |
| 9 | Mr Jaganmohan Ramachandran | 09125603 | 14/02/2022 |
| 10 | Mrs Lakshmi Pattabi Raman | 09488828 | 14/02/2022 |
| 11 | *Mr Kodumudi Narayanaswami Venkata Ramani | 00007931 | 31/10/2003 |
| 12 | *Mr Gobichettipalayam Periasamy Muniappan | 01653599 | 31/10/2008 |

* Retired on 31.03.2022

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Coimbatore
Date: 13th August 2022

MD SELVARAJ
MDS & Associates
Company Secretaries in Practice
FCS No.: 960; C P No.: 411
UDIN: F000960D000765878

K G DENIM LIMITED

Management Discussion and Analysis Report

Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Industry structure and developments:

K G Denim Limited is a leading manufacturer of Denim fabrics. It has only weaving, processing and garmenting facilities, but has no spinning facilities. Hence it is subject to risks of fluctuation in prices of raw materials namely yarn.

Opportunities and Threats:

During the year under review, Denim / Textile industry was affected by the continuous increase in cotton and yarn costs. There was also an unabated increase in coal input costs. Home textiles / apparel industries were also affected by an increase in grey fabric costs. Overall, the textile industry particularly the weavers was affected. The sales price of finished product fabrics could not be increased to the same extent as an increase in raw material prices in the short run.

Now textile industries have been steadily recovering post pandemic period. There were no inventories left with anyone across the supply chain so demand for our product is piling up. Now the prices of our finished products are increased in proportionate to increase in raw material and logistic costs. Our increased finished products are very well absorbed in both domestic and export markets. After the pandemic, all industries in developed countries are doing good performance and contributing more to global growth.

Raw material prices are very volatile, especially cotton prices over the period of the last six months. It is now gradually stabilizing, and we hope that this trend will continue. Also, the steep increase in the cost of Logistics and the non-availability of containers during the pandemic period severely affected the industries. Now the cost of logistics is gradually decreased, and the availability of containers is increased.

Product-wise performance:

The Company is engaged in the business of manufacturing fabrics, apparel readymade garments home textiles products and running a power plant.

Our main division is the fabric division which contributes 60% of total revenue. After the pandemic, the demand for our fabric products increased and subsequently, our production and sales volumes also increased. An increase in sales prices is absorbed in both the export and domestic market. We achieved a better EBITDA compared to the earlier year's EBITDA.

However other divisions of home textiles, readymade garments and power units are unable to achieve expected profit due to abnormal increases in yarn, fabric price and coal price. We expect all divisions will do better performance during the financial year 2022-23.

Outlook

Though the year 2021-22 was a challenging year from a business perspective, the Company expects to be on a profitable growth momentum during the financial year 2022-23.

Prospects for our industry during the financial year 2022-23

Denim Fabric:

In the post pandemic outbreak, denim is the fastest recovering market segment in domestic and export.

There are multiple factors behind a surge in demand, the major being that there were no inventories left with anyone across the supply chain, so demand is piling up. After a lull, the economy is growing because money is back in the market, and revenge buying is also happening, resulting in booked capacities in mills. The versatility of denim is also a reason that's creating demand.

It is heartening to see demand for denim clothes coming in not just from Tier-1 and Tier-2 cities but also from less urbanized regions of India

There are jeans manufacturers in Bangladesh who were sourcing their fabrics from China. With China unable to meet its requirements, these manufacturers are looking toward India as the next preferred sourcing option.

Home textiles:

The Home textiles industry has been a key generator of revenue for Global retail and post pandemic, the demand for home textiles products has seen an increasing trend, our company Kg Denim has created a niche for our products in not just US but also rest of the world market, including Europe, Middle East and Africa, Malaysia, Australia and South America.

There are untapped markets including Russia and emerging markets like Saudi Arabia, which are promising, and we have identified potential agents for Europe and Saudi Arabia to explore opportunities in these markets. We are poised to grow as the high-quality supplier of Bed and Bath products across the globe.

The Trend in coal prices:

After the COVID and Global Logistics issues are streamlined lots of arrivals of coal from Imported origins have been witnessed. Though the price is stabilized we are yet to get the reduction so far. We are expecting a price reduction of 15 % from the existing price and stay there in that range for the whole year.

K G DENIM LIMITED

Risks and concerns:

The broader trends in the economy are expected to have a direct impact on your Company's growth prospects as well. Inflation is expected to remain elevated for the foreseeable future, driven by war-induced commodity price increases and broadening price pressures.

In these circumstances, the ability to successfully navigate cost pressures would have a significant bearing on the overall performance of the Company. Diminishing purchasing power and demand due to the economic circumstances could result in fundamental shifts in consumer behaviour and adversely impact the market for textiles and apparel. Migration to value-for-money options could also lead to reduced growth and profitability for the Company

The Company has a risk management framework that enables it to take certain risks to remain competitive, achieve higher growth, and at the same time mitigate other risks to maintain sustainable results.

Internal control systems and their adequacy:

The Company has a proper and adequate internal control system that is commensurate with its size and nature of business, to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorized, recorded, and reported correctly.

The internal control system of the Company is supplemented by an extensive program of internal audits conducted by Internal auditors. The audit observations and corrective actions taken thereon are periodically reviewed by the management to ensure the effectiveness of the internal control system, which provides reasonable assurance of effectiveness and efficiency of operations, adequacy of safeguards for assets, prevention and detection of frauds and errors and accuracy and completeness of the accounting records

Financial performance with respect to operational performance

The financial performance of the company during the financial year 2021-22 has been discussed in the Directors Report and the audited financial statements, which has been prepared in accordance with the requirement of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, discloses a true and fair view of the performance of the company during the said period.

Material development in Human Resources / Industrial Relations front, including number of people employed :

Number of people employed - 1255

Industrial relations in your plant and organization remained harmonious throughout the year. Your company emphasizes the safety of people working on its premises. Structured safety meetings were frequently held, and safety programs were organized from time to time.

The management continues to lay emphasis on identifying and developing talent in organizations with a view to retain them and impart further training to those capable of handling additional responsibilities. This works to increase employee satisfaction within the organization, by providing employees with fresh challenges and opportunities. Developing people and harnessing their ideas are high priorities for the company.

Financial Ratios: -

The key Financial Ratios of the company are given below with an explanation in case of significant change

| Sl.No. | Financial Ratios | FY 2021-22 | FY 2020-21 | % of change | Reason for change |
|--------|---------------------------------|------------|------------|-------------|---|
| 1 | Current Ratio | 1.02 | 1.05 | - | - |
| 2 | Debt Equity Ratio | 2.59 | 2.35 | - | - |
| 3 | Trade Receivable Turnover Ratio | 6.27 | 4.54 | 38.19 | Increase in sales & improvement in collections |
| 4 | Inventory Turnover Ratio | 4.17 | 3.25 | 28.26 | Increase in sales Revenue |
| 5 | Interest coverage Ratio | 1.32 | 1.23 | - | - |
| 6 | Operating profit Ratio % | 2.81 % | 2.78 % | - | - |
| 7 | Net profit margin Ratio % | -1.33 % | -2.52 % | 47.22 % | Better performance and reduction in loss compared to the previous year. |
| 8 | Return on Net worth % | -9.2 % | -11.32 % | 18.73 % | - |

CAUTIONARY STATEMENT

The Management Discussion and Analysis contain forward looking statements regarding Company's projections and 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.

By order of the Board
For **K G DENIM LIMITED**

KG Baalakrishnan
Executive Chairman
DIN: 00002174

Place: Coimbatore
Date: 13th August 2022

K G DENIM LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF K G DENIM LIMITED

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

1. We have audited the accompanying standalone financial statements of KG Denim Limited ('the Company'), which comprise the standalone Balance sheet as at 31st March 2022, the standalone statement of profit and loss (including Other Comprehensive Income), the standalone Statement of Cash Flow and the Standalone Statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements ("the financial statements") give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS'), specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2022, and its loss (including other comprehensive loss), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr.No | Key Audit Matter | Auditor's Response |
|-------|--|--|
| 1. | <p>Litigations - Contingencies</p> <p>The Company has ongoing litigations with various authorities and third parties which could have a significant impact on the results, if the potential exposures were to materialise.</p> <p>The amounts involved are significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability or disclosed as a contingent liability, is inherently subjective.</p> <p>Claims against the Company not acknowledged as debts are disclosed in the Financial Statements by the Company after a careful evaluation of the facts and legal aspects of the matters involved. The outcome of such litigation is uncertain and the position taken by management involves significant judgment and estimation to determine the likelihood and/or timing of cash outflows and the interpretation of preliminary and pending court rulings.</p> <p>Refer Note 41 to the Financial Statements</p> | <p>Principal Audit Procedures</p> <p>Our audit approach was a combination of test of internal controls and substantive procedures including:</p> <p>Assessing the appropriateness of the design and implementation of the Company's controls over the assessment of litigations and completeness of disclosures. Supporting documentation are tested for the positions taken by the management, meetings are conducted with in-house legal counsel and/or legal team and minutes of Board to confirm the operating effectiveness of these controls.</p> <p>Involving our direct and indirect tax specialists to assess relevant historical and recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures.</p> |

K G DENIM LIMITED

Information other than the Financial Statements and Auditor's Report thereon

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report, Corporate Governance Report, Management Discussion and Analysis, but does not include the standalone financial statements and our auditor's report thereon. The Board's Report, Corporate Governance Report, Management Discussion and Analysis are expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Board's report, Corporate Governance Report, Management Discussion and Analysis, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

6. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

8. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

10. As part of an audit in accordance with Standards on Auditing specified under Section 143(10) of the Act, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

14. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.

15. As required by Section 143 (3) of the Act, based on our audit, we report, 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 accompanying standalone financial statements.
- (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 standalone financial statements 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, read with relevant rules issued thereunder;
- (e) on the basis of the written representations received from the directors as on 31st March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of internal financial controls with reference to financial statements of the Company as on 31st March 2022 and the operating effectiveness of such controls, refer to our report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of and limits laid down under section 197 of the Act.
- (h) 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position as at 31st March 2022 in the standalone financial statements;
 - ii. the Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31st March 2022.
 - iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("the Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("the Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("the Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (c) Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representation under sub-clauses (a) and (b) above contains any material misstatement.
 - v. In our opinion and according to the information and explanations given to us, the dividend declared during earlier years and unpaid dividend paid during the year by the Company is in compliance with Section 123 of the Act.

For Mohan & Venkataraman
Chartered Accountants
Firm Regn. Number: 007321S

V.Karthikeyan
Partner
Membership No.208828
UDIN: 22208828AJUCF5847

Place: Coimbatore
Date: 27.05.2022

K G DENIM LIMITED

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 14 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, 2022.

i. (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment and relevant details of right to use assets.

(B) The Company does not have any intangible assets and hence clause (i) (a) (B) of the order is not applicable.

(b) The property, plant and equipment 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 property, plant and equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) In our opinion and according to the information and explanations given to us and on the basis of our examination of property tax receipts, registered sale deed / transfer deed / conveyance deed and the records of the Company provided to us, we report that, title in respect of self-constructed buildings and the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.

(d), The Company has not revalued its property, plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii. (a) The inventories (except for stocks held with third parties) were physically verified during the year by the Management at reasonable intervals. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. For stocks held with third parties at the year-end, written confirmations have been obtained. The discrepancies noticed on verification between the physical stocks and the book records were not exceeding 10% in the aggregate for each class of inventory and have been properly dealt with in the books of account.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs.5 Crore, in aggregate, during the year, from banks on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements (comprising stock statements, statements on ageing analysis of the debtors / other receivables, and other stipulated financial information) filed by the Company with such banks are not in agreement with the unaudited book of account of the company of the respective quarters as given hereunder.

(Amount Rs.in Lakhs)

| Quarter Ended as on | Stocks as per stock statement | Trade Debtors as per Stock Statement | Stocks as per Books of accounts | Trade Debtors as per Books of accounts |
|---------------------|-------------------------------|--------------------------------------|---------------------------------|--|
| 30.06.2021 | 12,126.61 | 13,826.14 | 12,888.34 | 9,563.53 |
| 30.09.2021 | 11,539.68 | 10,285.85 | 12,184.25 | 10,182.77 |
| 31.12.2021 | 12,891.36 | 8,436.73 | 13,398.88 | 10,755.11 |
| 31.03.2022 | 13,619.17 | 7,870.06 | 15,405.32 | 9,373.17 |

K G DENIM LIMITED

iii. (a) In our opinion and according to the information and explanations given to us, during the year the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties, except corporate guarantee of 500 lakhs to its subsidiary Trigger Apparels Limited.

(b) In our opinion and according to the information and explanations given to us, the investments made, guarantees provided, and terms and conditions of the guarantees provided (including in earlier years) are not prejudicial to the Company's interest.

(c) The company has not granted any loans and advance in the nature of loans and hence paragraph 3 iii (c), (d), (e) and (f) of the order is not applicable.

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 loans, investments made and the guarantees and securities provided, as applicable.

v. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there is no amount which has been considered as deemed deposit with the meaning of Sections 73 to 76 of the Act and the Rules framed there under. Accordingly, reporting under clause 3(v) of the Order is not applicable to the company.

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. According to information and explanation given to us, in respect of statutory dues

(a) the Company has been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no due which have not been deposited with the appropriate authorities on account of any dispute except for the following;

| Name of Statute | Nature of Dues | Amount Rs. in Lakhs | Period to which the amount relates | Forum where the dispute is pending |
|-----------------|--|------------------------|--|--|
| Customs Act | Custom Duty | 7.49 0.33 112.61 | FY 2006-07 FY 2008-09 FY 2013-14 | Customs Excise and Service Tax Appellate Tribunal, Chennai. Out of this, Rs.112.61 lakhs was stayed by CESTAT, Chennai. |
| Customs Act | Custom-Duty Draw back and Advance license Scheme | 247.74 | 01st April 2005 to 30th September 2006 | High Court of Madras (Madurai Bench) |
| Income Tax Act | Income Tax | 855.86 | FY 2016-17 | CIT Appeals |

K G DENIM LIMITED

viii. According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.

ix (a) According to the information and explanation given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon taken from banks and financial institutions. The Company has not taken loans from Government.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority or any other lender.

(c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans for the purposes for which they were obtained.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

x. (a) The Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under clause 3(x)(a) of the order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or (fully, partly or optionally) convertible debentures during the year. Accordingly, reporting under clause 3 (x) (b) of the Order is not applicable to the Company.

xi. (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.

(b) No report under Section 143 (12) of the Act has been filed with the Central Government for the period covered by our audit.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

xii. (a) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii In our opinion and according to the information and explanations given to us all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of the Act, wherever applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standards.

xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the reports issued by the internal Auditors of the Company issued till date, for the period under audit.

xv. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its them and accordingly, provisions of section 192 of the Act, 2013 are not applicable to the Company.

xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3(xvi) of the Order is not applicable to the Company.

xvii. The Company has not incurred any cash losses in the current financial year covered by our audit and in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year.

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xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. In the absence of average net profits in the immediately three preceding years, there is no requirement for the company to spend any amount under section 135 of the Act. The Company has fully spent the required amount up to previous year financial years towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with provision of sub- section (6) of section 135 of said Act. Accordingly, reporting under clause (xx) of the order is not applicable for the year.

xxi. The reporting under clause (xxi) is not applicable in respect of audit of standalone financial statements of the Company.

For Mohan & Venkataraman
Chartered Accountants
Firm Regn. Number: 007321S

V.Karthikeyan
Partner
Membership No.208828
UDIN: 22208828AJUCF5847

Place: Coimbatore
Date: 27.05.2022

K G DENIM LIMITED

Annexure - B to the Independent Auditors' Report

Independent Auditor's Report on the Internal Financial Controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the standalone financial statements of KG Denim Limited ("the Company") as at and for the year ended 31st March 2022, we have audited the internal financial controls with reference to standalone financial statements of the Company as at that date.

Responsibilities of Management and Those charged with Governance for Internal Financial Controls

2. The Company's Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements 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 (the "Guidance Note") 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 the company's 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 for the Audit of the Internal Financial Controls with Reference to Standalone Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements, and the Guidance Note 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 with reference to standalone financial statements were 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements includes obtaining an understanding of such internal financial controls, 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 with reference to standalone financial statements.

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

6. A Company's internal financial controls with reference to standalone financial statements 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 with reference to standalone financial statements 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 standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that internal financial control with reference to standalone financial statements 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, adequate internal financial controls with reference to standalone financial statements and such controls were operating effectively as at 31st March 2022, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Mohan & Venkataraman
Chartered Accountants
Firm Regn. Number: 007321S

V.Karthikeyan
Partner
Membership No.208828
UDIN: 22208828AJSUCF5847

Place: Coimbatore
Date: 27.05.2022

K G DENIM LIMITED

STANDALONE BALANCE SHEET AS AT 31st MARCH 2022

(Amount Rs.in Lakhs)

| PARTICULARS | NOTE NO. | As at 31.03.2022 | As at 31.03.2021 |
|---|----------|---------------------|---------------------|
| I. ASSETS | | | |
| 1 NON-CURRENT ASSETS | | | |
| (a) Property, plant and equipment | 1 | 16,303.59 | 17,256.44 |
| (b) Capital Work-in-Progress | 1 | - | - |
| (c) Right of Use Assets | 2 | 90.18 | 25.20 |
| (d) Financial Assets | | | |
| Non-Current Investments | 3 | 328.64 | 328.41 |
| (e) Other non-current assets | 4 | 249.06 | 400.76 |
| TOTAL | | 16,971.47 | 18,010.81 |
| 2 CURRENT ASSETS | | | |
| (a) Inventories | 5 | 15,405.32 | 12,720.74 |
| (b) Financial Assets | | | |
| (i) Trade Receivables | 6 | 8,958.60 | 9,725.23 |
| (ii) Cash and cash equivalents | 7 | 48.16 | 335.76 |
| (iii) Bank balance other than (ii) above | 8 | 367.08 | 378.83 |
| (c) Current tax assets (net) | 9 | 247.28 | 155.72 |
| (d) Other Current Assets | 10 | 5,101.18 | 4,742.10 |
| TOTAL | | 30,127.62 | 28,058.38 |
| TOTAL ASSETS | | 47,099.09 | 46,069.19 |
| II. EQUITY AND LIABILITIES | | | |
| 1 EQUITY | | | |
| (a) Equity Share Capital | 11 | 2,564.90 | 2,564.90 |
| (b) Other Equity | 12 | 5,932.15 | 6,648.72 |
| TOTAL | | 8,497.05 | 9,213.62 |
| 2 LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 13 | 7,059.20 | 8,357.17 |
| (ii) Lease Liabilities | 14 | 53.38 | 9.57 |
| (b) Long-term Provisions | 15 | 692.32 | 620.32 |
| (c) Deferred Tax Liabilities (Net) | 16 | 655.59 | 732.06 |
| (d) Government grants | 17 | 472.13 | 447.23 |
| TOTAL | | 8,932.62 | 10,166.35 |
| CURRENT LIABILITIES | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 18 | 14,838.22 | 13,258.68 |
| (ii) Lease Liabilities | 19 | 38.26 | 17.20 |
| (iii) Trade payable - Micro and small Enterprises | | 95.20 | 57.67 |
| (iii) Trade Payable- Others | 20 | 14,257.66 | 12,751.77 |
| (b) Other current liabilities | 21 | 211.58 | 410.81 |
| (c) Short-term provisions | 22 | 57.87 | 57.46 |
| (d) Government grants | 23 | 170.63 | 135.63 |
| TOTAL | | 29,669.42 | 26,689.22 |
| TOTAL EQUITY AND LIABILITIES | | 47,099.09 | 46,069.19 |

Significant Accounting Policies 33
The notes form an integral part of these financial statements 34 to 58

As per our report of even date

For **MOHAN & VENKATARAMAN**
Chartered Accountants

V KARTHIKEYAN
Partner

Place : Coimbatore
Date : 27.05.2022

Membership No.208828
Firm Regn. No.007321S

For and on behalf of the Board of Directors

KG BAALAKRISHNAN
Executive Chairman
DIN : 00002174

P KRISHNAVENI
Company Secretary

B SRIRAMULU
Managing Director
DIN : 00002560

S MANICKAM
Chief Financial Officer

B SRIHARI
Managing Director
DIN : 00002556

K G DENIM LIMITED

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2022

(Amount Rs.in Lakhs) Except EPS

| PARTICULARS | NOTE NO. | Year ended 31.03.2022 | Year ended 31.03.2021 |
|--|----------|--------------------------|--------------------------|
| I INCOME | | | |
| Revenue from operations | 24 | 58,618.68 | 41,334.47 |
| Other Income | 25 | 607.85 | 227.15 |
| Total Income | | 59,226.53 | 41,561.62 |
| II EXPENSES | | | |
| Cost of materials consumed | 26 | 38,254.56 | 22,102.94 |
| Purchases of Stock-in-Trade | 27 | 343.19 | 21.97 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 28 | (2,909.34) | 506.31 |
| Other Manufacturing Expenses | 29 | 11,730.69 | 9,331.16 |
| Employee Benefits Expenses | 30 | 5,589.97 | 4,419.44 |
| Finance Costs | 31 | 2,430.15 | 2,192.97 |
| Depreciation and Amortization Expense | | 1,564.14 | 1,540.90 |
| Other Expenses | 32 | 3,005.02 | 2,488.58 |
| Total Expenses | | 60,008.38 | 42,604.27 |
| III Profit before exceptional items and tax | | (781.85) | (1,042.65) |
| IV Exceptional Items | | - | - |
| V Profit before tax (III-IV) | | (781.85) | (1,042.65) |
| VI Tax Expense : | | | |
| (1) Current Tax | | - | - |
| (2) Deferred Tax | 16 | (76.47) | (454.42) |
| (3) Prior Year Tax | | - | - |
| | | (76.47) | (454.42) |
| VII Profit (Loss) (after tax) (V-VI) | | (705.38) | (588.23) |
| VIII Other Comprehensive Income (Net of Tax) | | | |
| Items that will not reclassified to Profit or Loss | | | |
| Fair value of Equity Instruments | | 0.23 | (0.91) |
| Gratuity valuations through OCI | | (11.42) | 127.24 |
| | | (11.19) | 126.33 |
| IX Total Comprehensive Income for the year (VII+VIII) | | (716.57) | (461.90) |
| X Earnings per equity share (Face Value of Rs.10/- each) | | | |
| (1) Basic (Rs.) | | (2.75) | (2.29) |
| (2) Diluted (Rs.) | | (2.75) | (2.29) |
| Weighted Number of Equity Shares | | 2,56,37,825 | 2,56,37,825 |
| Significant Accounting Policies | 33 | | |
| The notes form an integral part of these financial statements 34 to 58 | | | |

As per our report of even date

For **MOHAN & VENKATARAMAN**
Chartered Accountants

V KARTHIKEYAN
Partner

Place : Coimbatore
Date : 27.05.2022

Membership No.208828
Firm Regn. No.007321S

For and on behalf of the Board of Directors

KG BAALAKRISHNAN
Executive Chairman
DIN : 00002174

P KRISHNAVENI
Company Secretary

B SRIRAMULU
Managing Director
DIN : 00002560

S MANICKAM
Chief Financial Officer

B SRIHARI
Managing Director
DIN : 00002556

K G DENIM LIMITED

STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31.03.2022

(Amount Rs.in Lakhs)

| PARTICULARS | Year ended 31.03.2022 | Year ended 31.03.2021 |
|---|--------------------------|--------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net profit before tax and extraordinary items | | |
| Adjustments for: | (781.85) | (1,042.65) |
| Fair Valuation of Instruments | 0.23 | (0.91) |
| Depreciation and Amortization expenses | 1,564.14 | 1,540.90 |
| Finance Cost | 2,430.15 | 2,192.97 |
| Profit/Loss on sale of Property Plant & Equipment | 0.67 | (5.60) |
| Apportioned on Government Grants | (254.38) | (135.63) |
| Provision for Doubtful Debts | 180.16 | 234.41 |
| Operating Profit before working capital changes | 3,139.12 | 2,783.49 |
| Adjustments for: | | |
| (Increase)/Decrease in Trade and other receivables | 504.22 | (1,479.08) |
| (Increase)/Decrease in Inventories | (2,684.58) | (3.45) |
| (Increase)/Decrease in Other Non current assets | 62.59 | 32.29 |
| (Increase)/Decrease in Other current assets | (359.08) | (64.22) |
| Increase/(Decrease) in Trade and other payables | 1,409.06 | (1,147.65) |
| Increase/(Decrease) in Provisions and others | 98.45 | (54.03) |
| Increase/(Decrease) in Gratuity Valuation through OCI | (11.42) | 127.24 |
| Cash generated from operations | 2,158.36 | 194.59 |
| Cash flow before extraordinary items | 2,158.36 | 194.59 |
| Cash flow after extraordinary items | 2,158.36 | 194.59 |
| Income Tax | - | - |
| Net cash (used in)/generated from operating activities | 2,158.36 | 194.60 |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Non Current Investments | (0.23) | 0.91 |
| Sale of property, plant and equipment | 1.72 | 14.49 |
| Capital Subsidy Received | 314.28 | - |
| Purchase of property, plant and equipment | (589.55) | (322.53) |
| Margin money Deposit with bank | 2.43 | (39.88) |
| Net cash (used in)/generated from investing activities | (271.35) | (347.01) |
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Proceeds /Repayment from Long Term Borrowings | (640.84) | 1,983.20 |
| Proceeds /Repayment from Short Term Borrowings | 922.41 | 621.79 |
| Interest paid | (2,430.15) | (2,192.97) |
| Repayment towards lease liabilities | (26.02) | (16.43) |
| Net cash (used in)/generated from financing activities | (2,174.60) | 395.59 |
| Net Increase in cash and cash equivalents | (287.60) | 243.17 |
| Cash and cash equivalents as at 1st April, 2021/2020 (Opening Balance) | 335.76 | 92.59 |
| Cash and cash equivalents as at 31st March,2022/2021 (Closing Balance) | 48.16 | 335.76 |
| Cash and cash equivalents as per above comprises of the following | | |
| Cash and cash equivalents | 48.16 | 335.76 |
| Balance as per Statement of Cash Flows | 48.16 | 335.76 |

Notes : The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, 'Statement of Cash Flows'.

As per our report of even date

For **MOHAN & VENKATARAMAN**
Chartered Accountants

V KARTHIKEYAN
Partner

Place : Coimbatore
Date : 27.05.2022

Membership No.208828
Firm Regn. No.007321S

For and on behalf of the Board of Directors

KG BAALAKRISHNAN
Executive Chairman
DIN : 00002174

P KRISHNAVENI
Company Secretary

B SRIRAMULU
Managing Director
DIN : 00002560

S MANICKAM
Chief Financial Officer

B SRIHARI
Managing Director
DIN : 00002556

K G DENIM LIMITED

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2022

A. EQUITY SHARE CAPITAL

(Amount Rs.in Lakhs)

(1) Current Reporting Period

| Balance as at 01.04.2021 | Changes in equity share capital due to prior period errors | Restated balance as at 01.04.2021 | Changes in equity share capital during the current year | Balance as at 31.03.2022 |
|--------------------------|--|-----------------------------------|---|--------------------------|
| 2,564.90 | - | 2,564.90 | - | 2,564.90 |

(2) Previous Reporting Period

| Balance as at 01.04.2020 | Changes in equity share capital due to prior period errors | Restated balance as at 01.04.2020 | Changes in equity share capital during the current year | Balance as at 31.03.2021 |
|--------------------------|--|-----------------------------------|---|--------------------------|
| 2,564.90 | - | 2,564.90 | - | 2,564.90 |

B. OTHER EQUITY

| | Capital Redemption Reserve | Securities Premium Reserve | General Reserves | Surplus | Total |
|--|----------------------------|----------------------------|------------------|-----------------|-----------------|
| Balance as at 1st April, 2020 | 1.61 | 444.44 | 1,549.28 | 5,115.29 | 7,110.62 |
| Profit (Loss) for the year | - | - | - | (588.23) | (588.23) |
| Other Comprehensive Income for the year | - | - | - | 126.33 | 126.33 |
| Total Comprehensive Income for the year | - | - | - | (461.90) | (461.90) |
| Balance as at 1st April, 2021 | 1.61 | 444.44 | 1,549.28 | 4,653.39 | 6,648.72 |
| Profit (Loss) for the year | - | - | - | (705.38) | (705.38) |
| Other Comprehensive income for the year | - | - | - | (11.19) | (11.19) |
| Total Comprehensive Income for the year | - | - | - | (716.57) | (716.57) |
| Balance as at 31st March, 2022 | 1.61 | 444.44 | 1,549.28 | 3,936.82 | 5,932.15 |

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

V KARTHIKEYAN
Partner

Place : Coimbatore
Date : 27.05.2022

Membership No.208828
Firm Regn. No.007321S

For and on behalf of the Board of Directors

KG BAALAKRISHNAN
Executive Chairman
DIN : 00002174

P KRISHNAVENI
Company Secretary

B SRIRAMULU
Managing Director
DIN : 00002560

S MANICKAM
Chief Financial Officer

B SRIHARI
Managing Director
DIN : 00002556

K G DENIM LIMITED

Note 1 - Property Plant & Equipment - Standalone

(Amount Rs.in Lakhs)

| Fixed Assets | Land | Buildings | Plant & Equipment | Electrical Machinery | Furniture & Fixtures | Vehicles | Office Equipment | other (Specify nature) | Total |
|---------------------------------|-----------------|-----------------|-------------------|----------------------|----------------------|---------------|------------------|------------------------|------------------|
| Gross Carrying Value | | | | | | | | | |
| Deemed Cost as at April 1, 2021 | 1,097.98 | 6,078.39 | 15,985.85 | 714.80 | 187.17 | 660.08 | 178.64 | 10.37 | 24,913.28 |
| Additions | - | 90.89 | 400.02 | 5.61 | 14.88 | 48.49 | 29.66 | - | 589.55 |
| brought in to use | - | - | - | - | - | - | - | - | - |
| (-) Disposals | - | - | 0.44 | - | - | 2.06 | - | - | 2.50 |
| As at March 31, 2022 | 1,097.98 | 6,169.28 | 16,385.43 | 720.41 | 202.05 | 706.51 | 208.30 | 10.37 | 25,500.33 |
| Depreciation | | | | | | | | | |
| As at April, 2021 | - | 1,094.82 | 5,712.92 | 286.33 | 82.24 | 372.12 | 102.84 | 5.57 | 7,656.84 |
| Depreciation for the year | - | 188.98 | 1,174.05 | 61.74 | 18.89 | 76.42 | 17.14 | 2.79 | 1,540.01 |
| (-) On Disposals | - | - | 0.10 | - | - | - | - | - | 0.10 |
| As at March 31, 2022 | - | 1,283.80 | 6,886.87 | 348.07 | 101.13 | 448.54 | 119.98 | 8.36 | 9,196.74 |
| Net Carrying Value | | | | | | | | | |
| As at March 31, 2022 | 1,097.98 | 4,885.48 | 9,498.56 | 372.34 | 100.92 | 257.97 | 88.32 | 2.01 | 16,303.59 |
| As at March 31, 2021 | 1,097.98 | 4,983.57 | 10,272.93 | 428.47 | 104.93 | 287.96 | 75.80 | 4.80 | 17,256.44 |

Note :

- Building includes Prayer Hall and Gold plating thereon of Rs. 109.14 Lakhs in Gross Carrying value, Rs.18.17 Lakhs in Depreciation Block and Rs.90.97 Lakhs in Net Block (Previous year Rs.109.14 Lakhs in Gross Carrying value, Rs.16.05 Lakhs in Depreciation Block and Rs.93.09 lakhs in Net Block)
- Furniture & Fittings includes Prayer Hall of Rs.4.47 Lakhs in Gross Carrying value, Rs.3.78 Lakhs in Depreciation Block and Rs.0.69 Lakhs in Net Block (Previous year Rs.4.47 Lakhs in Gross Carrying Value, Rs. 3.78 Lakhs in Depreciation Block and Rs.0.69 Lakhs in Net Block)
- Title deeds of all the immovable properties are held in the name of the Company only.
- The Company has not done any revaluation of property, plant & equipment (including right of use assets) during the year.
- There is no Capital-work-in progress as on the date of the balance sheet as at 31st March 2022. There is no project which is temporarily suspended.
- There are no intangible assets under development as on the date of the balance sheet as at 31st March 2022.

K G DENIM LIMITED

(Amount Rs.in Lakhs)

| PARTICULARS | As at 31.03.2022 | As at 31.03.2021 |
|---|---------------------|---------------------|
| NOTE 2 - RIGHT OF USE ASSETS | | |
| Gross carrying value | | |
| Deemed Cost as at April 1, 2021/April 1, 2020 | 49.05 | 148.75 |
| Additions | 89.11 | 26.56 |
| Disposals | (22.50) | (126.26) |
| Balance as at 31st March 2022 | 115.66 | 49.05 |
| Depreciation | | |
| As at April 1, 2021/April 1, 2020 | 23.85 | 72.97 |
| Additions | 24.13 | 44.13 |
| Disposals | (22.50) | (93.25) |
| Balance as at 31st March 2022 / March 2021 | 25.48 | 23.85 |
| Net carrying value as at 31st March 2022 / March 2021 | 90.18 | 25.20 |
| NOTE 3- INVESTMENTS-NON CURRENT | | |
| A NON-TRADE INVESTMENTS | | |
| Equity (Quoted) | | |
| i Indian Bank- 605 Equity Shares of Rs.10/- each | 0.93 | 0.70 |
| TOTAL - A | 0.93 | 0.70 |
| B EQUITY INVESTMENTS | | |
| I Trade investments (Subsidiary Companies) | | |
| i Trigger Apparels Limited - Subsidiary (*) | | |
| 45,00,000 Equity Shares of Rs.10/- each - Un quoted | 450.00 | 450.00 |
| Less:Provision for impairment | (450.00) | (450.00) |
| | - | - |
| ii KG Denim (USA) Inc. - Wholly Owned Subsidiary - Un quoted | 0.46 | 0.46 |
| Less: Provision for impairment | (0.46) | (0.46) |
| | - | - |
| SUB TOTAL | - | - |
| II TRADE INVESTMENTS | | |
| i Sri Kannapiran Mills Limited | 327.46 | 327.46 |
| 3,31,588 Equity Shares of Rs.10/-each -Un quoted (P.Y 3,31,588 Equity Shares) | - | - |
| ii Cotton Sourcing Company Limited | 1.00 | 1.00 |
| 10,000 Equity Shares of Rs.10/- each -Un quoted (P.Y 10,000 Equity Shares) | | |
| Less:Provision for impairment | (0.75) | (0.75) |
| | 0.25 | 0.25 |
| SUB-TOTAL | 327.71 | 327.71 |
| TOTAL (B = I + II) | 327.71 | 327.71 |
| GRAND TOTAL (A+B) | 328.64 | 328.41 |
| Aggregate amount of quoted investments | 4.32 | 4.32 |
| Market value of quoted investments | 0.93 | 0.70 |
| Aggregate amount of unquoted investments at cost | 778.92 | 778.92 |
| Aggregate value of impaired investments | (451.21) | (451.21) |

(*) Note : Consequent to the allotment of 15,00,000 equity shares of M/s Trigger Apparels Limited to its promoters through preferential issue on private placement basis on 30.03.2022, M/s. Trigger Apparels Limited ceased as wholly owned subsidiary and became a subsidiary of M/s. K G Denim Limited

K G DENIM LIMITED

(Amount Rs.in Lakhs)

| PARTICULARS | As at 31.03.2022 | As at 31.03.2021 |
|--|---------------------|---------------------|
| NOTE 4 - OTHER NON CURRENT ASSETS | | |
| a. Capital Advances | | |
| Advance for Capital Goods - Un Secured Considered good | 226.77 | 378.93 |
| Others | - | - |
| TOTAL | 226.77 | 378.93 |
| b. Security Deposits | | |
| Security Deposits - Un secured considered good | 22.29 | 21.83 |
| TOTAL | 22.29 | 21.83 |
| GRAND TOTAL | 249.06 | 400.76 |

NOTE 5- INVENTORIES

| | | | |
|---|------------------------------|------------------|------------------|
| a | Raw Materials and components | 2,661.34 | 3,112.89 |
| | | <u>2,661.34</u> | <u>3,112.89</u> |
| b | Work-in-progress | 3,222.99 | 2,389.90 |
| | | <u>3,222.99</u> | <u>2,389.90</u> |
| c | Finished goods | 6,589.63 | 5,439.76 |
| | Goods-in transit | 1,203.24 | 276.86 |
| | | <u>7,792.87</u> | <u>5,716.62</u> |
| d | Stores and Spares | 1,716.93 | 1,484.49 |
| | | <u>1,716.93</u> | <u>1,484.49</u> |
| e | Others (Specify nature) | | |
| | Stock of waste | 11.19 | 16.84 |
| | | <u>11.19</u> | <u>16.34</u> |
| | TOTAL | 15,405.32 | 12,720.74 |

Mode of valuation : Refer Note 33 II (e) in Significant Accounting Policies.

NOTE 6 - TRADE RECEIVABLES

Current Receivables

| | | |
|--|-----------------|-----------------|
| Trade receivables Unsecured Considered good | 8,958.60 | 9,725.23 |
| Trade receivables Unsecured Considered as Doubtful Debts | 414.57 | 234.41 |
| Less: Provision for Doubtful Debts | (414.57) | (234.41) |
| TOTAL | 8,958.60 | 9,725.23 |

(Non Current Nil)

(Refer Notes for Credit risk and Market risk)

K G DENIM LIMITED

Trade Receivables Ageing Schedule :

As at 31ST MARCH 2022 - Outstanding for following periods from due date of payment (Amount Rs.in Lakhs)

| Particulars | Less than 6 Months | 6 Months- 1 Year | 1-2 Years | 2-3 Years | >3 Years | Total |
|---|-----------------------|---------------------|---------------|---------------|---------------|-----------------|
| (i) Undisputed Trade Receivables-considered good | 7,060.30 | 977.59 | 627.44 | 149.17 | 144.10 | 8,958.60 |
| (ii) Undisputed Trade Receivables-which have Significant increase in credit risk | 94.94 | 26.74 | 31.92 | 116.87 | 144.10 | 414.57 |
| (iii) Undisputed Trade Receivables-credit impaired | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables-considered good | - | - | - | - | - | - |
| (v) Disputed Trade Receivables-which have Significant increase in credit risk | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables-Credit impaired | - | - | - | - | - | - |
| TOTAL | 7,155.24 | 1004.33 | 659.36 | 266.04 | 288.20 | 9,373.17 |

As at 31ST MARCH 2021-Outstanding for following periods from due date of payment

| Particulars | Less than 6 Months | 6 Months- 1 Year | 1-2 Years | 2-3 Years | >3 Years | Total |
|---|-----------------------|---------------------|---------------|---------------|----------|-----------------|
| (i) Undisputed Trade Receivables-considered good | 5,239.46 | 3,538.73 | 802.94 | 144.10 | - | 9,725.23 |
| (ii) Undisputed Trade Receivables-which have Significant increase in credit risk | 46.93 | 19.96 | 86.37 | 81.15 | - | 234.41 |
| (iii) Undisputed Trade Receivables-credit impaired | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables-considered good | - | - | - | - | - | - |
| (v) Disputed Trade Receivables-which have Significant increase in credit risk | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables-Credit impaired | - | - | - | - | - | - |
| TOTAL | 5,286.39 | 3,558.69 | 889.31 | 225.25 | - | 9,959.64 |

(Amount Rs.in Lakhs)

| PARTICULARS | As at 31.03.2022 | As at 31.03.2021 |
|---|---------------------|---------------------|
| NOTE 7 - CASH AND CASH EQUIVALENTS | | |
| a Balances with banks | 35.27 | 325.92 |
| b Cash on hand | 12.89 | 9.84 |
| TOTAL | 48.16 | 335.76 |
| NOTE 8 - OTHER BANK BALANCES | | |
| a Others Bank Balances | | |
| Unclaimed Dividend Account | 49.54 | 58.86 |
| b Others | | |
| Margin Money Deposits on LC | 317.54 | 319.97 |
| TOTAL | 367.08 | 378.83 |

K G DENIM LIMITED

(Amount Rs.in Lakhs)

| PARTICULARS | As at 31.03.2022 | As at 31.03.2021 |
|--|---------------------|---------------------|
| NOTE 9 - CURRENT TAX ASSETS (NET) | | |
| Tax Paid in advance (net) | - | - |
| For Duties & Taxes | 247.28 | 155.72 |
| TOTAL | 247.28 | 155.72 |
| NOTE 10 - OTHER CURRENT ASSETS | | |
| a. Export Incentives Receivable | 353.52 | 423.65 |
| b. IGST Refund Receivable | 267.47 | 337.36 |
| c. REC Certificate income receivable | 28.77 | - |
| d. Input Credit GST Receivable | 2,046.91 | 1,516.13 |
| e. Insurance Claim Receivable | 175.27 | - |
| f. Advance for Material purchase | 1,623.50 | 1,898.78 |
| g. Advance for Expenses/others | 406.61 | 423.59 |
| h. Prepaid expenses | 199.13 | 142.59 |
| TOTAL | 5,101.18 | 4,742.10 |
| NOTE 11 - SHARE CAPITAL | | |
| Authorised | | |
| 3,10,00,000 Equity Shares of Rs.10 each | 3,100.00 | 3,100.00 |
| 10,00,000 10% Cumulative Redeemable Preference Shares of Rs.100 each | 1,000.00 | 1,000.00 |
| Issued, Subscribed and Paid up Share Capital | | |
| 2,56,37,825 Equity Shares of Rs.10 each | 2,563.78 | 2,563.78 |
| (Previous Year 2,56,37,825 Equity Shares of Rs.10 each) | | |
| Add : | | |
| 37,400 forfeited Equity Shares | 1.12 | 1.12 |
| TOTAL | 2,564.90 | 2,564.90 |

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

| Particulars | No. of Shares | 31.03.2022 | No. of Shares | 31.03.2021 |
|------------------------------------|---------------|------------|---------------|------------|
| At the beginning of the year | 25637825 | 2,563.78 | 25637825 | 2,563.78 |
| Outstanding at the end of the year | 25637825 | 2,563.78 | 25637825 | 2,563.78 |

Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having at par value of Rs.10 each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. There are no shares allotted as fully paid without payments being received in cash, bonus shares or shares bought back.

Details of shareholders holding more than 5% shares of total Equity Shares of the Company

| S.No. | Name of Shareholder | 31.03.2022 | | 31.03.2021 | |
|-------|------------------------------|---------------|--------------|---------------|--------------|
| | | No. of Shares | % of holding | No. of Shares | % of holding |
| 1 | Sri Kannapiran Mills Limited | 32,65,183 | 12.74% | 32,65,183 | 12.74% |
| 2 | Shri KG Baalakrishnan | 25,78,560 | 10.06% | 25,78,560 | 10.06% |
| 3 | Shri B Sriramulu | 22,08,659 | 8.61% | 22,08,659 | 8.61% |
| 4 | Shri B Srihari | 22,31,859 | 8.71% | 22,31,859 | 8.71% |
| 5 | Smt T Anandhi | 20,31,000 | 7.92% | 20,31,000 | 7.92% |

K G DENIM LIMITED

(Amount Rs.in Lakhs)

| PARTICULARS | As at 31.03.2022 | As at 31.03.2021 |
|-------------|---------------------|---------------------|
|-------------|---------------------|---------------------|

Disclosure of shareholding of promoters as at March 31, 2022 is as follows

| S.No. | Name of the Promoter | No. of shares at the beginning of the year | Changes during the year | No. of shares at the end of the year | % of total shares | % Changes during the year |
|-------|------------------------------|--|-------------------------|--------------------------------------|-------------------|---------------------------|
| 1 | Sri Kannapiran Mills Limited | 32,65,183 | - | 32,65,183 | 12.74% | - |
| 2 | Shri KG Baalakrishnan | 25,78,560 | - | 25,78,560 | 10.06% | - |
| 3 | Smt B Sathyabama | 5,500 | - | 5,500 | 0.02% | - |
| 4 | Shri B Sriramulu | 22,08,659 | - | 22,08,659 | 8.61% | - |
| 5 | Shri B Srihari | 22,31,859 | - | 22,31,859 | 8.71% | - |
| 6 | Smt T Anandhi | 20,31,000 | - | 20,31,000 | 7.92% | - |
| 7 | Dr G Bakthavathsalam | 1,04,609 | - | 1,04,609 | 0.41% | - |
| | Total | 1,24,25,370 | - | 1,24,25,370 | 48.46% | - |

Disclosure of shareholding of promoters as at March 31, 2021 is as follows

| S.No. | Name of the Promoter | No. of shares at the beginning of the year | Changes during the year | No. of shares at the end of the year | % of total shares | % Changes during the year |
|-------|------------------------------|--|-------------------------|--------------------------------------|-------------------|---------------------------|
| 1 | Sri Kannapiran Mills Limited | 30,65,183 | 2,00,000 | 32,65,183 | 12.74% | 0.78 |
| 2 | Shri KG Baalakrishnan | 25,78,560 | - | 25,78,560 | 10.06% | - |
| 3 | Smt B Sathyabama | 18,86,500 | (18,81,000) | 5,500 | 0.02% | (7.34) |
| 4 | Shri B Sriramulu | 22,08,659 | - | 22,08,659 | 8.61% | - |
| 5 | Shri B Srihari | 22,31,859 | - | 22,31,859 | 8.71% | - |
| 6 | Smt T Anandhi | 1,50,000 | 18,81,000 | 20,31,000 | 7.92% | 7.34 |
| 7 | Dr G Bakthavathsalam | 1,04,609 | - | 1,04,609 | 0.41% | - |
| | Total | 1,22,25,370 | 2,00,000 | 1,24,25,370 | 48.46% | 0.78 |

NOTE 12 - OTHER EQUITY RESERVES AND SURPLUS

a. Securities Premium Reserves

| | | |
|---------------------------|--------|--------|
| Opening Balance | 444.44 | 444.44 |
| Add : Addition / Deletion | - | - |
| Closing Balance | 444.44 | 444.44 |

b. Other Reserves

Capital Redemption Reserve

| | | |
|----------------------------------|------|------|
| Opening Balance | 1.61 | 1.61 |
| (+) Current Year Transfer | - | - |
| (-) Written Back in Current Year | - | - |
| Closing Balance | 1.61 | 1.61 |

General Reserve

| | | |
|---------------------------|----------|----------|
| Opening Balance | 1,549.28 | 1,549.28 |
| (+) Current Year Transfer | - | - |
| Closing Balance | 1,549.28 | 1,549.28 |

c. Surplus

| | | |
|---|-----------------|-----------------|
| Opening Balance | 4,653.39 | 5,115.29 |
| (+) Comprehensive Income for the current year | (716.57) | (461.90) |
| Closing Balance | 3,936.82 | 4,653.39 |
| TOTAL | 5,932.15 | 6,648.72 |

NOTE 13 - FINANCIAL LIABILITIES LONG TERM BORROWINGS

Secured

a) Term Loans

| | | |
|--|----------|----------|
| Indian Rupee Loan from banks (Secured) | 6,203.70 | 7,666.47 |
| from Others - property loan | 805.67 | 666.52 |

b) Long term maturities of finance lease obligations

| | | |
|---|-------|-------|
| (Secured By Vehicles on Hire purchase loan) | 49.83 | 24.18 |
|---|-------|-------|

There is no case of continuing default as on the balance sheet date in repayment of loans and interest

| | | |
|--------------|-----------------|-----------------|
| TOTAL | 7,059.20 | 8,357.17 |
|--------------|-----------------|-----------------|

K G DENIM LIMITED

Security Clause

Bank borrowings of Term Loan

Term Loans from Indian Bank (IB) and The South Indian Bank Ltd. (SIB) are secured by first pari passu charge on (a) all immovable properties situated in (i) 102.1897 acres of land at Jadayampalayam, Alangombu and Karamadai villages in Mettupalayam Taluk, Coimbatore District, Tamil Nadu and (ii) 2155.62 sq. meters of land at Amdha Village, Dharampur Taluk, Valsad District, Gujarat through equitable mortgage created with Indian Bank and (b) all plant and machineries including machineries and other movable fixed assets (excluding vehicles charged to financiers, Peelamedu Property, Mumbai Property and Bangalore Property) acquired for the 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.

(Amount Rs.in Lakhs)

| Term Loan Bank | Outstanding | Previous Year | Repayment Months | Commencement from | Last Instalment | Rate of Interest | Previous Rate of interest |
|--------------------------|-------------|---------------|------------------|-------------------|-----------------|------------------|---------------------------|
| Indian Bank TL - IV | 0.00 | 216.16 | 72 | 03.10.2015 | 03.10.2021 | 10.80% | 10.80% |
| Indian Bank TL - VI | 359.00 | 552.30 | 96 | 25.12.2015 | 25.12.2023 | 9.60% | 9.60% |
| Indian Bank TL - VII | 1,142.04 | 1,643.36 | 84 | 15.05.2017 | 15.05.2024 | 10.10% | 10.10% |
| Indian Bank TL - VIII | 309.71 | 407.29 | 84 | 02.02.2018 | 02.02.2025 | 9.60% | 9.60% |
| Indian Bank Corp. Loan | 1,546.23 | 2,278.67 | 60 | 01.10.2018 | 01.10.2023 | 11.05% | 11.05% |
| The South Indian Bank TL | 235.77 | 437.86 | 84 | 25.12.2015 | 25.12.2022 | 11.80% | 11.95% |

Covid Loan : Covid Loan availed from Indian Bank, Union Bank of India and State Bank of India are secured by extension of first charge on current assets and second charge on fixed assets on existing securities including personal guarantee of Shri KG Baalakrishnan.

| Term Loan Bank | Outstanding | Previous Year | Repayment Months | Commencement from | Last Instalment | Rate of Interest | Previous Rate of interest |
|---------------------------|-------------|---------------|------------------|-------------------|-----------------|------------------|---------------------------|
| Indian Bank COVID | 309.33 | 538.85 | 30 | 01.04.2021 | 01.03.2026 | 7.30% | 7.30% |
| Union Bank of India GECL | - | 215.07 | 18 | 01.12.2020 | 31.12.2021 | 8.00% | 8.00% |
| State Bank of India COVID | 17.99 | 149.99 | 18 | 01.12.2020 | 31.05.2022 | 7.40% | 7.40% |

GECLS Loan : GECLS Loan availed from Indian Bank, Union bank of India, State Bank of India and The South Indian Bank are secured by second pari passu charge on the existing fixed assets and current assets.

Guarantee cover under National Credit Guarantee Corporation Limited (NCGTC).

| Term Loan Bank | Outstanding | Previous Year | Repayment Months | Commencement from | Last Instalment | Rate of Interest | Previous Rate of interest |
|--------------------------------|-------------|---------------|------------------|-------------------|-----------------|------------------|---------------------------|
| Indian Bank GECL | 2,276.25 | 2,276.86 | 48 | 01.04.2022 | 01.03.2026 | 8.30% | 8.30% |
| Union Bank of India GECL | 497.38 | 516.00 | 48 | 09.02.2021 | 09.01.2025 | 7.60% | 7.60% |
| State Bank of India GECL | 395.00 | 395.00 | 60 | 01.04.2022 | 01.03.2027 | 7.95% | 7.95% |
| The South Indian Bank GECL | 299.55 | 299.55 | 48 | 01.04.2022 | 01.03.2026 | 9.20% | 9.20% |
| Indian Bank GECL-2.0 | 1,138.92 | - | 48 | 01.01.2024 | 01.01.2028 | 8.30% | - |
| Union Bank of India GECL-2.0 | 259.00 | - | 48 | 01.01.2024 | 01.01.2028 | 7.85% | - |
| State Bank of India GECL -2.0 | 197.99 | - | 48 | 01.01.2024 | 01.01.2028 | 7.95% | - |
| The South Indian Bank GECL-2.0 | 150.00 | - | 36 | 01.01.2024 | 01.01.2027 | 9.25% | - |

The Company has availed a Term Loan from ICICI Bank Ltd and Tata Capital Financial Services Ltd. ICICI Bank Ltd is having an exclusive charge on the Bangalore office property and Tata Capital Financial Services Ltd is having an exclusive charge on 24.25 acres of land situated at Jadayampalayam.

| Term Loan Bank | Outstanding | Previous Year | Repayment Months | Commencement from | Last Instalment | Rate of Interest | Previous Rate of interest |
|-------------------------------------|-------------|---------------|------------------|-------------------|-----------------|------------------|---------------------------|
| ICICI Bank Ltd | 183.50 | 207.96 | 120 | 05.05.2017 | 05.05.2027 | 8.50% | 8.60% |
| TataCapital Financial Services Ltd. | 666.65 | 845.57 | 84 | 15.10.2019 | 15.09.2026 | 11.50% | 11.00% |
| TataCapital Financial Services Ltd. | 282.01 | - | 48 | 01.01.2024 | 01.01.2027 | 10.00% | - |

K G DENIM LIMITED

(Amount Rs.in Lakhs)

| PARTICULARS | As at 31.03.2022 | As at 31.03.2021 |
|---|---------------------|---------------------|
| NOTE 14 - LEASE LIABILITIES | | |
| Lease Liabilities | 53.38 | 9.57 |
| TOTAL | 53.38 | 9.57 |
| NOTE 15 - LONG TERM PROVISIONS | | |
| a) Provision for employee benefits Gratuity (unfunded) | 692.32 | 620.32 |
| TOTAL | 692.32 | 620.32 |
| NOTE 16 - DEFERRED TAX LIABILITIES (NET) | | |
| Deferred Tax Liabilities | | |
| Opening Balance | 1,674.61 | 1,859.16 |
| Less : Charged to Profits/Loss for Current Year | (23.37) | (184.55) |
| Closing Balance (A) | 1,651.24 | 1,674.61 |
| Deferred Tax Assets - On Carry Forward Tax Loss | | |
| Opening Balance | (942.55) | (672.68) |
| Less: Charged to Profits/Loss for Current Year | (53.10) | (269.87) |
| Closing Balance (B) | (995.65) | (942.55) |
| Net Deferred Tax Liabilities (Net) | 655.59 | 732.06 |
| NOTE 17 - GOVERNMENT GRANTS | | |
| Government Grants | 472.13 | 447.23 |
| TOTAL | 472.13 | 447.23 |
| NOTE 18 - SHORT TERM BORROWINGS | | |
| Secured | | |
| a) Loans repayable on demand Working Capital Loan from Banks (Secured) | 10,567.96 | 9,678.18 |
| Unsecured | | |
| a) Loans repayable on demand Working Capital Loan from Banks (Un secured) | 968.55 | 935.92 |
| Current Maturities of Long Term Borrowings | | |
| a) Current Maturities of Long - term Debt Secured | 3,256.98 | 2,612.15 |
| b) Current Maturities of financial institutions Long-term Debt | 44.73 | 32.43 |
| There are no case of default in repayment of loan and interest as on date of Balance Sheet | | |
| TOTAL | 14,838.22 | 13,258.68 |
| Security Clause | | |
| Working Capital facilities from Indian Bank Consortium (Indian Bank, State Bank of India, The South Indian Bank Limited and Union Bank of India) are secured by a first pari passu charge on the whole of the current assets through Deed of Hypothecation and second pari passu charge on (a) all the immovable properties situated in (i) 102.1897 acres of land at Jadayampalayam, Alangombu and Karamadai Village 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 & Bangalore property) through Deed of Hypothecation. The entire Working Capital Facilities are also guaranteed by Shri KG Baalakrishnan, Executive Chairman. | | |
| NOTE 19 - LEASE LIABILITIES | | |
| Lease Liabilities | 38.26 | 17.20 |
| TOTAL | 38.26 | 17.20 |
| NOTE 20 - TRADE PAYABLES | | |
| For Dues of Micro, Small and Medium Enterprises | 95.20 | 57.67 |
| For Other Dues | 14,257.66 | 12,751.77 |
| TOTAL | 14,352.86 | 12,809.44 |

K G DENIM LIMITED

TRADE PAYABLE AGEING SCHEDULE

(Amount Rs.in Lakhs)

As at 31ST MARCH 2022

| Trade Payable | <1 Year | 1-2 Years | 2-3 Years | >3 Years | Total |
|-----------------|------------------|---------------|-----------|----------|------------------|
| MSME | 95.20 | - | - | - | 95.20 |
| Others | 13415.06 | 842.59 | - | - | 14,257.66 |
| Disputed MSME | - | - | - | - | - |
| Disputed others | - | - | - | - | - |
| TOTAL | 13,510.26 | 842.59 | - | - | 14,352.86 |

As at 31ST MARCH 2021

| Trade Payable | <1 Year | 1-2 Years | 2-3 Years | >3 Years | Total |
|-----------------|------------------|-----------|-----------|----------|------------------|
| MSME | 57.67 | - | - | - | 57.67 |
| Others | 12,751.77 | - | - | - | 12,751.77 |
| Disputed MSME | - | - | - | - | - |
| Disputed others | - | - | - | - | - |
| TOTAL | 12,809.44 | - | - | - | 12,809.44 |

Note : Dues to Micro, Small and Medium Enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows.

| Particulars | As at 31.03.2022 | As at 31.03.2021 |
|---|---------------------|---------------------|
| a) The principal amount remaining unpaid to any supplier at the end of the year | 95.20 | 57.67 |
| b) Interest due remaining unpaid to any supplier at the end of the year | - | - |
| c) The amount of interest paid by the buyer in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year | - | - |
| d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | - | - |
| e) The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| f) The amount of further interest due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act, 2006 | - | - |

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006", is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per intimation received from them on requests made by the Company.

NOTE 21 - OTHER CURRENT LIABILITIES

| | 31.03.2022 | 31.03.2021 |
|---------------------------------------|---------------|---------------|
| a) Customer Credit Balance | 70.76 | 148.37 |
| b) Duties and Taxes | 54.53 | 58.37 |
| c) Creditors for Capital goods | 36.75 | 145.21 |
| d) Unpaid (Unclaimed) Equity Dividend | 49.54 | 58.86 |
| TOTAL | 211.58 | 410.81 |

There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31st March 2022 of Rs.9,09,612/- (Previous Year Rs.8,77,867/-).

K G DENIM LIMITED

(Amount Rs.in Lakhs)

| PARTICULARS | As at 31.03.2022 | As at 31.03.2021 |
|---|---------------------|---------------------|
| NOTE 22 - SHORT TERM PROVISIONS | | |
| Provision for employee benefits | | |
| Gratuity (unfunded) | 57.87 | 57.46 |
| TOTAL | 57.87 | 57.46 |
| NOTE 23 - GOVERNMENT GRANTS | | |
| Government Grants | 170.63 | 135.63 |
| | 170.63 | 135.63 |
| NOTE 24 - REVENUE FROM OPERATIONS | | |
| Sale of products | 52,250.51 | 35,979.16 |
| Sale of services - Job work | 1,286.47 | 1,723.31 |
| Other operating revenues : Waste Cotton / Yarn / Accessories sales | 3,788.70 | 2,554.61 |
| Export Incentives | 1,293.00 | 1,077.39 |
| TOTAL | 58,618.68 | 41,334.47 |
| NOTE 25 - OTHER INCOME | | |
| Interest Income | 99.27 | 73.45 |
| Apportioned income from Govt Grant | 254.38 | 135.63 |
| Miscellaneous Income | 77.44 | 24.16 |
| Dividend Income | 0.01 | - |
| Insurance Claim Received | 149.81 | 6.02 |
| Profit on sale of fixed assets | - | 7.16 |
| Exchange Gain on Export Sales | 26.94 | (22.36) |
| Other non-operating income (net of expenses directly attributable to such income) | - | 3.09 |
| TOTAL | 607.85 | 227.15 |
| NOTE 26 - COST OF MATERIALS CONSUMED | | |
| Opening Stock | 3,112.89 | 3,080.02 |
| Purchases | 37,803.01 | 22,135.81 |
| Sub-total | 40,915.90 | 25,215.83 |
| Less : Closing stock | 2,661.34 | 3,112.89 |
| Raw materials consumed | 38,254.56 | 22,102.94 |
| NOTE 27 - PURCHASES OF STOCK-IN-TRADE | | |
| Garments purchase | 343.19 | 21.97 |
| TOTAL | 343.19 | 21.97 |
| NOTE 28 - CHANGES IN INVENTORIES OF FINISHED GOODS | | |
| WORK-IN-PROGRESS AND STOCK-IN-TRADE | | |
| Opening Stock : | | |
| Work-in-process | 2,389.90 | 1,928.10 |
| Finished Goods | 5,716.62 | 6,684.73 |
| Traded Items | - | - |
| | 8,106.52 | 8,612.83 |
| Closing Stock : | | |
| Work-in-process | 3,222.99 | 2,389.90 |
| Finished Goods | 7,792.87 | 5,716.62 |
| Traded Items | - | - |
| | 11,015.86 | 8,106.52 |
| TOTAL | (2,909.34) | 506.31 |

K G DENIM LIMITED

(Amount Rs.in Lakhs)

| PARTICULARS | 31.03.2022 | 31.03.2021 |
|--|------------------|-----------------|
| NOTE 29 - OTHER MANUFACTURING EXPENSES | | |
| a) Power & Fuel | 8,131.69 | 5,565.37 |
| b) Consumptions of Stores & Spare Parts | 440.73 | 195.82 |
| c) Processing Charges | 1,534.61 | 2,527.62 |
| d) Repairs & Maintenance | | |
| For Plant & Machinery | 1,251.97 | 737.97 |
| For Buildings | 133.60 | 119.91 |
| For Others | 238.09 | 184.47 |
| TOTAL | <u>11,730.69</u> | <u>9,331.16</u> |
| NOTE 30 - EMPLOYEE BENEFITS EXPENSES | | |
| a) Salaries and Wages | 4,949.20 | 3,795.91 |
| b) Managerial Remuneration - Managing Directors | 156.00 | 156.00 |
| c) Contributions to Provident fund and other funds | 209.74 | 182.07 |
| d) Gratuity as per actuarial valuations | 109.58 | 116.49 |
| e) Staff welfare expenses | 165.45 | 168.97 |
| TOTAL | <u>5,589.97</u> | <u>4,419.44</u> |
| NOTE 31 - FINANCE COSTS | | |
| Interest Expense | 2,036.07 | 1,939.13 |
| Other borrowing costs | 397.03 | 249.36 |
| Applicable net gain/loss on foreign currency Transactions and Translations | (2.95) | 4.48 |
| TOTAL | <u>2,430.15</u> | <u>2,192.97</u> |
| NOTE 32 - OTHER EXPENSES | | |
| Rent | 90.49 | 44.09 |
| Insurance | 336.14 | 302.50 |
| Rates and taxes, excluding, taxes on income. | 71.19 | 119.17 |
| Payments to the auditor as | | |
| a) As Statutory Auditor | 6.00 | 5.00 |
| b) For Other Services | 2.00 | 2.05 |
| Legal, Professional & Consultancy Charges | 121.62 | 124.71 |
| Printing and Stationery | 41.24 | 25.81 |
| Postage, Telegrams and Telephones | 134.10 | 109.41 |
| Traveling Expenses and Maintenance of Vehicles | 456.01 | 277.54 |
| Director Sitting Fees | 5.20 | 4.95 |
| Software Maintenance Expenses | 9.87 | 5.01 |
| Brokerage | 2.87 | 22.15 |
| Commission on Sales | 255.44 | 303.00 |
| Discount on Sales | 185.84 | 99.83 |
| Selling Expenses | 262.09 | 191.54 |
| Freight Outwards | 553.35 | 388.79 |
| Provision for Doubtful Debts | 180.16 | 234.41 |
| Prayer Hall Repairs and maintenance | 16.74 | 11.69 |
| Corporate Social Responsibility Expenses | - | 5.00 |
| Bad Debts Written off | - | 18.78 |
| Miscellaneous expenses | 127.49 | 182.46 |
| Loss on sale of Property Plant & Equipment | 0.67 | 1.56 |
| Loss on sale of Export Licenses | 146.51 | 9.13 |
| TOTAL | <u>3,005.02</u> | <u>2,488.58</u> |

K G DENIM LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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.

The accounting policies are applied consistently to all the periods presented in the financial statements.

(ii) Historical cost conventions

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 a 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.

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 believes that useful life of assets is 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.

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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 the carrying amount. These are included in the Statement of Profit and Loss.

Capital Work-in-Progress comprises the 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 and 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 comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formulas 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) Lessee

Operating Lease

The Company has adopted the accounting standard Ind AS 116 "Leases". Ind AS 116 is a single lessee accounting model and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors.

As a lessee: The Company's lease assets primarily consist of office premises which are of the short-term lease with the term of twelve months or less and low value leases. For these short term and low value leases, the Company has recognized the lease payments as an expense in the Statement of Profit and Loss on a straight-line basis over the term of lease. At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised. The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option. Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

As a lessor: Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from the operating lease is recognised on a straight-line basis over the term of the relevant lease unless the receipts are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

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(g) Investments in subsidiaries,

Investments in subsidiaries are recognised at cost as per Ind AS 27. And subject to impairment losses reviewed at the end of each year.

(h) 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 amortized 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 trends, 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.

(i) 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.

(j) 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.

(k) Segment Reporting:

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

(l) 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.

(m) Borrowing costs

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

(n) 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.

(o) Revenue recognition

Revenue is measured at the value of the consideration received or receivable. Amounts disclosed as revenue are exclusive of GST and

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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

The Company earns revenue primarily from sale of manufactured goods (fabric, home textiles and garments). It has applied the principles laid down in Ind AS 115. In case of sale to domestic customers, sale is made on ex-factory basis and revenue is recognized when the goods are dispatched from the factory gate. In case of export sales, revenue is recognized on shipment date, when performance obligation is met.

Revenue from services

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

Export Incentive

Export incentives under various schemes notified by government are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Dividend Income

Dividend income from investment is recognized when the company's right to receive is established which generally occurs when the shareholders approve the dividend.

Insurance claims

Insurance claims are accounted for to the extent the company is reasonably certain of their ultimate collection.

(p) 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.

(ii) 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.

(q) 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.

(r) 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.

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.

(s) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

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- 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.

(t) 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.

(u) 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.

Estimation of defined benefit obligation.

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 used 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 significant effect on the recorded fair value that are not based on observable market data.

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(Amount Rs.in Lakhs)

| Financial Assets and Liabilities as at 31st March 2022 | Non current | Current | Total | Level 1 | Level 2 | Level 3 | Total |
|--|-----------------|------------------|------------------|-------------|---------|------------------|------------------|
| Financial Assets | | | | | | | |
| Investments | | | | | | | |
| Equity instruments | 328.64 | - | 328.64 | 0.93 | - | 327.71 | 328.64 |
| Other Assets | | | | | | | |
| Trade Receivables | - | 8,958.60 | 8,958.60 | - | - | 8,958.60 | 8,958.60 |
| Cash and cash equivalents | - | 48.16 | 48.16 | - | - | 48.16 | 48.16 |
| Other Bank balances | - | 367.08 | 367.08 | - | - | 367.08 | 367.08 |
| Other Financial Assets | - | - | - | - | - | - | - |
| Sub-Total | - | 9,373.84 | 9,373.84 | - | - | 9,373.84 | 9,373.84 |
| Total | 328.64 | 9,373.84 | 9,702.48 | 0.93 | - | 9,701.55 | 9,702.48 |
| Financial Liabilities | | | | | | | |
| Borrowings | 7,059.20 | 14,838.22 | 21,897.42 | - | - | 21,897.42 | 21,897.42 |
| Lease Liability | 53.38 | 38.26 | 91.64 | - | - | 91.64 | 91.64 |
| Trade payables | - | 14,352.86 | 14,352.86 | - | - | 14,352.86 | 14,352.86 |
| Total | 7,112.58 | 29,229.34 | 36,341.92 | - | - | 36,341.92 | 36,341.92 |

| Financial Assets and Liabilities as at 31st March 2021 | Non current | Current | Total | Level 1 | Level 2 | Level 3 | Total |
|--|-----------------|------------------|------------------|-------------|---------|------------------|------------------|
| Financial Assets | | | | | | | |
| Investments | | | | | | | |
| Equity instruments | 328.41 | - | 328.41 | 0.70 | - | 327.71 | 328.41 |
| Other Assets | | | | | | | |
| Trade Receivables | - | 9,725.23 | 9,725.23 | - | - | 9,725.23 | 9,725.23 |
| Cash and cash equivalents | - | 335.76 | 335.76 | - | - | 335.76 | 335.76 |
| Other Bank balances | - | 378.83 | 378.83 | - | - | 378.83 | 378.83 |
| Other Financial Assets | - | - | - | - | - | - | - |
| Sub-Total | - | 10,439.82 | 10,439.82 | - | - | 10,439.82 | 10,439.82 |
| Total | 328.41 | 10,439.82 | 10,768.23 | 0.70 | - | 10,767.53 | 10,768.23 |
| Financial Liabilities | | | | | | | |
| Borrowings | 8,357.17 | 13,258.68 | 21,615.85 | - | - | 21,615.85 | 21,615.85 |
| Lease Liability | 9.57 | 17.20 | 26.77 | - | - | 26.77 | 26.77 |
| Trade payables | - | 12,809.44 | 12,809.44 | - | - | 12,809.44 | 12,809.44 |
| Total | 8,366.74 | 26,085.32 | 34,452.06 | - | - | 34,452.06 | 34,452.06 |

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NOTE 35 - FINANCIAL RISK MANAGEMENT

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 an 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 assets as at the reporting date with the risk of default 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,
- v) 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 evaluated 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.

During the year adequate provision for Doubtful Debts is provided which includes export and domestic receivables.

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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 statement 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 recommends 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.

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 no undrawn borrowing facilities at the end of the reporting period:

(Amount Rs.in Lakhs)

(ii) Maturity patterns of borrowings

| | As at 31st March, 2022 | | | | As at 31st March, 2021 | | | |
|---|------------------------|-----------------|----------------|------------------|------------------------|-----------------|----------------|------------------|
| | 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) | 3,301.71 | 6,711.15 | 348.05 | 10,360.91 | 2,644.58 | 8,229.07 | 128.10 | 11,001.75 |
| Short term borrowings | 11,536.51 | - | - | 11,536.51 | 10,614.10 | - | - | 10,614.10 |
| Total | 14,838.22 | 6,711.15 | 348.05 | 21,897.42 | 13,258.68 | 8,229.07 | 128.10 | 21,615.85 |

Maturity patterns of other Financial Liabilities As at 31st March, 2022

| | 0-3 months | 3-6 months | 6 months to 12 Months | beyond 12 Months | Total |
|---|-----------------|-----------------|-----------------------|------------------|------------------|
| Trade Payable | 8,928.51 | 3,760.50 | 1,663.85 | - | 14,352.86 |
| Lease Liability (Current and Non current) | 12.81 | 12.98 | 12.47 | 53.38 | 91.64 |
| Total | 8,941.32 | 3,773.48 | 1,676.32 | 53.38 | 14,444.50 |

As at 31st March, 2021

| | 0-3 months | 3-6 months | 6 months to 12 Months | beyond 12 Months | Total |
|---|-----------------|-----------------|-----------------------|------------------|------------------|
| Trade Payable | 6,427.10 | 3,302.22 | 3,080.12 | - | 12,809.44 |
| Lease Liability (Current and Non current) | 4.00 | 4.00 | 9.20 | 9.57 | 26.77 |
| Total | 6,431.10 | 3,306.22 | 3,089.32 | 9.57 | 12,836.21 |

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, 2022 | | As at 31st March, 2021 | |
|------------------------------|------------------------|-------|------------------------|-------|
| Forward contracts to buy USD | USD | 38.85 | USD | 17.42 |

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, 2022

Foreign currency in lakhs

| Particulars | USD | EURO | GBP |
|-------------------|-------|------|------|
| Trade Receivables | 44.53 | 2.47 | 0.57 |
| Trade payables | 0.79 | 0.62 | - |

As at 31st March, 2021

Foreign currency in lakhs

| Particulars | USD | EURO | GBP |
|-------------------|-------|------|------|
| Trade Receivables | 10.74 | 3.27 | 0.37 |
| Trade payables | 0.82 | - | - |

(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.

(Amount Rs.in Lakhs)

Impact on profit before tax

| Particulars | 31st March, 2022 | 31st March, 2021 |
|---------------------------------|------------------|------------------|
| BSE Sensex -30 - increase in 5% | 0.05 | 0.04 |
| BSE Sensex -30 - decrease in 5% | (0.05) | (0.04) |

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

(c) Foreign currency Risk Sensitivity

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

| | 2021-22 | | 2020-21 | |
|---|---------------|-----------------|--------------|----------------|
| Particulars | 5% increase | 5% decrease | 5% increase | 5% decrease |
| USD | 165.49 | (165.49) | 35.10 | (35.10) |
| EURO | 7.81 | (7.81) | 14.09 | (14.09) |
| GBP | 2.84 | (2.84) | 1.88 | (1.88) |
| Increase / (decrease) in profit or loss | 176.14 | (176.14) | 51.07 | (51.07) |

NOTE : 36 - CAPITAL RISK MANAGEMENT

(a) Risk Management

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimize 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 the 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.

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NOTE 37 - COVID - 19

In view of COVID 19 pandemic, the Management has exercised due care, in concluding on significant accounting judgements and estimates, inter-alia, recoverability of receivables, assessment for impairment of inventory based on the information available to date, both internal and external, to the extent relevant, while preparing these financial statements for the year ended March 31, 2022. Based on the assessment of current indicators of future economic conditions, the Management does not envisage any significant impact on its financial position as on March 31, 2022. The impact COVID 19 is a continuing process given the uncertainties associated with its nature and duration and accordingly, the eventual outcome may be different from those estimated as on the date of approval of these financial statements.

NOTE 38 - EARNINGS PER SHARE

(Amount Rs.in Lakhs), Except EPS

| Particulars | 31st March, 2022 | 31st March, 2021 |
|--|------------------|------------------|
| Earnings Per Share has been computed as under : | | |
| Profit / (Loss) for the year | (705.38) | (588.23) |
| Weighter average number of equity shares outstanding | 25637825 | 25637825 |
| Earnings Per Share - Basic (Face Value of Rs.10 per share) | (2.75) | (2.29) |
| Diluted earning per share is same as basic earning per share | (2.75) | (2.29) |

NOTE 39 - EXPORT PROMOTION CAPITAL GOODS (EPCG) & SUBSIDY RECEIVED

Export Promotion Capital Goods (EPCG) scheme allows the 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, TUF subsidy received being a Government Grant is accounted as stated in the Accounting policy on Government Grant.

Note :- 40 - DETAILS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE

| Particulars | 31st March, 2022 | 31st March, 2021 |
|---|------------------------|------------------------|
| Amount required to be spent under Section 135 of the Companies Act, 2013, by the Company during the year | - | 4.66 |
| Amount of expenditure incurred | - | 4.50 |
| (i) Transfer to KG Denim Trust Foundation for rural hospital | - | |
| (ii) On purpose other than (i) above | - | 0.50 |
| Shortfall at the end of the year | - | - |
| Total of previous year shortfall | - | - |
| Reasons for shortfall | - | - |
| Nature of CSR activities | Running Rural Hospital | Running Rural Hospital |
| Details of related party transactions KG Denim Trust Foundation Managing Directors of K G Denim Limited are the trustees of the KG Denim Trust Foundation | - | 4.50 |
| Movements during the year for provision made with respect to liability incurred by entering into as contractual obligation. | - | - |

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

(I) Contingent Liabilities

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

(Amount Rs.in Lakhs)

| | 2021-22 | 2020-21 |
|----------------------------------|---------|---------|
| Disputed Excise / Customs duties | 368.17 | 120.43 |
| Disputed Income Tax | 855.86 | 20.30 |

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) Guarantee

| | 2021-22 | 2020-21 |
|--|---------|---------|
| Guarantee given to Bank for loan to subsidiary | 500.00 | 500.00 |

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

| | 2021-22 | 2020-21 |
|-----------------------------|----------|----------|
| Bills discounted with banks | 2,381.07 | 1,495.82 |

(II) Commitments

There are no contracts remaining to be executed in Capital Account

K G DENIM LIMITED

Note 42 : 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 of segment information in these financial statements.

Note 43 : GRATUITY

(Amount Rs.in Lakhs)

| I Principal Actuarial Assumptions | 31.03.2022 | 31.03.2021 |
|---|------------|------------|
| (Expressed as weighter averages) | | |
| Discount Rate | 7.24% | 6.90% |
| Salary Escalation Rate | 5.00% | 5.00% |
| 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) | | |
| Reconciliation of Opening and Closing Balances | | |
| PVO as at the beginning of the period | 677.78 | 705.96 |
| Interest Cost | 45.09 | 46.16 |
| Current Service Cost | 64.49 | 70.33 |
| Past Service Cost - (Non Vested Benefits) | 0 | 0 |
| Past Service Cost - (Vested Benefits) | 0 | 0 |
| Benefits Paid | (48.59) | (17.44) |
| Actuarial Loss / (Gain) on obligation (Balancing figure) | 11.42 | (127.24) |
| PVO as at the end of the period | 750.18 | 677.78 |
| III Change in the fair value of Plan Assets | | |
| 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 | 48.59 | 17.44 |
| Benefits Paid | (48.59) | (17.44) |
| Actuarial Gain / (Loss) on plan assets (Balancing Figure) | 0 | 0 |
| Fair value of plan assets as at the end of the period | 0 | 0 |

K G DENIM LIMITED

(Amount Rs.in Lakhs)

| IV Actual return on plan assets | 31.03.2022 | 31.03.2021 |
|--|------------|------------|
| 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 | | |
| Actuarial Gain / (Loss) for the period - obligation | (11.42) | 127.24 |
| Actuarial Gain / (Loss) for the period - plan assets | 0 | 0 |
| Total Gain / (Loss) for the period | (11.42) | 127.24 |
| Actuarial (Gain)/ Loss recognized | 11.42 | (127.24) |
| Unrecognized Actuarial (Gain) / Loss at the end of the year | 0 | 0 |
| VI Amounts recognized in the Balance sheet and related analysis | | |
| Present value of the obligation | 750.19 | 677.77 |
| Fair value of plan assets | 0 | 0 |
| Difference | 750.19 | 677.77 |
| Unrecognized transitional Liability | 0 | 0 |
| Unrecognized past service cost-non vested benefits | 0 | 0 |
| VII Expenses recognized in the statement of Profit and Loss | | |
| Current Service Cost | 64.49 | 70.33 |
| Interest Cost | 45.09 | 46.16 |
| Expected return on plan assets | 0 | 0 |
| Past Service Cost - Non-vested benefits | 0 | 0 |
| Expenses recognized in the statement of profit and loss | 109.58 | 116.49 |
| VIII Amount recognised for the current period the statement of other comprehensive income (OCI) | | |
| Actuarial (gain)/ loss on plan obligations | 11.42 | (127.24) |
| 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 | (11.42) | (127.24) |
| IX Movements in the liability recognised in the balance sheet | | |
| Opening net liability adjusted for effect of balance sheet | 677.78 | 705.96 |
| Amount recognised in profit and loss | 109.58 | 116.49 |
| Amount recognised in OCI | 11.42 | (127.24) |
| Contributions paid | (48.59) | (17.44) |
| Closing net liability | 750.19 | 677.78 |
| X Amount for the current period | | |
| Present value of obligation | 750.19 | 677.79 |
| Plant assets | 0 | 0 |
| Surplus / (Deficit) | (750.19) | (677.79) |
| Experience adjustments on plan liabilities - (Loss) / gain | (31.43) | 111.26 |
| Impact of change in assumption on plan liabilities - (loss) / gain | 20.00 | 15.98 |
| Experience adjustments on plan assets - (loss) / gain | 0 | 0 |

K G DENIM LIMITED

(Amount Rs.in Lakhs)

| XI Major categories of plan Assets (As the percentage of total plan Assets) | 31.03.2022 | 31.03.2021 |
|--|-------------------|-------------------|
| Government of India Securities | 0.00% | 0.00% |
| State Government Securities | 0.00% | 0.00% |
| High Quality Corporate Bonds | 0.00% | 0.00% |
| Equity shares of listed companies | 0.00% | 0.00% |
| Property | 0.00% | 0.00% |
| Special Deposit Scheme | 0.00% | 0.00% |
| Funds managed by Insurer | 0.00% | 0.00% |
| Other (to specify) | 0.00% | 0.00% |
| Total | 0.00% | 0.00% |
| XII Enterprise's best estimate of contribution during next year | NA | NA |

| | | |
|---|-------------------|-------------------|
| 1.0 The following tables set out the additional disclosures required under IND AS 19 | | |
| 1.1 Date of Valuation | 31.03.2022 | 31.03.2021 |
| 1.2 Average Duration of Defined Benefit Obligations (in years) | 8.50 | 9.30 |
| 1.3 Sensitivity Analyses | | |
| Discount + 50 BP | 7.74% | 7.40% |
| Defined Benefit obligation (PVO) | 722.29 | 650.70 |
| Current service cost | 58.14 | 61.22 |
| Discount rate - 50 BP | 6.74% | 6.40% |
| Defined Benefit obligation (PVO) | 779.92 | 706.74 |
| Current service cost | 63.90 | 68.06 |
| Salary Escalation rate +50BP | 5.50% | 5.50% |
| Defined Benefit obligation (PVO) | 780.78 | 707.76 |
| Current service cost | 64.02 | 68.20 |
| Salary Escalation rate -50BP | 4.50% | 4.50% |
| Defined Benefit obligation (PVO) | 721.00 | 649.24 |
| Current service cost | 58.27 | 61.29 |
| 1.4 Expected contributions in following years (mid - year cash flows) | | |
| Year 1 | 48.04 | 41.29 |
| Year 2 | 60.16 | 43.04 |
| Year 3 | 74.67 | 56.11 |
| Year 4 | 70.86 | 64.98 |
| Year 5 | 82.24 | 63.52 |
| Next 5 years | 442.65 | 392.76 |
| 1.5 Expected benefit payments in following years (mid - year cash flows) | | |
| Year 1 | 48.04 | 41.29 |
| Year 2 | 60.16 | 43.04 |
| Year 3 | 74.67 | 56.11 |
| Year 4 | 70.86 | 64.98 |
| Year 5 | 82.24 | 63.51 |
| Next 5 years | 442.65 | 395.76 |

K G DENIM LIMITED

NOTE: 44 - RELATED PARTY DISCLOSURES AS PER IND AS 24

(Amount Rs.in Lakhs)

| Particulars | 2021 - 2022 | | | | 2020 - 2021 | | | |
|-------------------------------------|-------------|-----------------------|--------------------------|---------------------------------------|-------------|-----------------------|--------------------------|---------------------------------------|
| | Subsidiary | Other Related Parties | Key Management Personnel | Relatives of Key Management Personnel | Subsidiary | Other Related Parties | Key Management Personnel | Relatives of Key Management Personnel |
| Purchase of Goods | | | | | | | | |
| Trigger Apparels Limited | 1,437.12 | - | - | - | - | - | - | - |
| Sri Kannapiran Mills Limited | - | 3,132.13 | - | - | - | 3,105.65 | - | - |
| Other related parties | - | 3,876.99 | - | - | - | 24.69 | - | - |
| Sale of Goods | | | | | | | | |
| Trigger Apparels Limited | 2,101.42 | - | - | - | 1,035.95 | - | - | - |
| KG Denim (USA) Inc. | 169.41 | - | - | - | 10.94 | - | - | - |
| Sri Kannapiran Mills Limited | - | 733.86 | - | - | - | 531.89 | - | - |
| Other related parties | - | - | - | - | - | - | - | - |
| Processing / other Charges Paid | | | | | | | | |
| Trigger Apparels Limited | 21.76 | - | - | - | 8.58 | - | - | - |
| Sri Kannapiran Mills Limited | - | 162.33 | - | - | - | 1,132.02 | - | - |
| Other related parties | - | 3.90 | - | - | - | 1.52 | - | - |
| Processing / Other Charges Received | | | | | | | | |
| Trigger Apparels Limited | - | - | - | - | 1.28 | - | - | - |
| Sri Kannapiran Mills Limited | - | 12.21 | - | - | - | 42.15 | - | - |
| Other related parties | - | 57.59 | - | - | - | 12.25 | - | - |
| Managerial Remuneration | - | - | 188.70 | 15.00 | - | - | 183.91 | 10.49 |

NOTE: 44.1 - Balance Outstanding

| Particulars | as on 31.03.2022 | | | | as on 31.03.2021 | | | |
|------------------|------------------|-----------------------|--------------------------|---------------------------------------|------------------|-----------------------|--------------------------|---------------------------------------|
| | Subsidiary | Other Related Parties | Key Management Personnel | Relatives of Key Management Personnel | Subsidiary | Other Related Parties | Key Management Personnel | Relatives of Key Management Personnel |
| Trade Receivable | 2,847.83 | 174.90 | - | - | 3,430.42 | 10.2 | - | - |
| Trade Payable | - | 164.54 | - | - | - | 769.93 | - | - |
| Investments | 450.46 | 328.69 | - | - | 450.46 | 327.46 | - | - |
| Guarantee | 500.00 | - | - | - | 500.00 | - | - | - |

NOTE: 44.2

| | |
|--|--|
| Subsidiary | Trigger Apparels Limited KG Denim (USA) Inc. |
| Other Related Parties | Sri Kannapiran Mills Limited Sri Balamurugan Textile Processing Limited Danalakshmi Paper Mills Private Limited |
| Key Management Personnel | Shri KG Baalakrishnan, Executive Chairman Shri B Sriramulu, Managing Director Shri B Srihari, Managing Director Shri S Manickam, Chief Financial Officer Shri M Balaji, Company Secretary (up to 28.10.2021) Smt P Krishnaveni, Company Secretary (with effect from 29.10.2021) |
| Relatives of Key Management Personnel | Smt T Anandhi (Daughter of Shri KG Baalakrishnan) Shri Pranav Sriraman (Son of Shri B Sriramulu) |

K G DENIM LIMITED

NOTE 45 : RATIOS

| S.No. | Particulars | 2021-22 | 2020-21 | Unit | % Change | Reason for Change |
|-------|----------------------------------|---------|---------|-------|----------|--|
| i. | Current Ratio | 1.02 | 1.05 | Times | - | - |
| ii. | Debt Equity Ratio | 2.59 | 2.35 | Times | - | - |
| iii. | Debt Service Coverage Ratio | 0.65 | 0.88 | Times | (26.15) | Increase in repayment of borrowings |
| iv. | Return on Equity Ratio RDE | (7.97) | (6.23) | % | 27.89 | Lesser profit after tax |
| v. | Inventory Turnover Ratio | 4.17 | 3.25 | Times | 28.26 | Increase in sales revenue |
| vi. | Trade Receivables Turnover Ratio | 6.27 | 4.54 | Times | 38.19 | Increase in sales & improvement in collections |
| vii. | Trade Payables Turnover Ratio | 3.46 | 2.12 | Times | 62.92 | Increase in purchase due to increase in turnover and improvement in payments |
| viii. | Net Capital Turnover Ratio | 64.16 | 147.53 | Times | (56.51) | Increase in Net working capital and increase in sales |
| ix. | Net Profit Ratio | (1.20) | (1.42) | % | - | - |
| x | Return on Capital Employed | 5.29 | 3.64 | % | 45.34 | Reduction in loss compared with previous year. |
| xi. | Return on Investment | 1.98 | 2.47 | % | - | - |

Explanations to items included in computing the above ratios

- Current Ratio: Current Asset over Current Liabilities
- Debt-Equity Ratio: Debt (includes Borrowings and current & non-current lease liabilities) over total shareholders' equity (including Reserves & Surplus)
- Debt Service Coverage Ratio: EBIT + Depreciation + Profit or loss on sale of assets / investments over lease payments (Principal & Interest) + Loans repayments (Principal & Interest)
- Return on Equity Ratio: PAT over average Equity (including Reserves & Surplus)
- Inventory Turnover Ratio: Revenue from operations over average Inventory
- Trade Receivables Turnover Ratio: Revenue from operations over average Trade Receivables (after impairment)
- Trade Payables Turnover Ratio: Purchases over average Turnover Payable
- Net Capital Turnover Ratio: Revenue from Operations over average Working Capital (Current Assets - Current Liabilities)
- Net Profit Ratio: Net profit after tax over Revenue from operations
- Return on Capital Employed: PBIT over Capital Employed (Capital Employed includes total shareholders' equity, borrowings, short term and long-term lease liabilities and Deferred Tax Liability)
- Return on Investment: Interest Income + Dividend Income + Realised gain on investment over average investments after impairment and other bank deposits.

The Non-GAAP Measures presented may not be comparable to similarly titled measures reported by other companies. Further, it should be noted that EBIDTA, EDITDA Margin, Gross Margin, Net Worth, Return on Net Worth, Net Asset Value (Per Equity Share), Debt Equity Ratio, Return on Capital Employed, Return on Equity is not a measure of operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

ADDITIONAL REGULATORY INFORMATION

NOTE 46 : LOANS AND ADVANCES

The Company has not granted any loans or advances in the nature of loans, to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person.

NOTE 47 : RELATIONSHIP WITH STRIKE OFF COMPANIES

The transactions and balances with companies which have been removed from Register of Companies (Struck off companies) as at the above reporting periods is Nil.

NOTE 48 : SCHEME OF ARRANGEMENTS

The Company has not entered into any "Scheme of Arrangements" during the year ended 31st March 2022.

NOTE 49 : DETAILS OF BENAMI PROPERTY HELD

The Company does not hold any Benami property as defined under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the Rules made there under. No proceeding has been initiated or pending against the company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made there under.

K G DENIM LIMITED

NOTE 50 : COMPLIANCE WITH A NUMBER OF LAYERS OF COMPANIES

The Company is in compliance with the number of layers prescribed under clause (87) of section 2 of the Companies Act read with the Companies (Restriction on Number of Layers) Rules, 2017

NOTE 51 : The Company has not traded or invested in crypto currency or virtual currency.

NOTE 52 : REGISTRATION OF CHARGES (OR) SATISFACTION WITH REGISTRAR OF COMPANIES

The company does not have any charges or satisfaction, which is yet to be registered with ROC beyond the statutory period.

NOTE 53 : The Company was not declared as a “willful defaulter” by any bank or financial institution or other lenders.

NOTE 54 : The company has no such transactions which is not recorded in the books of accounts that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (Such as search or survey or any other relevant provisions of Income Tax Act, 1961).

NOTE 55 : The company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the intermediary shall:

- Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

NOTE 56 : The company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding party) with the understanding (whether recorded in writing or otherwise) that the company shall:

- Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (Ultimate Beneficiaries) or
- Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

NOTE 57 : APPROVED FINANCIAL STATEMENTS:

The Board of Directors of the company has reviewed the realizable value of all the current assets and has confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognized in the financial statements. In addition, the board has also confirmed the carrying value of the non-current assets in the financial statements. The Board, duly taking into account all the relevant disclosures made, has approved these financial statements in its meeting held on 27th May 2022.

NOTE 58 : STOCK STATEMENT SUBMISSION WITH BANKS

The Company has borrowed from banks on the basis of security of current assets. Quarterly returns or statements of current assets filed by the Company are not in agreement with books of accounts. Summary of reconciliation and reasons for material discrepancies as at 31st March is given below :

| Particulars | (Amount Rs.in Lakhs) | |
|--|----------------------|------------------|
| | As at March 2022 | As at March 2021 |
| Inventories as per declaration with Bank | 13,619.17 | 11,985.22 |
| Trade receivables as per declaration with Bank | 7,870.06 | 11,432.00 |
| Total (A) | 21,489.23 | 23,417.22 |
| Inventories as per Books | 15,405.32 | 12,720.74 |
| Trade receivables as per Books | 9,373.17 | 9,959.64 |
| Total (B) | 24,778.49 | 22,680.38 |
| Difference in inventories | 1,786.15 | (735.52) |
| Difference in receivables | 1,503.11 | 1,472.36 |
| Total Difference (A)-(B) | 3,289.26 | 736.84 |

The aforesaid difference, were due to the declaration made to the bank before financial reporting closure process. The predominant reason for inventory being higher in financial statement is because of stock valuation as part of year end cut-off procedures. Similarly with respect to trade receivables, the difference is due to the credit notes, discount and other year end provisions in financial statements.

As per our report of even date

For **MOHAN & VENKATARAMAN**
Chartered Accountants

V KARTHIKEYAN
Partner

Place : Coimbatore
Date : 27.05.2022

Membership No.208828
Firm Regn. No.007321S

For and on behalf of the Board of Directors

KG BAALAKRISHNAN
Executive Chairman
DIN : 00002174

P KRISHNAVENI
Company Secretary

B SRIRAMULU
Managing Director
DIN : 00002560

S MANICKAM
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 Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying Consolidated Financial Statements of K G Denim Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31st March 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flow and the Consolidated Statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor on separate financial statements and on the other financial information of the subsidiaries, the aforesaid Consolidated Financial Statements ('the financial statements') give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS'), specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group as at 31st March 2022, and their consolidated loss (including other comprehensive loss), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in paragraph 14 of the Other Matters section below is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr.No | Key Audit Matter | Auditor's Response |
|-------|---|--|
| 1. | <p>Litigations - Contingencies</p> <p>The Company has ongoing litigations with various authorities and third parties which could have a significant impact on the results, if the potential exposures were to materialise.</p> <p>The amounts involved are significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability or disclosed as a contingent liability, is inherently subjective.</p> <p>Claims against the Company not acknowledged as debts are disclosed in the Consolidated Financial Statements by the Group after a careful evaluation of the facts and legal aspects of the matters involved. The outcome of such litigation is uncertain and the position taken by management involves significant judgment and estimation to determine the likelihood and/or timing of cash outflows and the interpretation of preliminary and pending court rulings. Refer Note 42 to the Financial Statements.</p> | <p>Principal Audit Procedures</p> <p>Our audit approach was a combination of test of internal controls and substantive procedures including:</p> <p>Assessing the appropriateness of the design and implementation of the Group's controls over the assessment of litigations and completeness of disclosures. Supporting documentation are tested for the positions taken by the management, meetings are conducted with in-house legal counsel and/or legal team and minutes of Board to confirm the operating effectiveness of these controls.</p> <p>Involving our direct and indirect tax specialists to assess relevant historical and recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures.</p> |

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

Information other than the Consolidated Financial Statements and Auditor's Report thereon

5. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Report on Corporate Governance, Director's Report, etc., but does not include the Consolidated financial statements and our auditor's report thereon. The Board's Report, Corporate Governance Report, Management Discussion and Analysis are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Board's Report, Corporate Governance Report, Management Discussion and Analysis, and based on the work we have performed, and based on the audit report of other auditor, if we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

6. The accompanying consolidated financial statements have been approved by the holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial position, consolidated performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Ind As financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group, covered in the Act 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; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of directors of the Holding Company, as aforesaid.

7. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective companies in the Group, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

8. The respective Board of Directors of the companies included in the Group, are also responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

10. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the holding Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
 - Obtain sufficient appropriate audit evidence regarding the financial information / financial statements of the entities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

14. We did not audit the financial statements of subsidiary company, Trigger Apparels Limited and wholly owned subsidiary KG Denim (USA) Inc., whose financial statements (before eliminating intercompany balances / transactions) reflect total assets of Rs.4121.94 lakhs as at March 31, 2022, total revenues of Rs.6120.02 lakhs (before eliminating intercompany transactions) for year ended March 31, 2022, and net cashflow of Rs. 83.39 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statement also includes total net loss after tax (including other comprehensive loss) of Rs. 144.15 Lakhs (before eliminating intercompany transactions) for the year ended March 31, 2022 as considered in the consolidated financial statements.
- 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 in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and matters identified and disclosed under key audit matters section above and our report in terms of subsection (3) of section 143 of the Act in so far as it relates 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 in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and matters identified and disclosed under key audit matters section above and our report in terms of subsection (3) of section 143 of the Act in so far as it related to the subsidiary is based solely on such approved unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, this financial statement / financial information is not material to the Group.

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

Report on Other Legal and Regulatory Requirements

15. As required by section 143(3) of the Act, based on our audit and on the consideration of audit reports of the other auditors on separate financial statements and other financial information of such subsidiaries, incorporated in India whose financial statements have been audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act.

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2022, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, covered under the Act, none of the directors of the Group companies, are disqualified as on 31st March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of internal financial controls with reference to the Financial Statements of the Holding Company, its subsidiary company, covered under the Act and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- (g) As required by Section 197 (16) of the Act, based on audit and on consideration of the report of the other auditor, referred to in paragraph 14, on separate financial statement of the subsidiaries incorporated in India, we report that the Holding company has paid remuneration to their respective directors during the year in accordance with the provision of and limits laid down under section 197 read with Schedule V to the Act. During the year subsidiary companies has not paid Managerial remuneration.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of audit reports of the other auditors on separate financial statements and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act, as noted in the 'Other Matters' paragraph:
- The Consolidated Financial Statements disclose the impact of pending litigations as at 31st March 2022 on the consolidated financial position of the Group.
 - The Holding company and its subsidiaries did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
 - There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31st March 2022. With regard to subsidiaries there are no requirement for such transfer.
 - (a) The respective management of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies to or in any other person(s) or entity(ies), including foreign entities ("the Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies ("the Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
(b) The respective managements of the Holding company and the subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, no funds have been received by the Holding Company or its subsidiary companies from any person(s) or entity(ies), including foreign entities ("the Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
(c) Based on such audit procedures performed by us and that performed by the other auditors of the subsidiaries, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors notice that has caused us or the other auditor to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
v. In our opinion and according to the information and explanations given to us, the dividend declared during earlier years and unpaid dividend paid during the year by the Holding company is in compliance with Section 123 of the Act.

16. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO report issued by us and the auditors of respective companies included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, as provided to us by the Management of the Holding Company, we report that there are no qualifications or adverse remarks in these CARO reports of the said respective companies included in the consolidated financial statement except that on clause ii (b) of the Order as given in our CARO report of the standalone financial statements of the Holding Company.

For Mohan & Venkataraman
Chartered Accountants
Firm Regn. No.007321S

V.Karthikeyan
Partner
Membership No.208828
UDIN: 22208828AJSUKB6233

Place: Coimbatore
Date: 27.05.2022

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the Consolidated financial statements of K G Denim Limited (the 'Holding Company') and its subsidiaries (the Holding company and its subsidiaries together referred to as the 'Group') as at and for the year ended 31st March 2022, we have audited the internal financial controls with reference to financial statements of the holding company and its subsidiaries which are companies covered under the Act, as on that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and subsidiary companies which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to financial statements 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 ('the Guidance Note') 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 the Company's 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 Companies Act, 2013.

Auditors' Responsibility for the Audit of the Internal Financial Controls with Reference to consolidated Financial Statements.

3. Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements, and the Guidance Note 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 with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements includes obtaining an understanding of such internal financial controls, 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 consolidated financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies as aforesaid.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

6. A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to consolidated financial statements include 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 consolidated 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 consolidated financial statements.

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

Opinion

8. In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor referred to in the Other Matters paragraph below, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, adequate internal financial controls with reference consolidated financial statements and such controls were operating effectively as at 31st March, 2022, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary companies, considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

9. Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to subsidiary companies which are incorporated in India, is based on the corresponding report of the auditor of such companies incorporated in India. Our opinion is not modified in respect of this matter.

For Mohan & Venkataraman
Chartered Accountants
Firm Regn. No.007321S

V.Karthikeyan
Partner
Membership No.208828
UDIN: 22208828AJSUKB6233

Place: Coimbatore
Date: 27.05.2022

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2022

(Amount Rs.in Lakhs)

| PARTICULARS | NOTE NO. | As at 31.03.2022 | As at 31.03.2021 |
|---|----------|---------------------|---------------------|
| I. ASSETS | | | |
| 1 NON-CURRENT ASSETS | | | |
| (a) Property, plant and equipment | 1 | 16,367.33 | 17,319.76 |
| (b) intangible Assets | 1A | 0.01 | - |
| (c) Right to use Assets | 2 | 90.18 | 25.20 |
| (d) Financial Assets | | | |
| Non-Current Investments | 3 | 328.64 | 328.41 |
| (e) Other non-current assets | 4 | 249.51 | 400.93 |
| TOTAL | | <u>17,035.67</u> | <u>18,074.30</u> |
| 2 CURRENT ASSETS | | | |
| (a) Inventories | 5 | 17,053.26 | 13,999.85 |
| (b) Financial Assets | | | |
| (i) Trade Receivables | 6 | 7,682.45 | 7,295.98 |
| (ii) Cash and cash equivalents | 7 | 82.55 | 453.54 |
| (iii) Bank balance other than (ii) above | 8 | 367.88 | 400.30 |
| (c) Current tax assets (net) | 9 | 247.28 | 155.72 |
| (d) Other Current Assets | 10 | 5,543.63 | 5,159.36 |
| TOTAL | | <u>30,977.05</u> | <u>27,464.75</u> |
| TOTAL ASSETS | | <u>48,012.72</u> | <u>45,539.05</u> |
| II. EQUITY AND LIABILITIES | | | |
| 1 EQUITY | | | |
| (a) Equity Share Capital | 11 | 2,564.90 | 2,564.90 |
| (b) Other Equity | 12 | 4,769.09 | 5,074.37 |
| Equity attributable to shareholders of the Company | | <u>7,333.99</u> | <u>7,639.27</u> |
| Non- Controlling Interest Equity | | (391.96) | - |
| TOTAL | | <u>6,942.03</u> | <u>7,639.27</u> |
| 2 LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 13 | 7,059.20 | 8,357.17 |
| (ii) Lease Liabilities | 14 | 53.38 | 9.57 |
| (iii) Other financial liabilities | 15 | 597.02 | 486.81 |
| (b) Long-term Provisions | 16 | 711.35 | 638.06 |
| (c) Deferred Tax Liabilities (Net) | 17 | 194.51 | 102.30 |
| (d) Government grants | 18 | 472.13 | 447.23 |
| TOTAL | | <u>9,087.59</u> | <u>10,041.14</u> |
| CURRENT LIABILITIES | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 19 | 15,340.05 | 13,849.89 |
| (ii) Lease Liability | 20 | 38.26 | 17.20 |
| (iii) Trade Payable -Micro and small enterprise | 21 | 95.20 | 57.67 |
| (iv) Trade payable - others | 21 | 16,046.24 | 13,316.22 |
| (b) Other current liabilities | 22 | 233.36 | 422.91 |
| (c) Short-term provisions | 23 | 59.36 | 59.12 |
| (d) Government grants | 24 | 170.63 | 135.63 |
| TOTAL | | <u>31,983.10</u> | <u>27,858.64</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>48,012.72</u> | <u>45,539.05</u> |
| Significant of Accounting Policies | 34 | | |
| The notes form an integral part of these financial statements | 35 to 58 | | |

As per our report of even date

For **MOHAN & VENKATARAMAN**
Chartered Accountants

V KARTHIKEYAN
Partner

Place : Coimbatore
Date : 27.05.2022

Membership No.208828
Firm Regn. No.007321S

For and on behalf of the Board of Directors

KG BAALAKRISHNAN
Executive Chairman
DIN : 00002174

P KRISHNAVENI
Company Secretary

B SRIRAMULU
Managing Director
DIN : 00002560

S MANICKAM
Chief Financial Officer

B SRIHARI
Managing Director
DIN : 00002556

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2022 (Amount Rs.in Lakhs) Except EPS

| PARTICULARS | NOTE NO. | Year ended 31.03.2022 | Year ended 31.03.2021 |
|--|----------|--------------------------|--------------------------|
| I INCOME | | | |
| Revenue from operations | 25 | 61,157.09 | 43,589.07 |
| Other Income | 26 | 627.40 | 228.86 |
| Total Income | | 61,784.49 | 43,817.93 |
| II EXPENSES | | | |
| Cost of materials consumed | 27 | 36,935.26 | 22,130.66 |
| Purchases of Stock-in-Trade | 28 | 3,314.18 | 1,102.60 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 29 | (3,273.24) | 862.69 |
| Other Manufacturing Expenses | 30 | 11,730.69 | 9,331.16 |
| Employee Benefits Expense | 31 | 5,934.12 | 4,676.20 |
| Finance Costs | 32 | 2,503.47 | 2,280.62 |
| Depreciation and Amortization Expense | | 1,572.58 | 1,549.10 |
| Other Expenses | 33 | 3,814.28 | 3,065.10 |
| Total Expenses | | 62,531.34 | 44,998.13 |
| III Profit before exceptional items and tax | | (746.85) | (1,180.20) |
| IV Exceptional Items | | - | - |
| V Profit before tax (III-IV) | | (746.85) | (1,180.20) |
| VI Tax Expense : | | | |
| (1) Current Tax | | - | - |
| (2) MAT Credit Entitlement | | - | - |
| (3) Deferred Tax | | 92.21 | (520.71) |
| (4) Prior Year Tax | | - | - |
| Total | | 92.21 | (520.71) |
| VII Profit (Loss) for the period from continuing operations (V-VI) | | (839.06) | (659.49) |
| VIII Other Comprehensive Income (Net of Tax) | | | |
| Items that will not reclassified to Profit or Loss | | | |
| Fair value of Equity Instruments | | 0.23 | (0.91) |
| Gratuity valuations through OCI | | (8.41) | 141.01 |
| Profit/(loss) (after tax) (VII) | | (8.18) | 140.10 |
| IX Total Comprehensive Income for the year (VII+VIII) | | (847.24) | (519.39) |
| Profit for the year attributable to: | | | |
| Shareholder of the Company | | (804.24) | - |
| Non-controllable interest | | (34.82) | - |
| | | (839.06) | - |
| Other Comprehensive Income for the year attributable to: | | | |
| Shareholder of the Company | | (8.93) | - |
| Non-controllable interest | | 0.75 | - |
| | | (8.18) | - |
| Total Comprehensive Income for the year attributable to: | | | |
| Shareholder of the Company | | (813.17) | - |
| Non-controllable interest | | (34.07) | - |
| | | (847.24) | - |
| X Earnings per equity share (Face value of Rs.10 each) | | | |
| (1) Basic (in Rs.) | | (3.14) | (2.57) |
| (2) Diluted (in Rs.) | | (3.14) | (2.57) |
| Weighted Number of Equity Shares | | 2,56,37,825 | 2,56,37,825 |
| Significant Accounting Policies | 34 | | |
| The notes form an integral part of these financial statements | 35 to 58 | | |

As per our report of even date

For **MOHAN & VENKATARAMAN**
Chartered Accountants

V KARTHIKEYAN
Partner

Place : Coimbatore
Date : 27.05.2022

Membership No.208828
Firm Regn. No.007321S

For and on behalf of the Board of Directors

KG BAALAKRISHNAN
Executive Chairman
DIN : 00002174

P KRISHNAVENI
Company Secretary

B SRIRAMULU
Managing Director
DIN : 00002560

S MANICKAM
Chief Financial Officer

B SRIHARI
Managing Director
DIN : 00002556

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2022

(Amount Rs.in Lakhs)

| PARTICULARS | Year ended 31.03.2022 | Year ended 31.03.2021 |
|--|--------------------------|--------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net profit before tax and extraordinary items | (746.85) | (1,180.20) |
| Adjustments for: | | |
| Fair Valuation of Instruments | 0.23 | (0.91) |
| Depreciation and Amortization expenses | 1,572.58 | 1,549.10 |
| Provision for Doubtful Debts | 166.68 | 147.19 |
| Loss/Profit on sale of Fixed assets | 0.67 | (5.67) |
| Apportioned on Government Grants | (254.38) | (135.63) |
| Finance Cost | 2,503.47 | 2,280.62 |
| Operating Profit before working capital changes | 3,242.40 | 2,654.50 |
| Adjustments for: | | |
| (Increase)/Decrease in Trade and other receivables | (644.70) | (2,210.18) |
| (Increase)/Decrease in Inventories | (3,053.41) | 352.93 |
| (Increase)/Decrease in Other Non current assets | 62.31 | 32.83 |
| (Increase)/Decrease in Other current assets | (374.95) | (63.50) |
| Increase/(Decrease) in Trade and other payables | 2,779.10 | (818.46) |
| Increase/(Decrease) in Provisions | 73.54 | (65.61) |
| Increase/(Decrease) in Gratuity Valuation through OCI | (8.41) | 141.01 |
| Cash generated from operations | 2,075.88 | 23.52 |
| Cash flow before extraordinary items | 2,075.88 | 23.52 |
| Cash flow after extraordinary items | 2,075.88 | 23.52 |
| Income Tax | - | - |
| Net cash (used in)/generated from operating activities | 2,075.88 | 23.52 |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Sale proceeds of property, plant and equipment | 1.72 | 14.58 |
| Investments | (0.23) | (0.91) |
| Purchase of property, plant and equipment | (598.42) | (327.59) |
| Capital Subsidy Received | 314.28 | - |
| Margin money deposit with bank | 23.08 | (43.04) |
| Net cash (used in)/generated from investing activities | (259.57) | (355.14) |
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Proceeds/Repayment from Long Term Borrowings | (640.84) | 1,983.19 |
| Proceeds /Repayment from Short Term Borrowings | 833.03 | 721.88 |
| Increase in paid up capital in subsidiary company | 150.00 | - |
| Interest paid | (2,503.47) | (2,280.62) |
| Repayment to lease liabilities | (26.02) | (16.43) |
| Net cash (used in)/generated from financing activities | (2,187.30) | 408.02 |
| Net Increase in cash and cash equivalents | (370.99) | 76.40 |
| Cash and cash equivalents as at 1st April, 2021/2020 (Opening Balance) | 453.54 | 377.14 |
| Cash and cash equivalents as at 31st March, 2022/2021 (Closing Balance) | 82.55 | 453.54 |
| Cash and cash equivalents as per above comprises of the following | | |
| Cash and cash equivalents | 82.55 | 453.54 |
| Balance as per Statement of Cash Flows | 82.55 | 453.54 |

Notes : The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, 'Statement of Cash Flows'.

As per our report of even date

For **MOHAN & VENKATARAMAN**
Chartered Accountants

V KARTHIKEYAN
Partner

Place : Coimbatore
Date : 27.05.2022

Membership No.208828
Firm Regn. No.007321S

For and on behalf of the Board of Directors

KG BAALAKRISHNAN
Executive Chairman
DIN : 00002174

P KRISHNAVENI
Company Secretary

B SRIRAMULU
Managing Director
DIN : 00002560

S MANICKAM
Chief Financial Officer

B SRIHARI
Managing Director
DIN : 00002556

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2022

A. EQUITY SHARE CAPITAL

(1) Current Reporting Period

(Amount Rs.in Lakhs)

| Balance as at 01.04.2021 | Changes in equity share capital due to prior period errors | Restated balance as at 01.04.2021 | Changes in equity share capital during the current year | Balance as at 31.03.2022 |
|--------------------------|--|-----------------------------------|---|--------------------------|
| 2,564.90 | - | 2,564.90 | - | 2,564.90 |

(2) Previous Reporting Period

| Balance as at 01.04.2020 | Changes in equity share capital due to prior period errors | Restated balance as at 01.04.2020 | Changes in equity share capital during the current year | Balance as at 31.03.2021 |
|--------------------------|--|-----------------------------------|---|--------------------------|
| 2,564.90 | - | 2,564.90 | - | 2,564.90 |

B. OTHER EQUITY

| Particulars | Securities Premium Reserve | Capital Redemption Reserve | General Reserves | Retained Earning | Retained Earning in Jointly controlled Entities | Total Equity | Non Controlling Interest | Total |
|--|----------------------------|----------------------------|------------------|------------------|---|-----------------|--------------------------|-----------------|
| Balance as at 31st March, 2020 | 444.44 | 1.61 | 1,549.28 | 3,598.43 | - | 5,593.76 | - | 5,593.76 |
| Profit / (Loss) | - | - | - | (659.49) | - | (659.49) | - | (659.49) |
| Other Comprehensive Income | - | - | - | 140.10 | - | 140.10 | - | 140.10 |
| Total Comprehensive Income | - | - | - | (519.39) | - | (519.39) | - | (519.39) |
| Balance as at 31st March, 2021 | 444.44 | 1.61 | 1,549.28 | 3,079.04 | - | 5,074.37 | - | 5,074.37 |
| On Allotment of Shares by Subsidiary Company | - | - | - | - | 507.89 | 507.89 | (357.89) | 150.00 |
| Profit / (Loss) | - | - | - | (699.76) | (104.48) | (804.24) | (34.82) | (839.06) |
| Other Comprehensive income | - | - | - | (11.19) | 2.26 | (8.93) | 0.75 | (8.18) |
| Total Comprehensive Income | - | - | - | (710.95) | (102.22) | (813.17) | (34.07) | (847.24) |
| Balance as at 31st March, 2022 | 444.44 | 1.61 | 1,549.28 | 2,368.09 | 405.67 | 4,769.09 | (391.96) | 4,377.13 |

As per our report of even date

For **MOHAN & VENKATARAMAN**
Chartered Accountants

V KARTHIKEYAN
Partner

Place : Coimbatore
Date : 27.05.2022

Membership No.208828
Firm Regn. No.007321S

For and on behalf of the Board of Directors

KG BAALAKRISHNAN
Executive Chairman
DIN : 00002174

P KRISHNAVENI
Company Secretary

B SRIRAMULU
Managing Director
DIN : 00002560

S MANICKAM
Chief Financial Officer

B SRIHARI
Managing Director
DIN : 00002556

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

Note 1 - Property Plant & Equipment

(Amount Rs.in Lakhs)

| Fixed Assets | Land | Buildings | Plant & Equipment | Electrical Machinery | Furniture & Fixtures | Vehicles | Office Equipment | other (Specify nature) | Total |
|---------------------------------|-----------------|-----------------|-------------------|----------------------|----------------------|---------------|------------------|------------------------|------------------|
| Gross Carrying Value | | | | | | | | | |
| Deemed Cost as at April 1, 2021 | 1,097.98 | 6,078.39 | 16,071.07 | 719.23 | 255.19 | 661.84 | 236.03 | 10.37 | 25,130.10 |
| Additions | - | 90.89 | 400.02 | 5.61 | 16.72 | 48.49 | 36.68 | - | 598.41 |
| brought in to use | - | - | - | - | - | - | - | - | - |
| (-) Disposals | - | - | 0.44 | - | - | 2.06 | - | - | 2.50 |
| As at March 31, 2022 | 1,097.98 | 6,169.28 | 16,470.65 | 724.84 | 271.91 | 708.27 | 272.71 | 10.37 | 25,726.01 |
| Depreciation | | | | | | | | | |
| As at April, 2021 | - | 1,094.82 | 5,788.59 | 287.82 | 119.61 | 373.05 | 140.88 | 5.57 | 7,810.34 |
| Depreciation for the year | - | 188.98 | 1,174.40 | 62.01 | 21.63 | 76.49 | 22.14 | 2.79 | 1,548.44 |
| (-) On Disposals | - | - | 0.10 | - | - | - | - | - | 0.10 |
| As at March 31, 2022 | - | 1,283.80 | 6,962.89 | 349.83 | 141.24 | 449.54 | 163.02 | 8.36 | 9,358.68 |
| Net Carrying Value | | | | | | | | | |
| As at March 31, 2022 | 1,097.98 | 4,885.48 | 9,507.76 | 375.01 | 130.67 | 258.73 | 109.69 | 2.01 | 16,367.33 |
| As at March 31, 2021 | 1,097.98 | 4,983.57 | 10,282.48 | 431.41 | 135.58 | 288.79 | 95.15 | 4.80 | 17,319.76 |

Note :

1. Building includes Prayer Hall and Gold plating thereon of Rs. 109.14 Lakhs in Gross Carrying value, Rs.18.17 Lakhs in Depreciation Block and Rs.90.97 Lakhs in Net Block (Previous year Rs.109.14 Lakhs in Gross Carrying value, Rs.16.05 Lakhs in Depreciation Block and Rs.93.09 lakhs in Net Block)
2. Furniture & Fittings includes Prayer Hall of Rs.4.47 Lakhs in Gross Carrying value, Rs.3.78 Lakhs in Depreciation Block and Rs.0.69 Lakhs in Net Block (Previous year Rs.4.47 Lakhs in Gross Carrying Value, Rs. 3.78 Lakhs in Depreciation Block and Rs.0.69 Lakhs in Net Block)
3. Title deeds of all the immovable properties are held in the name of the Companies in the Group.
4. The Group has not done any revaluation of property, plant & equipment (including right of use assets) during the year.
5. There is no Capital-work-in progress as on the date of the balance sheet as at 31st March 2022. There is no project which is temporarily suspended.
6. There are no intangible assets under development as on the date of the balance sheet as at 31st March 2022.

Note 1A - Intangible Assets

The changes in the carrying value of acquired intangible assets for the year ended 31st March, 2022

| Particulars | Others | Total |
|---|-------------|-------------|
| Gross carrying value as at 1st April, 2021 | - | - |
| Additions | 0.01 | 0.01 |
| Deletions | - | - |
| Balance as at 31st March, 2022 | 0.01 | 0.01 |
| Accumulated amortisation as at 31st March, 2021 | - | - |
| Amortisation expenses | - | - |
| Deletions | - | - |
| Accumulated amortisation as at 31st March, 2022 | - | - |
| Carrying value as at 1st April, 2021 | - | - |
| Carrying value as at 31st March, 2022 | 0.01 | 0.01 |

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Amount Rs.in Lakhs)

| PARTICULARS | As at 31.03.2022 | As at 31.03.2021 |
|---|---------------------|---------------------|
| NOTE 2 - RIGHT OF USE ASSETS | | |
| Movement during the year | | |
| Deemed Cost as at April 1, 2021 / April 1, 2020 | 49.05 | 148.75 |
| Additions | 89.11 | 26.56 |
| Disposals | <u>(22.50)</u> | <u>(126.26)</u> |
| Balance as at 31st March 2022 / March 2021 | 115.66 | 49.05 |
| Depreciation | | |
| As at April 1, 2021 / April 1, 2020 | 23.85 | 72.97 |
| Additions | 24.13 | 44.13 |
| Disposals | <u>(22.50)</u> | <u>(93.25)</u> |
| Balance as at 31st March 2022 / March 2021 | <u>25.48</u> | <u>23.85</u> |
| Net Block as at 31st March 2022 / March 2021 | <u>90.18</u> | <u>25.20</u> |
| NOTE 3 - INVESTMENTS-NON CURRENT | | |
| A NON-TRADE INVESTMENTS | | |
| Equity (Quoted) | | |
| i Indian Bank - 605 Equity Shares of Rs.10/- each | 0.93 | 0.70 |
| TOTAL - A | <u>0.93</u> | <u>0.70</u> |
| II TRADE INVESTMENTS | | |
| i Sri Kannapiran Mills Limited | 327.46 | 327.46 |
| 3,31,588 Equity Shares of Rs.10/- each- Quoted | - | - |
| ii Cotton Sourcing Company Ltd | 1.00 | 1.00 |
| 10,000 Equity Shares of Rs.10/- each-Un quoted | | |
| Less : Provision for diminution in the value of Investments | <u>(0.75)</u> | <u>(0.75)</u> |
| SUB-TOTAL | <u>327.71</u> | <u>327.71</u> |
| TOTAL (B = I + II) | <u>327.71</u> | <u>327.71</u> |
| GRAND TOTAL (A+B) | <u>328.64</u> | <u>328.41</u> |
| Aggregate amount of quoted investments | 4.32 | 4.32 |
| Market value of quoted investments | 0.93 | 0.70 |
| Aggregate amount of unquoted investments at cost | 328.46 | 328.46 |
| Aggregate value of impaired investments before impact | 0.75 | 0.75 |
| NOTE 4 - OTHER NON CURRENT ASSETS | | |
| a. Capital Advances | | |
| Advance for Capital Goods - Un secured Considered good | 226.77 | 378.93 |
| Others | - | - |
| | <u>226.77</u> | <u>378.93</u> |
| b. Security Deposits | | |
| Security Deposits - Un secured considered good | 22.74 | 22.00 |
| | <u>22.74</u> | <u>22.00</u> |
| Total | <u>249.51</u> | <u>400.93</u> |
| NOTE 5 - INVENTORIES | | |
| a Raw Materials and components | 2,668.08 | 3,112.89 |
| | - | - |
| | <u>2,668.08</u> | <u>3,112.89</u> |
| b Work-in-progress | <u>3,222.99</u> | <u>2,389.90</u> |
| | <u>3,222.99</u> | <u>2,389.90</u> |
| c Finished goods | 8,230.83 | 6,717.07 |
| Goods-in transit - Fabrics | <u>1,203.24</u> | <u>276.86</u> |
| | <u>9,434.07</u> | <u>6,993.93</u> |

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Amount Rs.in Lakhs)

| PARTICULARS | As at 31.03.2022 | As at 31.03.2021 |
|---|---------------------|---------------------|
| d Stores and Spares | 1,716.93 | 1,486.29 |
| e Others (Specify nature) stock of waste | 11.19 | 16.84 |
| | 11.19 | 16.84 |
| TOTAL | 17,053.26 | 13,999.85 |

Mode of valuation : Refer note 34.2(e) in Significant Accounting Policies.

NOTE 6 - TRADE RECEIVABLES

| | | |
|---|-----------------|-----------------|
| Current Receivables | | |
| Trade receivables Unsecured Considered good | 7,682.45 | 7,295.98 |
| Trade receivables Unsecured -Doubtful Debts | 313.98 | 147.19 |
| Less: Provision for Doubtful Debts | (313.98) | (147.19) |
| TOTAL | 7,682.45 | 7,295.98 |

(Non Current Nil) (Refere Notes for Credit risk and Market risk)

As at 31ST MARCH 2022 - Outstanding for following periods from due date of payment (Amount Rs.in Lakhs)

| Particulars | Less than 6 Months | 6 Months- 1 Year | 1-2 Years | 2-3 Years | >3 Years | Total |
|---|-----------------------|---------------------|---------------|---------------|---------------|-----------------|
| (i) Undisputed Trade Receivables-considered good | 6,635.38 | 518.13 | 235.83 | 149.01 | 144.10 | 7,682.45 |
| (ii) Undisputed Trade Receivables-which have Significant increase in credit risk | 72.92 | 10.12 | 10.40 | 76.44 | 144.10 | 313.98 |
| (iii) Undisputed Trade Receivables-credit impaired | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables-considered good | - | - | - | - | - | - |
| (v) Disputed Trade Receivables-which have Significant increase in credit risk | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables-Credit impaired | - | - | - | - | - | - |
| TOTAL | 6,708.30 | 528.25 | 246.23 | 225.45 | 288.20 | 7,996.43 |

As at 31ST MARCH 2021-Outstanding for following periods from due date of payment

| Particulars | Less than 6 Months | 6 Months- 1 Year | 1-2 Years | 2-3 Years | >3 Years | Total |
|---|-----------------------|---------------------|---------------|---------------|----------|-----------------|
| (i) Undisputed Trade Receivables-considered good | 5,610.46 | 1,223.80 | 248.77 | 212.95 | - | 7,295.98 |
| (ii) Undisputed Trade Receivables-which have Significant increase in credit risk | 42.57 | 11.90 | 11.57 | 81.15 | - | 147.19 |
| (iii) Undisputed Trade Receivables-credit impaired | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables-considered good | - | - | - | - | - | - |
| (v) Disputed Trade Receivables-which have Significant increase in credit risk | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables-Credit impaired | - | - | - | - | - | - |
| TOTAL | 5,653.03 | 1,235.70 | 260.34 | 294.10 | - | 7,443.17 |

NOTE 7 - CASH AND CASH EQUIVALENTS

| | | |
|-----------------------|--------------|---------------|
| a Balances with banks | 66.10 | 440.18 |
| b Cash on hand | 16.45 | 13.36 |
| TOTAL | 82.55 | 453.54 |

NOTE 8- OTHER BANK BALANCES

| | | |
|--|---------------|---------------|
| a Others Bank Balances Unclaimed Dividend Account | 49.54 | 58.86 |
| b Others Margin Money Deposits on LC | 318.34 | 341.44 |
| TOTAL | 367.88 | 400.30 |

NOTE 9 - CURRENT TAX ASSETS (NET)

| | | |
|--------------------|---------------|---------------|
| For Duties & Taxes | 247.28 | 155.72 |
| TOTAL | 247.28 | 155.72 |

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Amount Rs.in Lakhs)

| PARTICULARS | As at 31.03.2022 | As at 31.03.2021 |
|---------------------------------------|---------------------|---------------------|
| NOTE 10 - OTHER CURRENT ASSETS | | |
| a. Export incentives Receivable | 378.51 | 459.59 |
| b. IGST Refund Receivable | 267.47 | 337.36 |
| c. REC Certificate Income Receivable | 28.77 | - |
| d. Input Credit GST Receivable | 2,296.88 | 1,808.67 |
| e. Insurance Claim Receivable | 175.27 | - |
| f. Advance for Material Purchase | 1,623.50 | 1,898.78 |
| g. Advances for Expenses/others | 510.16 | 505.28 |
| h. Prepaid Expenses | 263.07 | 149.68 |
| TOTAL | 5,543.63 | 5,159.36 |

NOTE 11 - SHARE CAPITAL

Authorised

| | | |
|--|----------|----------|
| 3,10,00,000 Equity Shares of Rs.10 each | 3,100.00 | 3,100.00 |
| 10,00,000 10% Cumulative Redeemable Preference Shares of Rs.100 each | 1,000.00 | 1,000.00 |

Issued, Subscribed and Paid up Share Capital

| | | |
|---|----------|----------|
| 2,56,37,825 Equity Shares of Rs.10 each | 2,563.78 | 2,563.78 |
|---|----------|----------|

(Previous Year 2,56,37,825 Equity Shares of Rs.10 each)

Add :

| | | |
|--------------------------------|-----------------|-----------------|
| 37,400 forfeited Equity Shares | 1.12 | 1.12 |
| TOTAL | 2,564.90 | 2,564.90 |

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

| Particulars | No. of Shares | 31.03.2022 | No. of Shares | 31.03.2021 |
|------------------------------------|---------------|------------|---------------|------------|
| At the beginning of the year | 25637825 | 2,563.78 | 25637825 | 2,563.78 |
| Outstanding at the end of the year | 25637825 | 2,563.78 | 25637825 | 2,563.78 |

Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having at par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to their shareholding. There are no shares allotted as fully paid without payments being received in cash, bonus shares or shares bought back.

Details of shareholders holding more than 5% shares of total Equity Shares of the Company

| S.No. | Name of Shareholder | 31.03.2022 | | 31.03.2021 | |
|-------|------------------------------|---------------|--------------|---------------|--------------|
| | | No. of Shares | % of holding | No. of Shares | % of holding |
| 1 | Sri Kannapiran Mills Limited | 32,65,183 | 12.74% | 32,65,183 | 12.74% |
| 2 | Shri KG Baalakrishnan | 25,78,560 | 10.06% | 25,78,560 | 10.06% |
| 3 | Shri B Sriramulu | 22,08,659 | 8.61% | 22,08,659 | 8.61% |
| 4 | Shri B Srihari | 22,31,859 | 8.71% | 22,31,859 | 8.71% |
| 5 | Smt T Anandhi | 20,31,000 | 7.92% | 20,31,000 | 7.92% |

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

Disclosure of shareholding of promoters as at March 31, 2022 is as follows

| S.No. | Name of the Promoter | No. of shares at the beginning of the year | Changes during the year | No. of shares at the end of the year | % of total shares | % Changes during the year |
|-------|------------------------------|--|-------------------------|--------------------------------------|-------------------|---------------------------|
| 1 | Sri Kannapiran Mills Limited | 32,65,183 | - | 32,65,183 | 12.74% | - |
| 2 | Shri KG Baalakrishnan | 25,78,560 | - | 25,78,560 | 10.06% | - |
| 3 | Smt B Sathyabama | 5,500 | - | 5,500 | 0.02% | - |
| 4 | Shri B Sriramulu | 22,08,659 | - | 22,08,659 | 8.61% | - |
| 5 | Shri B Srihari | 22,31,859 | - | 22,31,859 | 8.71% | - |
| 6 | Smt T Anandhi | 20,31,000 | - | 20,31,000 | 7.92% | - |
| 7 | Dr G Bakthavathsalam | 1,04,609 | - | 1,04,609 | 0.41% | - |
| | Total | 1,24,25,370 | - | 1,24,25,370 | 48.46% | - |

Disclosure of shareholding of promoters as at March 31, 2021 is as follows

| S.No. | Name of the Promoter | No. of shares at the beginning of the year | Changes during the year | No. of shares at the end of the year | % of total shares | % Changes during the year |
|-------|------------------------------|--|-------------------------|--------------------------------------|-------------------|---------------------------|
| 1 | Sri Kannapiran Mills Limited | 30,65,183 | 2,00,000 | 32,65,183 | 12.74% | 0.78 |
| 2 | Shri KG Baalakrishnan | 25,78,560 | - | 25,78,560 | 10.06% | - |
| 3 | Smt B Sathyabama | 18,86,500 | (18,81,000) | 5,500 | 0.02% | (7.34) |
| 4 | Shri B Sriramulu | 22,08,659 | - | 22,08,659 | 8.61% | - |
| 5 | Shri B Srihari | 22,31,859 | - | 22,31,859 | 8.71% | - |
| 6 | Smt T Anandhi | 1,50,000 | 18,81,000 | 20,31,000 | 7.92% | 7.34 |
| 7 | Dr G Bakthavathsalam | 1,04,609 | - | 1,04,609 | 0.41% | - |
| | Total | 1,22,25,370 | 2,00,000 | 1,24,25,370 | 48.46% | 0.78 |

NOTE 12 - OTHER EQUITY

(Amount Rs.in Lakhs)

| Particulars | Securities Premium Reserve | Capital Redemption Reserve | General Reserves | Retained Earning | Retained Earning in Jointly controlled Entities | Total Equity | Non Controlling Interest | Total |
|--|----------------------------|----------------------------|------------------|------------------|---|-----------------|--------------------------|-----------------|
| Balance as at 31st March, 2020 | 444.44 | 1.61 | 1,549.28 | 3,598.43 | - | 5,593.76 | - | 5,593.76 |
| Profit / (Loss) | - | - | - | (659.49) | - | (659.49) | - | (659.49) |
| Other Comprehensive Income | - | - | - | 140.10 | - | 140.10 | - | 140.10 |
| Total Comprehensive Income | - | - | - | (519.39) | - | (519.39) | - | (519.39) |
| Balance as at 31st March, 2021 | 444.44 | 1.61 | 1,549.28 | 3,079.04 | - | 5,074.37 | - | 5,074.37 |
| On Allotment of Shares by Subsidiary Company | - | - | - | - | 507.89 | 507.89 | (357.89) | 150.00 |
| Profit / (Loss) | - | - | - | (699.76) | (104.48) | (804.24) | (34.82) | (839.06) |
| Other Comprehensive income | - | - | - | (11.19) | 2.26 | (8.93) | 0.75 | (8.18) |
| Total Comprehensive Income | - | - | - | (710.95) | (102.22) | (813.17) | (34.07) | (847.24) |
| Balance as at 31st March, 2022 | 444.44 | 1.61 | 1,549.28 | 2,368.09 | 405.67 | 4,769.09 | (391.96) | 4,377.13 |

NOTE 13 - FINANCIAL LIABILITIES

LONG TERM BORROWINGS

Secured

a) Term Loans

Indian Rupee Loan

from banks (Secured)

6,203.70

7,666.47

from Others - property loan

805.67

666.52

b) Long term maturities of finance lease obligations

(Secured By Vehicles on Hire purchase loan)

49.83

24.18

There is no case of continuing default as on the balance sheet date in repayment of loans and interest

TOTAL

7,059.20

8,357.17

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 Ltd. (SIB) are secured by first pari passu charge on (a) all immovable properties situated in (i) 102.1897 acres of land at Jadayampalayam, Alangombu and Karamadai villages in Mettupalayam Taluk, Coimbatore District, Tamil Nadu and (ii) 2155.62 sq. meters of land at Amdha Village, Dharampur Taluk, Valsad District, Gujarat through equitable mortgage created with Indian Bank and (b) all plant and machineries including machineries and other movable fixed assets (excluding vehicles charged to financiers, Peelamedu Property, Mumbai Property and Bangalore Property) acquired for the 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.

(Amount Rs.in Lakhs)

| Term Loan Bank | Outstanding | Previous Year | Repayment Months | Commencement from | Last Instalment | Rate of Interest | Previous Rate of interest |
|--------------------------|-------------|---------------|------------------|-------------------|-----------------|------------------|---------------------------|
| Indian Bank TL - IV | 0.00 | 216.16 | 72 | 03.10.2015 | 03.10.2021 | 10.80% | 10.80% |
| Indian Bank TL - VI | 359.00 | 552.30 | 96 | 25.12.2015 | 25.12.2023 | 9.60% | 9.60% |
| Indian Bank TL - VII | 1,142.04 | 1,643.36 | 84 | 15.05.2017 | 15.05.2024 | 10.10% | 10.10% |
| Indian Bank TL - VIII | 309.71 | 407.29 | 84 | 02.02.2018 | 02.02.2025 | 9.60% | 9.60% |
| Indian Bank Corp. Loan | 1,546.23 | 2,278.67 | 60 | 01.10.2018 | 01.10.2023 | 11.05% | 11.05% |
| The South Indian Bank TL | 235.77 | 437.86 | 84 | 25.12.2015 | 25.12.2022 | 11.80% | 11.95% |

Covid Loan : Covid Loan availed from Indian Bank, Union Bank of India and State Bank of India are secured by extension of first charge on current assets and second charge on fixed assets on existing securities including personal guarantee of Shri KG Baalakrishnan.

| Term Loan Bank | Outstanding | Previous Year | Repayment Months | Commencement from | Last Instalment | Rate of Interest | Previous Rate of interest |
|---------------------------|-------------|---------------|------------------|-------------------|-----------------|------------------|---------------------------|
| Indian Bank COVID | 309.33 | 538.85 | 30 | 01.04.2021 | 01.03.2026 | 7.30% | 7.30% |
| Union Bank of India GECL | - | 215.07 | 18 | 01.12.2020 | 31.12.2021 | 8.00% | 8.00% |
| State Bank of India COVID | 17.99 | 149.99 | 18 | 01.12.2020 | 31.05.2022 | 7.40% | 7.40% |

GECLS Loan : GECLS Loan availed from Indian Bank, Union bank of India, State Bank of India and The South Indian Bank are secured by second pari passu charge on the existing fixed assets and current assets. Guarantee cover under National Credit Guarantee Corporation Limited (NCGTC).

| Term Loan Bank | Outstanding | Previous Year | Repayment Months | Commencement from | Last Instalment | Rate of Interest | Previous Rate of interest |
|--------------------------------|-------------|---------------|------------------|-------------------|-----------------|------------------|---------------------------|
| Indian Bank GECL | 2,276.25 | 2,276.86 | 48 | 01.04.2022 | 01.03.2026 | 8.30% | 8.30% |
| Union Bank of India GECL | 497.38 | 516.00 | 48 | 09.02.2021 | 09.01.2025 | 7.60% | 7.60% |
| State Bank of India GECL | 395.00 | 395.00 | 60 | 01.04.2022 | 01.03.2027 | 7.95% | 7.95% |
| The South Indian Bank GECL | 299.55 | 299.55 | 48 | 01.04.2022 | 01.03.2026 | 9.20% | 9.20% |
| Indian Bank GECL-2.0 | 1,138.92 | - | 48 | 01.01.2024 | 01.01.2028 | 8.30% | - |
| Union Bank of India GECL-2.0 | 259.00 | - | 48 | 01.01.2024 | 01.01.2028 | 7.85% | - |
| State Bank of India GECL -2.0 | 197.99 | - | 48 | 01.01.2024 | 01.01.2028 | 7.95% | - |
| The South Indian Bank GECL-2.0 | 150.00 | - | 36 | 01.01.2024 | 01.01.2027 | 9.25% | - |

The Company has availed a Term Loan from ICICI Bank Ltd and Tata Capital Financial Services Ltd. ICICI Bank Ltd is having an exclusive charge on the Bangalore office property and Tata Capital Financial Services Ltd is having an exclusive charge on 24.25 acres of land situated at Jadayampalayam.

| Term Loan Bank | Outstanding | Previous Year | Repayment Months | Commencement from | Last Instalment | Rate of Interest | Previous Rate of interest |
|-------------------------------------|-------------|---------------|------------------|-------------------|-----------------|------------------|---------------------------|
| ICICI Bank Ltd | 183.50 | 207.96 | 120 | 05.05.2017 | 05.05.2027 | 8.50% | 8.60% |
| TataCapital Financial Services Ltd. | 666.65 | 845.57 | 84 | 15.10.2019 | 15.09.2026 | 11.50% | 11.00% |
| TataCapital Financial Services Ltd. | 282.01 | - | 48 | 01.01.2024 | 01.01.2027 | 10.00% | - |

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Amount Rs.in Lakhs)

| PARTICULARS | As at 31.03.2022 | As at 31.03.2021 |
|--|---------------------|---------------------|
| NOTE 14 - LEASE LIABILITIES | | |
| Lease Liabilities | 53.38 | 9.57 |
| TOTAL | 53.38 | 9.57 |
| NOTE 15 - OTHER FINANCIAL LIABILITIES | | |
| a) Others (Security Deposits) | 597.02 | 486.81 |
| TOTAL | 597.02 | 486.81 |
| NOTE 16 - LONG TERM PROVISIONS | | |
| a) Provision for employee benefits | | |
| Gratuity (unfunded) | 711.35 | 638.06 |
| TOTAL | 711.35 | 638.06 |
| NOTE 17 - DEFERRED TAX LIABILITIES (NET) | | |
| Opening balance | 102.30 | 623.01 |
| Add : Provision for the year | 92.21 | (520.71) |
| Net Deferred Tax Liability | 194.51 | 102.30 |
| NOTE 18 - GOVERNMENT GRANTS | | |
| Government Grants | 472.13 | 447.23 |
| | 472.13 | 447.23 |
| NOTE 19 - SHORT TERM BORROWINGS | | |
| <u>Secured</u> | | |
| a) Loans repayable on demand | | |
| Working Capital Loan from Banks (Secured) | 11,069.79 | 9,678.18 |
| Working Capital Loan from Banks (Unsecured) | 968.55 | 1,527.13 |
| b) Current Maturities of Long Term Borrowings | | |
| a) Current Maturities of Long Term Debit-Secured | 3,256.98 | 2,469.15 |
| b) Current Maturities of Finance institutions | 44.73 | 175.43 |
| There are no case of default in repayment of loan and interest as on date of Balance Sheet | | |
| TOTAL | 15,340.05 | 13,849.89 |

Security Clause

a. Holding Company

Working Capital facilities from Indian Bank Consortium Indian Bank, State Bank of India, The South Indian Bank Limited and Union Bank of India are secured by a first pari passu charge on the whole of the current assets through Deed of Hypothecation and second pari passu charge on (a) all the immovable properties situated in (i) 102.1897 acres of land at Jadayampalayam, Alangombu and Karamadai Village 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 & Bangalore property) through Deed of Hypothecation. The entire Working Capital Facilities are also guaranteed by Shri KG Baalakrishnan, Executive Chairman.

b. Subsidiary

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.

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Amount Rs.in Lakhs)

| PARTICULARS | As at 31.03.2022 | As at 31.03.2021 |
|---|---------------------|---------------------|
| NOTE 20 - LEASE LIABILITY | | |
| Lease Liability | 38.26 | 17.20 |
| TOTAL | 38.26 | 17.20 |
| NOTE 21 - TRADE PAYABLES | | |
| Trade payables | | |
| For Dues of Micro, Small and Medium Enterprises | 95.20 | 57.67 |
| For Other Dues | 16,046.24 | 13,316.22 |
| TOTAL | 16,141.44 | 13,373.89 |

TRADE PAYABLE AGEING SCHEDULE

As at 31ST MARCH 2022

| Trade Payable | <1 Year | 1-2 Years | 2-3 Years | >3 Years | Total |
|-----------------|------------------|---------------|-----------|----------|------------------|
| MSME | 95.20 | - | - | - | 95.20 |
| Others | 15,203.65 | 842.59 | - | - | 16,046.24 |
| Disputed MSME | - | - | - | - | - |
| Disputed others | - | - | - | - | - |
| TOTAL | 15,298.85 | 842.59 | - | - | 16,141.44 |

As at 31ST MARCH 2021

| Trade Payable | <1 Year | 1-2 Years | 2-3 Years | >3 Years | Total |
|-----------------|------------------|-----------|-----------|----------|------------------|
| MSME | 57.67 | - | - | - | 57.67 |
| Others | 13,316.22 | - | - | - | 13,316.22 |
| Disputed MSME | - | - | - | - | - |
| Disputed others | - | - | - | - | - |
| TOTAL | 13,373.89 | - | - | - | 13,373.89 |

Note : Dues to Micro, Small and Medium Enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows.

| Particulars | As at 31.03.2022 Current | As at 31.03.2021 Current |
|---|--------------------------------|--------------------------------|
| a) The principal amount remaining unpaid to any supplier at the end of the year | 95.20 | 57.67 |
| b) Interest due remaining unpaid to any supplier at the end of the year | - | - |
| c) The amount of interest paid by the buyer in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year | - | - |
| d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | - | - |
| e) The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| f) The amount of further interest due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act, 2006 | - | - |

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006", is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per intimation received from them on requests made by the Company.

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Amount Rs.in Lakhs)

| PARTICULARS | 31.03.2022 | 31.03.2021 |
|--|------------------|------------------|
| NOTE 22 - OTHER CURRENT LIABILITIES | | |
| a) Customer Credit Balance | 85.91 | 156.81 |
| b) Duties and Taxes | 61.16 | 62.03 |
| c) Creditors for Capital goods | 36.75 | 145.21 |
| d) Unpaid (Unclaimed) Equity Dividend | 49.54 | 58.86 |
| TOTAL | 233.36 | 422.91 |
| There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Companies in the Group during the year ended 31 st March 2022 of Rs.9,09,612/-. (Previous Year Rs.8,77,867/-). | | |
| NOTE 23 - SHORT TERM PROVISIONS | | |
| a) Provision for employee benefits | | |
| Gratuity (unfunded) | 59.36 | 59.12 |
| TOTAL | 59.36 | 59.12 |
| NOTE 24 - GOVERNMENT GRANTS | | |
| Government Grants | 170.63 | 135.63 |
| | 170.63 | 135.63 |
| NOTE 25 - REVENUE FROM OPERATIONS | | |
| Sale of products | 54,774.58 | 38,197.67 |
| Sale of services - Job work | 1,286.47 | 1,723.31 |
| Other operating revenues : Waste Cotton / Yarn / Accessories sales | 3,802.03 | 2,555.74 |
| Export Incentives | 1,294.01 | 1,112.35 |
| TOTAL | 61,157.09 | 43,589.07 |
| NOTE 26 - OTHER INCOME | | |
| Interest Income | 100.11 | 74.23 |
| Apportioned Income From Govt. Grant | 254.38 | 135.63 |
| Miscellaneous Income | 83.40 | 25.02 |
| Dividend Income | 0.01 | - |
| Insurance Claim Received | 162.56 | 6.02 |
| Profit/loss on sale of fixed assets | - | 7.23 |
| Exchange Gain on Export Sales | 26.94 | (22.36) |
| Other non-operating income (net of expenses directly attributed to such income) | - | 3.09 |
| TOTAL | 627.40 | 228.86 |
| NOTE 27 - COST OF MATERIALS CONSUMED | | |
| Opening Stock | 3,114.69 | 3,081.82 |
| Purchases | 36,488.65 | 22,163.53 |
| Sub-total | 39,603.34 | 25,245.35 |
| Less : Closing stock | 2,668.08 | 3,114.69 |
| Raw materials consumed | 36,935.26 | 22,130.66 |
| NOTE 28 - PURCHASES OF STOCK-IN-TRADE | | |
| Garments purchase | 1,958.58 | 1,102.60 |
| Yarn Purchase | 918.38 | - |
| Fabric Purchase | 437.22 | - |
| TOTAL | 3,314.18 | 1,102.60 |

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Amount Rs.in Lakhs)

| PARTICULARS | 31.03.2022 | 31.03.2021 |
|---|-------------------|------------------|
| NOTE 29 - CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE | | |
| Opening Stock : | | |
| Work-in-process | 2,389.90 | 1,928.10 |
| Finished Goods | 6,993.93 | 8,138.42 |
| | <u>9,383.83</u> | <u>10,246.52</u> |
| Closing Stock : | | |
| Work-in-process | 3,222.99 | 2,389.90 |
| Finished Goods | 9,434.07 | 6,993.93 |
| | <u>12,657.06</u> | <u>9,383.83</u> |
| TOTAL | <u>(3,273.24)</u> | <u>862.69</u> |
| NOTE 30 - OTHER MANUFACTURING EXPENSES | | |
| a) Power & Fuel | 8,131.69 | 5,565.37 |
| b) Consumptions of Stores & Spare Parts | 440.73 | 195.82 |
| c) Processing Charges | 1,534.61 | 2,527.62 |
| d) Repairs & Maintenance | | |
| For Plant & Machinery | 1,251.97 | 737.97 |
| For Buildings | 133.60 | 119.91 |
| For Others | 238.09 | 184.47 |
| TOTAL | <u>11,730.69</u> | <u>9,331.16</u> |
| NOTE 31 - EMPLOYEE BENEFITS EXPENSE | | |
| a) Salaries and Wages | 5,280.84 | 4,039.70 |
| b) Salaries - Managing Directors | 156.00 | 156.00 |
| c) Contributions to Provident fund and other funds | 211.48 | 184.39 |
| d) Gratuity as per actuarial valuations | 113.71 | 122.70 |
| e) Staff welfare expenses | 172.09 | 173.41 |
| TOTAL | <u>5,934.12</u> | <u>4,676.20</u> |
| NOTE 32 - FINANCE COSTS | | |
| Interest Expense | 2,086.58 | 2,026.78 |
| Other borrowing costs | 419.84 | 249.36 |
| Applicable net gain/loss on foreign currency transactions and translation | (2.95) | 4.48 |
| TOTAL | <u>2,503.47</u> | <u>2,280.62</u> |
| NOTE 33 - OTHER EXPENSES | | |
| Rent | 114.89 | 72.57 |
| Insurance | 352.87 | 322.35 |
| Rates and taxes, excluding, taxes on income. | 79.66 | 121.74 |
| Payments to the auditor as | | |
| a) as statutory auditor | 6.60 | 5.60 |
| b) for other services | 2.20 | 2.20 |
| Legal, Professional & Consultancy Charges | 136.81 | 131.25 |
| Printing and Stationery | 42.97 | 27.42 |
| Postage, Telegrams and Telephones | 147.30 | 117.51 |
| Traveling Expenses and Maintenance of Vehicles | 515.41 | 305.88 |
| Director Sitting Fees | 5.20 | 4.95 |
| Software Maintenance Expenses | 9.87 | 5.01 |
| Brokerage | 2.87 | 22.15 |
| Commission on Sales | 684.99 | 662.70 |
| Discount on Sales | 185.84 | 99.83 |
| Selling Expenses | 431.38 | 272.10 |
| Freight Outwards | 608.86 | 460.68 |
| Provision for Doubtful Debts | 166.68 | 147.19 |
| Prayer Hall Repairs and maintenance | 16.74 | 11.69 |
| Corporate Social Responsibility Expenses | - | 5.00 |
| Bad Debts Written off | 1.60 | 45.76 |
| Miscellaneous expenses, | 154.35 | 209.98 |
| Loss on sale of Fixed Assets | 0.67 | 1.56 |
| Loss on sale of DEFB Licenses | 146.51 | 9.98 |
| TOTAL | <u>3,814.28</u> | <u>3,065.10</u> |

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

Note :- 34: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

34.1 Principles of consolidation:

The Consolidated financial statements relate to K G Denim Limited and its subsidiaries, have been prepared on a line by line basis by adding together the book values 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 31.03.2022 |
|------------------------------|--------------------------|---|
| Trigger Apparels Limited (*) | India | 75% |
| KG Denim (USA) Inc. | Delaware USA | 100% |

(*) Consequent to the allotment of 15,00,000 equity shares of M/s Trigger Apparels Limited to its promoters through preferential issue on private placement basis on 30.03.2022, M/s. Trigger Apparels Limited ceased as wholly owned subsidiary and became a subsidiary of M/s. K G Denim Limited

34.2 Other Significant Accounting policies:

(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.

The accounting policies are applied consistently to all the periods presented in the financial statements. The financial statements of the Group have been consolidated using uniform accounting policies.

(ii) Historical cost conventions

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 Group'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 Group and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Group 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.

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(c) Property, plant and equipment

The Group 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 a 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 Group 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.

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 Group depreciates its property, plant and equipment over the useful life in the manner prescribed in Schedule II to the Act, and management believes that useful life of assets is 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 the carrying amount. These are included in the Statement of Profit and Loss.

Capital Work-in-Progress comprises the 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 and 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 comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formulas 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.

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(f) Lessee

Operating Lease

The Group has adopted the accounting standard Ind AS 116 "Leases". Ind AS 116 is a single lessee accounting model and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors.

As a lessee: The Group's lease assets primarily consist of office premises which are of the short-term lease with the term of twelve months or less and low value leases. For these short term and low value leases, the Group has recognized the lease payments as an expense in the Statement of Profit and Loss on a straight-line basis over the term of lease. At the date of commencement of the lease, the Group recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised. The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option. Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

As a lessor: Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from the operating lease is recognised on a straight-line basis over the term of the relevant lease unless the receipts are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

(g) Investments and other financial assets

(i) Classification

The Group 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 amortized cost.

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

(ii) Measurement

At initial recognition, the Group 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 Group measures the expected credit loss associated with its assets based on historical trends, 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.

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(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 interests and borrowing costs are charged to the Statement of Profit and Loss.

(m) Provisions and contingent liabilities

Provisions are recognised when the Group 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 Group 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.

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

Sale of goods

The Group earns revenue primarily from sale of manufactured goods (fabric, home textiles and garments). It has applied the principles laid down in Ind AS 115. In case of sale to domestic customers, sale is made on ex-factory basis and revenue is recognized when the goods are dispatched from the factory gate. In case of export sales, revenue is recognized on shipment date, when performance obligation is met.

Revenue from services

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

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

Export Incentive

Export incentives under various schemes notified by government are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Dividend Income

Dividend income from investment is recognized when the Group's right to receive is established which generally occurs when the shareholders approve the dividend.

Insurance claims

Insurance claims are accounted for to the extent the Group is reasonably certain of their ultimate collection.

(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. Group'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.

(ii) 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 Group'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 expected 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.

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 Group 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 Group 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 Group will pay normal income tax during the specified period.

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(r) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group
- 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 Group 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.

Estimation of defined benefit obligation.

Note : 35 : 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 Group 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 used 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 Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation cheque :

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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 significant effect on the recorded fair value that are not based on observable market data.

(Amount Rs.in Lakhs)

| Financial Assets and Liabilities as at 31st March 2022 | Non current | Current | Total | Level 1 | Level 2 | Level 3 | Total |
|--|-----------------|------------------|------------------|-------------|---------|------------------|------------------|
| Financial Assets | | | | | | | |
| Investments | | | | | | | |
| Equity instruments | 328.64 | - | 328.64 | 0.93 | - | 327.71 | 328.64 |
| Other Assets | | | | | | | |
| Trade Receivables | - | 7,682.45 | 7,682.45 | - | - | 7,682.45 | 7,682.45 |
| Cash and cash equivalents | - | 82.55 | 82.55 | - | - | 82.55 | 82.55 |
| Other Bank balances | - | 367.88 | 367.88 | - | - | 367.88 | 367.88 |
| Other Financial Assets | - | - | - | - | - | - | - |
| Sub-Total | - | 8,132.88 | 8,132.88 | - | - | 8,132.88 | 8,132.88 |
| Total | 328.64 | 8,132.88 | 8,461.52 | 0.93 | - | 8,460.59 | 8,461.52 |
| Financial Liabilities | | | | | | | |
| Borrowings | 7,059.20 | 15,340.05 | 22,399.25 | - | - | 22,399.25 | 22,399.25 |
| Lease Liability | 53.38 | 38.26 | 91.64 | - | - | 91.64 | 91.64 |
| Trade payables | - | 16,141.44 | 16,141.44 | - | - | 16,141.44 | 16,141.44 |
| Other Financial Liabilities | 597.02 | - | 597.02 | - | - | 597.02 | 597.02 |
| Total | 7,709.60 | 31,519.75 | 39,229.35 | - | - | 39,229.35 | 39,229.35 |

| Financial Assets and Liabilities as at 31st March 2021 | Non current | Current | Total | Level 1 | Level 2 | Level 3 | Total |
|--|-----------------|------------------|------------------|-------------|---------|------------------|------------------|
| Financial Assets | | | | | | | |
| Investments | | | | | | | |
| Equity instruments | 328.41 | - | 328.41 | 0.70 | - | 327.71 | 328.41 |
| Other Assets | | | | | | | |
| Trade Receivables | - | 7,295.98 | 7,295.98 | - | - | 7,295.98 | 7,295.98 |
| Cash and cash equivalents | - | 453.54 | 453.54 | - | - | 453.54 | 453.54 |
| Other Bank balances | - | 400.30 | 400.30 | - | - | 400.30 | 400.30 |
| Other Financial Assets | - | - | - | - | - | - | - |
| Sub-Total | - | 8,149.82 | 8,149.82 | - | - | 8,149.82 | 8,149.82 |
| Total | 328.41 | 8,149.82 | 8,478.23 | 0.70 | - | 8,477.53 | 8,478.23 |
| Financial Liabilities | | | | | | | |
| Borrowings | 8,357.17 | 13,849.89 | 22,207.06 | - | - | 22,207.06 | 22,207.06 |
| Lease Liability | 9.57 | 17.20 | 26.77 | - | - | 26.77 | 26.77 |
| Trade payables | - | 13,373.89 | 13,373.89 | - | - | 13,373.89 | 13,373.89 |
| Other Financial Liabilities | 486.81 | - | 486.81 | - | - | 486.81 | 486.81 |
| Total | 8,853.55 | 27,240.98 | 36,094.53 | - | - | 36,094.53 | 36,094.53 |

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Note :- 36 - FINANCIAL RISK MANAGEMENT

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 Group 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 Group considers the probability of default upon initial recognition of an 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 assets as at the reporting date with the risk of default 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 Group'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 Group 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 Group does not hold collateral security. The Group evaluated 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.

During the year adequate provision for Doubtful Debts is provided which includes export and domestic receivables.

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Financial risk management objectives and policies

The Group 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 statement 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 Group manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends 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.

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 Group had no undrawn borrowing facilities at the end of the reporting period:

(ii) Maturity patterns of borrowings

(Amount Rs.in Lakhs)

| | As at 31st March, 2022 | | | | As at 31st March, 2021 | | | |
|---|------------------------|-----------------|----------------|------------------|------------------------|-----------------|----------------|------------------|
| | 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) | 3,301.71 | 6,711.15 | 348.05 | 10,360.91 | 2,644.58 | 8,229.07 | 128.10 | 11,001.75 |
| Short term borrowings | 12,038.34 | - | - | 12,038.34 | 11,205.31 | - | - | 11,205.31 |
| Total | 15,340.05 | 6,711.15 | 348.05 | 22,399.25 | 13,849.89 | 8,229.07 | 128.10 | 22,207.06 |

Maturity patterns of other Financial Liabilities

As at 31st March, 2022

| | 0-3 months | 3-6 months | 6 months to 12 Months | beyond 12 Months | Total |
|---|------------------|-----------------|-----------------------|------------------|------------------|
| Trade Payable | 12,105.11 | 3,926.00 | 110.33 | - | 16,141.44 |
| Lease Liability (Current and Non Current) | 12.81 | 12.98 | 12.47 | 53.38 | 91.64 |
| Other Financial liability (Current and Non current) | - | - | - | 597.02 | 597.02 |
| Total | 12,117.92 | 3,938.98 | 122.80 | 650.40 | 16,830.10 |

As at 31st March, 2021

| | 0-3 months | 3-6 months | 6 months to 12 Months | beyond 12 Months | Total |
|---|----------------|-----------------|-----------------------|------------------|------------------|
| Trade Payable | 6,875.00 | 3,419.00 | 3,079.89 | - | 13,373.89 |
| Lease Liability (Current and Non Current) | 4.00 | 4.00 | 9.20 | 9.57 | 26.77 |
| Other Financial Liability (Current and Non Current) | - | - | - | 486.81 | 486.81 |
| Total | 6879.00 | 3,423.00 | 3,089.09 | 496.38 | 13,887.47 |

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Market Risk- Foreign currency risk.

The Group 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, 2022 | | As at 31st March, 2021 | |
|------------------------------|------------------------|-------|------------------------|-------|
| Forward contracts to buy USD | USD | 38.85 | USD | 17.42 |

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, 2022

Foreign currency in lakhs

| Particulars | USD | EURO | GBP |
|-------------------|-------|------|------|
| Trade Receivables | 40.02 | 2.47 | 0.57 |
| Trade payables | 0.79 | 0.62 | - |

As at 31st March, 2021

Foreign currency in lakhs

| Particulars | USD | EURO | GBP |
|-------------------|-------|------|------|
| Trade Receivables | 11.31 | 3.45 | 0.37 |
| Trade payables | 1.22 | 0.04 | - |

(a) (iii) Market Risk- Price Risk

(a) Exposure

The Group exposure to equity securities traded in stock exchange held by the Group 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 Group'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 Group's equity instruments moved in line with the index.

Impact on profit before tax

(Amount Rs.in Lakhs)

| | 31st March, 2022 | 31st March, 2021 |
|---------------------------------|---------------------|---------------------|
| BSE Sensex -30 - increase in 5% | 0.05 | 0.04 |
| BSE Sensex -30 - decrease in 5% | -0.05 | -0.04 |

The above referred sensitivity pertains to quoted equity investment. Profit for the year would increase / (decrease) as a result of gains/losses on equity securities at fair value through other comprehensive income.

(c) Foreign currency Risk Sensitivity

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

| Particulars | 2021-22 | | 2020-21 | |
|---|---------------|-----------------|--------------|----------------|
| | 5% increase | 5% decrease | 5% increase | 5% decrease |
| USD | 148.42 | (148.42) | 36.39 | (36.39) |
| EURO | 7.81 | (7.81) | 14.21 | (14.21) |
| GBP | 2.84 | (2.84) | 1.91 | (1.91) |
| Increase / (decrease) in profit or loss | 159.07 | (159.07) | 53.08 | (53.08) |

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

NOTE 37 - CAPITAL RISK MANAGEMENT

(a) Risk Management

The Group aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimize returns to our shareholders. The capital structure of the Group 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 the 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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Group'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 Group will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

NOTE 38 - COVID-19

In view of COVID 19 pandemic, the Management has exercised due care, in concluding on significant accounting judgements and estimates, inter-alia, recoverability of receivables, assessment for impairment of inventory based on the information available to date, both internal and external, to the extent relevant, while preparing these financial statements for the year ended March 31, 2022. Based on the assessment of current indicators of future economic conditions, the Management does not envisage any significant impact on its financial position as on March 31, 2022. The impact COVID 19 is a continuing process given the uncertainties associated with its nature and duration and accordingly, the eventual outcome may be different from those estimated as on the date of approval of these financial statements.

NOTE 39 - EARNINGS PER SHARE

(Amount Rs.in Lakhs)

| Particulars | 31st March, 2022 | 31st March, 2021 |
|--|------------------|------------------|
| Earnings Per Share has been computed as under : | | |
| Profit / (Loss) for the year attributable to the shareholders of the company | (804.23) | (659.49) |
| Weighted average number of equity shares outstanding | 2,56,37,825 | 2,56,37,825 |
| Earnings Per Share - Basic (Face Value of Rs.10 per share) | (3.14) | (2.57) |
| Diluted earning per share is same as basic earning per share | (3.14) | (2.57) |

NOTE 40 - EXPORT PROMOTION CAPITAL GOODS (EPCG) & SUBSIDY RECEIVED

Export Promotion Capital Goods (EPCG) scheme allows the 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. TUF subsidy received being a Government Grant is also accounted as stated in the Accounting policy on Government Grant.

NOTE 41 - DETAILS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE

| Particulars | 31st March, 2022 | 31st March, 2021 |
|---|------------------------|------------------------|
| Amount required to be spent under Section 135 of the Companies Act, 2013, by the Company during the year | - | 4.66 |
| Amount of expenditure incurred | - | 4.50 |
| (i) Transfer to KG Denim Trust Foundation for rural hospital | - | 0.50 |
| (ii) On purpose other than (i) above | - | - |
| Shortfall at the end of the year | - | - |
| Total of previous year shortfall | - | - |
| Reasons for shortfall | - | - |
| Nature of CSR activities | Running Rural Hospital | Running Rural Hospital |
| Details of related party transactions KG Denim Trust Foundation :- Managing Directors of K G Denim Limited are the trustees of the KG Denim Trust Foundation | - | 4.50 |
| Movements during the year for provision made with respect to liability incurred by entering into as contractual obligation. | - | - |

NOTE 42 : CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)(Amount Rs.in Lakhs)

(I) Contingent Liabilities

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

| | 2021-22 | 2020-21 |
|--|---------|---------|
| Disputed Excise / Customs duties | 368.17 | 120.43 |
| Disputed Income Tax | 855.86 | 20.30 |
| Legal Case - Claim of Security Deposit | 9.68 | 9.68 |

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) Guarantee

| | 2021-22 | 2020-21 |
|--|---------|---------|
| Guarantee given to Bank for loan to subsidiary | 500.00 | 500.00 |

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

| | 2021-22 | 2020-21 |
|-----------------------------|----------|----------|
| Bills discounted with banks | 2,381.07 | 1,495.82 |

(II) Commitments

There are no contracts remaining to be executed in Capital Account

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NOTE 43 : SEGMENT INFORMATION

Operating Segments:

- a) Textile
- b) Power
- c) Garment

Identification of segments:

The chief operational decision maker monitors the operating results of its business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segments have been identified on the basis of nature of products and other quantitative criteria specified in the Ind As 108.

Segment revenue and results:

The expenses and income which are not directly attributable to any business segment are shown as unallocable expenditure (net of allocable income).

Segment assets and liabilities:

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipment, trade receivables, inventories and other operating assets. Segment liabilities primarily include trade payable and other liabilities. Common assets and liabilities which cannot be allocated to any of the business segment are shown as unallocable assets /liabilities.

Inter segment transfer:

Inter segment revenue are recognized at sales price. The same is based on market price and business risks. Profit or loss on inter segment transfer are eliminated at the group level.

(Amount Rs.in Lakhs)

| S.No. | Particulars | Consolidated | |
|-------|---|-----------------------|-----------------------|
| | | Audited 31.03.2022 | Audited 31.03.2021 |
| 1 | Segment Revenue (Net Sales / Income from Operations) | | |
| | (a) Textiles | 55,310 | 38,024 |
| | (b) Power | 7,557 | 6,008 |
| | (c) Garments | 2,557 | 2,257 |
| | Total | 65,424 | 46,289 |
| | Add: Other Unallocable Income | | |
| | Less: Inter Segment Sales | 3,640 | 2,470 |
| | Net Sales / Income from operations | 61,784 | 43,819 |
| 2 | Segment Results (Profit before Interest & Tax) | | |
| | (a) Textiles | 2,110 | 983 |
| | (b) Power | (457) | 255 |
| | (c) Garments | 103 | (137) |
| | Total | 1,756 | 1,101 |
| | Less: | | |
| | a) Interest & Finance Charges(Net) | 2,503 | 2,281 |
| | b) Other Unallocable expenditure(Net of Unallocable Income) | - | - |
| | Profit Before Extra Ordinary Items & Tax | (747) | (1,180) |
| 3 | Segment Assets | | |
| | (a) Textiles | 37,001 | 34,551 |
| | (b) Power | 7,351 | 8,102 |
| | (c) Garments | 3,661 | 2,886 |
| | Total Segment Assets | 48,013 | 45,539 |
| 3 | Segment Liabilities | | |
| | (a) Textiles | 26,472 | 23,163 |
| | (b) Power | 3,197 | 3,439 |
| | (c) Garments | 2,314 | 1,257 |
| | Total Segment Assets | 31,983 | 27,859 |

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Amount Rs.in Lakhs)

NOTE 44 : Gratuity

Gratuity is provided as per actuarial valuation of the holding company and its subsidiaries.

NOTE 45 : RELATED PARTY DISCLOSURES AS PER Ind AS 24

| Particulars | 2021 - 2022 | | | 2020 - 2021 | | |
|-------------------------------------|-----------------------|--------------------------|---------------------------------------|-----------------------|--------------------------|---------------------------------------|
| | Other Related Parties | Key Management Personnel | Relatives of Key Management Personnel | Other Related Parties | Key Management Personnel | Relatives of Key Management Personnel |
| Purchase of Goods | | | | | | |
| Sri Kannapiran Mills Limited | 3,132.13 | - | - | 3,105.65 | - | - |
| Other related parties | 3,876.99 | - | - | 24.69 | - | - |
| Sale of Goods | | | | | | |
| Sri Kannapiran Mills Limited | 733.86 | - | - | 531.89 | - | - |
| Other related parties | - | - | - | - | - | - |
| Processing / other Charges Paid | | | | | | |
| Sri Kannapiran Mills Limited | 162.33 | - | - | 1,132.02 | - | - |
| Other related parties | 3.90 | - | - | 1.52 | - | - |
| Processing / Other Charges Received | | | | | | |
| Sri Kannapiran Mills Limited | 12.21 | - | - | 42.15 | - | - |
| Other related parties | 57.59 | - | - | 12.25 | - | - |
| Managerial Remuneration | - | 188.70 | 15.00 | - | 183.91 | 10.49 |

NOTE: 45.1 - Balance Outstanding

(Amount Rs.in Lakhs)

| Particulars | as on 31.03.2022 | | | as on 31.03.2021 | | |
|--------------------|-----------------------|--------------------------|---------------------------------------|-----------------------|--------------------------|---------------------------------------|
| | Other Related Parties | Key Management Personnel | Relatives of Key Management Personnel | Other Related Parties | Key Management Personnel | Relatives of Key Management Personnel |
| Trade Receivable | 174.90 | - | - | 10.20 | - | - |
| Trade Payable | 164.54 | - | - | 769.93 | - | - |
| Investments | 327.46 | - | - | 327.46 | - | - |
| Loans and Advances | - | - | - | - | - | - |

NOTE: 45.2

| | |
|--------------------------------------|---|
| Other Related Party | Sri Kannapiran Mills Limited |
| | Sri Balamurugan Textile Processing Limited |
| | Danalakshmi Paper Mills Private Limited |
| Key Management Personnel | Shri KG Baalakrishnan |
| | Shri B Sriramulu |
| | Shri B Srihari |
| | Shri S Manickam |
| | Shri M Balaji (upto 28.10.2021) |
| | Smt P Krishnaveni (with effect from 29.10.2021) |
| Relative of Key Management Personnel | Smt T Anandhi (Daughter of Shri KG Baalakrishnan) |
| | Shri Pranav Sriraman (Son of Shri B Sriramulu) |

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

ADDITIONAL REGULATORY INFORMATION

NOTE 46 : LOANS AND ADVANCES

The Group has not granted any loans or advances in the nature of loans to promoters, directors, KMP & related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person.

NOTE 47 : RELATIONSHIP WITH STRIKE OFF COMPANIES

The transactions and balances with companies which have been removed from Register of Companies (Struck off companies) as at the above reporting periods is Nil for the companies in the Group.

NOTE 48 : SCHEME OF ARRANGEMENTS

The Group has not entered into any "Scheme of Arrangements" during the year ended 31st March 2022.

NOTE 49 : DETAILS OF BENAMI PROPERTY HELD

The Group does not hold any Benami property as defined under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made there under. No proceeding has been initiated or pending against the group for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made there under.

NOTE 50 : COMPLIANCE WITH A NUMBER OF LAYERS OF COMPANIES

The Group is in compliance with the number of layers prescribed under clause (87) of section 2 of the Companies Act read with the Companies (Restriction on Number of Layers) Rules, 2017

NOTE 51 : DETAILS OF CRYPTO CURRENCY OR VIRTUAL CURRENCY

The Group has not traded or invested in crypto currency or virtual currency during the financial year.

NOTE 52 : REGISTRATION OF CHARGES OR SATISFACTION WITH REGISTRAR OF COMPANIES

The Group does not have any charges or satisfaction, which is yet to be registered with ROC beyond the statutory period.

NOTE 53 : The Companies in the Group were not declared as a "willful defaulter" by any bank or financial institution or other lender.

NOTE 54 : The Group has no such transactions which is not recorded in the books of accounts that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (Such as search or survey or any other relevant provisions of Income Tax Act, 1961).

NOTE 55 : The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the intermediary shall:

- i. Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- ii. Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

NOTE 56 : The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding party) with the understanding (whether recorded in writing or otherwise) that the company shall:

- i. Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (Ultimate Beneficiaries) or
- ii. Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

NOTE 57 : APPROVED FINANCIAL STATEMENTS:

The Board of Directors of the Companies in the Group has reviewed the realizable value of all the current assets and has confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognized in the financial statements. In addition, the board has also confirmed the carrying value of the non-current assets in the financial statements. The Board, duly taking into account all the relevant disclosures made, has approved these financial statements in its meeting held on 27th May 2022.

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NOTE 58 : HOLDING AND SUBSIDIARY COMPANY STOCK STATEMENT SUBMISSION WITH BANKS

The Company has borrowed from banks on the basis of security of current assets. Quarterly returns or statements of current assets filed by the Company are not in agreement with books of accounts. Summary of reconciliation and reasons for material discrepancies as at 31st March is given below :

HOLDING COMPANY

(Amount Rs.in Lakhs)

| Particulars | As at March 2022 | As at March 2021 |
|--|------------------|------------------|
| Inventories as per declaration with Bank | 13,619.17 | 11,985.22 |
| Trade receivables as per declaration with Bank | 7,870.06 | 11,432.00 |
| Total (A) | 21,489.23 | 23,417.22 |
| Inventories as per Books | 15,405.32 | 12,720.74 |
| Trade receivables as per Books | 9,373.17 | 9,959.64 |
| Total (B) | 24,778.49 | 22,680.38 |
| Difference in inventories | 1,786.15 | 735.52 |
| Difference in receivables | 1,503.11 | 1,472.36 |
| Total Difference (A)-(B) | 3,289.26 | 736.84 |

The aforesaid difference, were due to the declaration made to the bank before financial reporting closure process. The predominant reason for inventory being higher in financial statement is because of stock valuation as part of year end cut-off procedures. Similarly with respect to trade receivables, the difference is due to the credit notes, discount and other year end provisions in financial statements.

SUBSIDIARY COMPANY - TRIGGER APPARELS LIMITED STOCK STATEMENT SUBMISSION WITH BANKS

| Particulars | As at March 2022 | As at March 2021 |
|--|------------------|------------------|
| Inventories as per declaration with Bank | 1,393.99 | 1,197.33 |
| Trade receivables as per declaration with Bank | 1,434.30 | 981.98 |
| Total (A) | 2,828.29 | 2,179.31 |
| Inventories as per Books | 1,400.73 | 1,203.06 |
| Trade receivables as per Books | 1,471.08 | 986.95 |
| Total (B) | 2,871.81 | 2,190.01 |
| Difference in inventories | 6.74 | 5.73 |
| Difference in receivables | 36.78 | 4.97 |
| Total Difference (A)-(B) | 43.52 | 10.70 |

The aforesaid difference, were due to the declaration made to the bank before financial reporting closure process. The predominant reason for inventory being higher in financial statement is because of stock valuation as part of year end cut-off procedures. Similarly with respect to trade receivables, the difference is due to the credit notes, discount in the financial statements.

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

For disclosures mandated by Schedule III of the Companies Act, 2013 by way of additional information.

(Amount Rs.in Lakhs)

2021-22

| Name of the entity in the Group | Net Assets i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other Comprehensive Income | | Share in total comprehensive income | |
|---|---|-----------------|-------------------------------------|-----------------|---|---------------|-------------------------------------|-----------------|
| | As % of Consolidated net assets | Amount | As % of Consolidated profit or loss | Amount | As % of Consolidated other comprehensive income | Amount | As % of total comprehensive income | Amount |
| Parent K G Denim Limited | 122.40 | 8,497.05 | 87.71 | (705.38) | 125.31 | (11.19) | 88.12 | (716.57) |
| Subsidiary-Indian Trigger Apparels Ltd. | (22.58) | (1,567.83) | 17.32 | (139.30) | (33.71) | 3.01 | 16.76 | (136.29) |
| Subsidiary-Foreign K G Denim (USA) Inc. | (1.26) | (87.78) | 0.98 | (7.86) | - | - | 0.97 | (7.86) |
| Sub Total | - | 6,841.44 | - | (852.54) | - | (8.18) | - | (860.72) |
| Intercompany elimination and consolidated adjustments | 7.10 | 492.55 | (1.68) | 13.48 | - | - | (1.66) | 13.48 |
| Non controlling interest in subsidiaries | (5.65) | (391.96) | (4.33) | (34.82) | 8.40 | 0.75 | (4.19) | (34.07) |
| Grand Total | 100.00 | 6,942.03 | 100.00 | (804.24) | 100.00 | (8.93) | 100.00 | (813.17) |

2020-21

| Name of the entity in the Group | Net Assets i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other Comprehensive Income | | Share in total comprehensive income | |
|---|---|-----------------|-------------------------------------|-----------------|---|---------------|-------------------------------------|-----------------|
| | As % of Consolidated net assets | Amount | As % of Consolidated profit or loss | Amount | As % of Consolidated other comprehensive income | Amount | As % of total comprehensive income | Amount |
| Parent K G Denim Limited | 120.61 | 9,213.62 | 89.19 | (588.23) | 90.17 | 126.33 | 88.93 | (461.90) |
| Subsidiary-Indian Trigger Apparels Ltd. | (20.70) | (1,581.54) | 20.57 | (135.68) | 9.83 | 13.77 | 23.47 | (121.91) |
| Subsidiary-Foreign K G Denim (USA) Inc. | (1.05) | (79.92) | 3.46 | (22.80) | - | - | 4.39 | (22.80) |
| Sub Total | - | 7,552.16 | - | (746.71) | - | 140.10 | - | (606.61) |
| Intercompany elimination and consolidated adjustments | 1.14 | 87.11 | (13.23) | 87.22 | - | - | (16.79) | 87.22 |
| Non controlling interest in subsidiaries | - | - | - | - | - | - | - | - |
| Grand Total | 100.00 | 7,639.27 | 100.00 | (659.49) | 100.00 | 140.10 | 100.00 | (519.39) |

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

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

| Part "A": Subsidiaries | | | | | | | | | | | | | | (Amount Rs.in Lakhs) |
|------------------------|--------------------------|---|--|---------------|--------------------|--------------|-------------------|-------------|--------------|------------------------|------------------------|-----------------------|-------------------|----------------------|
| Sr. No. | Name of the Subsidiary | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Reporting and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries | Share capital | Reserves & surplus | Total assets | Total liabilities | investments | Total income | Profit before taxation | Provision for taxation | Profit after taxation | Proposed Dividend | % of Shareholding |
| 1 | Trigger Apparels Limited | | | 600.00 | (2167.83) | 3865.88 | 5433.71 | - | 6116.38 | 29.38 | 168.68 | (139.30) | - | 75% |
| 2. | KG Denim (USA) Inc. | | Exchange Rate Rs.75.61 per USD | 0.46 | (88.24) | 256.06 | 343.84 | - | 3.64 | (7.86) | - | (7.86) | - | 100% |

As per our report of even date

For **MOHAN & VENKATARAMAN**
Chartered Accountants

V KARTHIKEYAN
Partner

Place : Coimbatore
Date : 27.05.2022

Membership No.208828
Firm Regn. No.007321S

For and on behalf of the Board of Directors

KG BAALAKRISHNAN
Executive Chairman
DIN : 00002174

P KRISHNAVENI
Company Secretary

B SRIRAMULU
Managing Director
DIN : 00002560

S MANICKAM
Chief Financial Officer

B SRIHARI
Managing Director
DIN : 00002556