

K G DENIM LIMITED

CIN : L17115TZ1992PLC003798

THEN THIRUMALAI

METTUPALAYAM - 641 302.

COIMBATORE DISTRICT

TAMILNADU, INDIA.

GST No. : 33AAACK7940C1ZW

kg
Denim

Phone : 0091-4254-235240

Fax : 0091-4254-235400

Email : cskgdl@kgdenim.in



KGDL/SECTL/2019

02.09.2019

BSE Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001.

Dear Sirs,

Script Code : 500239

Sub: Submission of Annual Report of K G Denim Limited for the Financial Year 2018-19 and Notice of Annual General Meeting.

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company hereby submits its Annual Report for the Financial Year 2018-19 along with the Notice of Annual General Meeting.

Kindly take note of the above.

Thanking you.

Yours Faithfully,
For K G DENIM LIMITED

M BALAJI
COMPANY SECRETARY
Membership No.8575

Encl : As above



ANNUAL REPORT
2018-2019

K G DENIM LIMITED



K G DENIM LIMITED

BOARD OF DIRECTORS

Executive Chairman Shri KG Baalakrishnan (DIN : 00002174)

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

Directors Shri G V S Desikan (DIN : 00050597)
Shri G P Muniappan (DIN : 01653599)
Shri K N V Ramani (DIN : 00007931)
Smt T Anandhi (DIN : 00050786)
Smt M B N Rao (DIN : 00287260)
Shri A Velusamy (DIN : 00002204)
Shri A P Seturaaman (DIN : 07331898)

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

Company Secretary Shri M Balaji

Chief Financial Officer Shri S Muthuswamy

Auditors M/s Mohan & Venkataraman
Chartered Accountants
Coimbatore

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

Registrar and Share Transfer Agent
Cameo Corporate Services Ltd
"Subramanian Building"
No.1, Club House Road
Chennai - 600 002
Phone : (044) 28460390 (6 lines)
E-mail : narasimhan@cameoindia.com

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K G DENIM LIMITED

DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

We have pleasure in presenting the Twenty-Seventh Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2019.

FINANCIAL RESULTS

(Rs. in lakhs)

PARTICULARS	Standalone		Consolidated	
	For the year ended 31 st March 2019	For the year ended 31 st March 2018	For the year ended 31 st March 2019	For the year ended 31 st March 2018
Revenue from Operations and Other Income	69580	63867	72876	71985
Profit before Finance Cost, Depreciation, Extraordinary Items and Tax Expense	5887	4702	5691	4201
Less : Finance Cost	2499	2435	2592	2582
Profit before Depreciation, Extraordinary Items and Tax Expense	3388	2267	3099	1619
Less : Depreciation	1684	1391	1692	1445
Profit before Extraordinary Items and Tax Expense	1704	876	1407	174
Less : Exceptional Items	163	-	163	-
Current, Deferred & earlier year tax	444	293	391	83
Profit from continuing operations	1097	583	853	91
Add : Other Comprehensive Income	222	48	43	32
Net Profit for the year	875	631	810	123

STATE OF THE COMPANY'S AFFAIRS

During the period under review, the Company had earned revenue of Rs.69580 lakh and Net Profit of Rs.875 lakh on standalone basis and Rs.72876 lakh and Rs.810 lakh respectively on consolidated basis.

PERFORMANCE OF THE COMPANY

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

The Company has performed well in terms of turnover with a growth of 9% over the previous year. The export sales grew by 16%. The Company has bagged Golden Trophy awarded by Texprocil for its export performance. The domestic sales were maintained during the year.

During the year ended 31.03.2019 total Fabric production was 342 lakh meters as against 371 lakh meters in 2017-18.

Sale of Fabric was 338 lakh meters in 2018-19 as against 355 lakh meters in 2017-18.

The Net Profit had increased due to increase in export volumes and favourable exchange rates.

DIVIDEND

The Board of Directors recommends a dividend of 7.50 % (i.e. Rs.0.75) per equity share of the Company for the year 2018-19. The Dividend tax payable amounts to Rs.39.56 lakh.

INDUSTRY STRUCTURE AND DEVELOPMENT

There has been pressure on sales, particularly on denim fabrics. We are witnessing sluggish sales across the mid segment and high end brands at the retail end resulting in piling up of inventory at the brands and also at the manufacturers' end. This has put all the mills in the market to downsize the production by 40 to 50% which would remain for few more months until the market emerges back to the old state.

The scenario in Europe has not changed much since the last year due to slowdown in economy resulting in all the retailers struggling to step up sales. Export of fabrics has had a hit due to this situation and we are hoping the market would pick up from the next season.

Efforts are being taken to target new makets and we have made inroads in Ukraine and Korea although the Market has high competition from India, Pakistan and Turkey.

Due to US-China trade war there is huge pressure on Chinese mills to ship fabrics to other countries like Bangladesh, Vietnam and few others at much lower prices making it difficult for other countries to sell.

K G DENIM LIMITED

OPPORTUNITIES AND THREATS

We are expecting the domestic market to improve during the festive season resulting in fabric sales to improve to brands and retailers in the domestic segment.

Due to Geo Political situations and various countries imposing trade restrictions difficulties are being experienced in the export market.

At the domestic market also there has been tepid demand and the overall demand has shown downward trend.

LISTING OF EQUITY SHARES

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

BSE Limited, Phiroze JeeJeebhoy Towers, Dalal Street, Mumbai-400 001.

The Company has paid the Annual Listing Fees to the said Stock Exchange for the Financial Year 2019-20.

PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES

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

The Company's wholly owned subsidiary Trigger Apparels Limited is engaged in the marketing of readymade garments.

During the year, the gross turnover in Trigger Apparels Limited was Rs.40.95 lakh against Rs.11500 lakh during the previous year. The Subsidiary Company has registered a loss of Rs.39 lakh as against a loss of Rs.504 lakh in the previous year. The subsidiary is reorganising its products and marketing channels.

There has been an improvement in margins compared to earlier years. The overall loss is on account of liquidation of stocks in the first quarter of 2018-19.

KG Denim (USA) Inc. had achieved a turnover of Rs.246.76 lakh and registered a loss of Rs.25.96 lakh during the year mainly on account of initial advertisement and sales promotion expenses.

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

CONSOLIDATED FINANCIAL STATEMENTS

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

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

CEO/CFO CERTIFICATION

The Managing Director and Chief Financial Officer of the Company have submitted a Certificate to the Board as required under Clause 49 of the Listing Agreement for the year ended 31st March, 2019.

MEETINGS OF THE BOARD OF DIRECTORS

During the year ended 31st March, 2019, five Board Meetings were held.

The dates on which the Board meetings were held are 25th May 2018, 01st August 2018, 14th November 2018, 03rd January 2019 and 9th February 2019.

A meeting of the Independent Directors of the Board was held on 5th February, 2019.

Details of meetings of the Board and its Committees are disclosed in the report on Corporate Governance.

K G DENIM LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 134 OF THE COMPANIES ACT, 2013

Pursuant to the requirement under Section 134 of the Companies Act, 2013, with respect to the Directors' Responsibility Statement the Board of Directors of the Company hereby confirms:

- i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2019 and Statement of Profit and Loss Account of the Company for that period;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the Annual Accounts for the Financial Year ended 31st March, 2019 on a going concern basis;
- v) that the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi) that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (7) OF SECTION 149 OF THE COMPANIES ACT, 2013

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

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee consisted of Shri K N V Ramani, Chairman with Shri G V S Desikan and Shri G P Muniappan as members.

Brief description of terms of reference:

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

NOMINATION AND REMUNERATION POLICY

THE OBJECTIVES OF THE POLICY

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

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

The details of Loans, Guarantees given and Investments made during the Financial Year ended on 31st March, 2019 are given in the notes to Financial Statements in compliance with the provisions of Section 186 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014.

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PARTICULARS OF CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 OF COMPANIES ACT, 2013

The Company adopted a Related Party Transaction Policy in terms of SEBI regulations for compliance with Corporate Governance and Clause 49 of the Listing Agreement. The policy has also been hosted on the Company's website. All transactions entered into with Related Parties for the year 2018-19 were on Arm's length basis.

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

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

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

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

BUY BACK OF EQUITY SHARES

The Board, at its meeting held on 14.11.2018, which was subsequently revised at the Board Meeting held on 03.01.2019, proposed for Buy Back of its Equity Shares to the extent of 2196500 Equity Shares at Rs.40/- per share with an overall buy back size Rs.8,78,60,000/- through Tender Offer basis. The offer opened on 22.01.2019 and closed on 04.02.2019. Total number of shares tendered was 16080 Equity Shares amounting to Rs.6,43,200/-. Necessary formalities have been complied with.

TRANSFER OF AMOUNT TO RESERVES

In terms of Section 69 of the Companies Act, 2013 a sum of Rs.1.61 lakh, being face value of Rs.10 of 16080 shares bought back, was transferred to Capital Redemption Reserve.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return is prepared in Form MGT-9 as per the provisions of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014 and the same is enclosed as Annexure - 2 to this Report.

THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO PURSUANT TO PROVISIONS OF SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014

Information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2014 is prepared and the same is enclosed as Annexure - 3 to this Report.

RISK MANAGEMENT COMMITTEE

Risk Management Committee consists of Shri B Sriramulu as Chairman with Shri S Muthuswamy and Shri M Balaji as members.

The Committee had formulated a Risk Management Policy for dealing with different kinds of risks which it faces in day to day operations of the Company. Risk Management Policy of the Company outlines different kinds of risks and risk mitigating measures to be adopted by the Board. The Company has adequate internal control systems and procedures to combat the risk. The Risk management procedure is reviewed by the Audit Committee and Board of Directors on a Quarterly basis at the time of review of Quarterly Financial Results of the Company.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Corporate Social Responsibility is commitment of the Company to improve the quality of life of the workforce and their families and also the community and society at large. The Company believes in undertaking business in such a way that it leads to overall development of all stakeholders and Society.

K G DENIM LIMITED

The Board of Directors of the Company has constituted Corporate Social Responsibility Committee consisting of Shri KG Baalakrishnan as Chairman with Shri G V S Desikan and Shri A Velusamy as Members and adopted policy for Corporate Social Responsibility.

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

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

EVALUATION OF BOARD

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

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

DIRECTORS

In accordance with the provisions of Section 152 of the Companies Act, 2013, Smt T Anandhi retires by rotation at the forthcoming Annual General Meeting and being eligible offers herself for re-appointment.

KEY MANAGERIAL PERSONNEL

The following are the Key Managerial Personnel of the Company :

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

DEPOSITS

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

STATUTORY AUDITORS

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

AUDITORS REPORT

M/s. Mohan & Venkataraman, Chartered Accountants (ICAI Regn. No.007321S) have issued Auditors Report for the Financial Year ended 31st March, 2019.

There are no qualifications in Auditors' Report.

INTERNAL AUDITORS

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

COST AUDITORS

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

K G DENIM LIMITED

The Board of Directors, on the recommendation of Audit Committee, has appointed Messrs M Nagarajan, Cost Accountants, (Firm Registration Number 6384) as Cost Auditors to audit the cost accounts of the Company for the Financial Year 2019-20. As required under the Companies Act, 2013, a resolution seeking members' approval for the remuneration payable to the Cost Auditors forms part of the Notice convening the Annual General Meeting for their ratification.

AUDIT COMMITTEE

Audit Committee consisted of Shri G P Muniappan as Chairman with Shri K N V Ramani, Shri G V S Desikan and Shri A P Seturaaman as members.

All the members of the Audit Committee are Independent Directors.

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

CORPORATE GOVERNANCE

The Corporate Governance, which forms part of this Report, together with the Certificate from the Practising Company Secretary of the Company regarding compliance of conditions of Corporate Governance as stipulated in Schedule V of Regulation 34(3) of the SEBI (LODR) Regulations, 2015 is annexed as - Annexure - 5.

VIGIL MECHANISM

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

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

SECRETARIAL AUDITORS REPORT

As per the provisions of Section 204 of the Companies Act, 2013, the Board of Directors have appointed Shri M.R.L.Narasimha, Practising Company Secretary (C.P.No:799) as Secretarial Auditor to conduct Secretarial audit of the Company for the Financial Year ended on 31st March, 2019.

Secretarial Audit Report issued by Shri M.R.L.Narasimha, Practising Company Secretary in form MR-3 is enclosed as Annexure - 6 to this Annual Report.

There are no qualifications in Secretarial Audit Report except for the violations which are reported in the Secretarial Auditors Report.

STATEMENT OF PARTICULARS OF APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL

The Statement of particulars of Appointment and Remuneration of Managerial personnel as per Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as Annexure - 7 to this Annual Report.

ENVIRONMENT

The Company holds due certification under ISO 14001 : 2004 which is primarily focused on environmental management system. It ensures that the manufacturing of products is carried on without affecting the environment in the working area and surroundings.

The Company is a member of Sustainable Apparel Coalition (SAC). SAC provides credible, practical and industry wide guidelines and provides tools to define, measure and evaluate industry's product environmental and social performance support.

The Company has achieved one of the best scores in the apparel industry as verified by a leading brand assessor.

During the current year, the Company has implemented various environmental measures and reduction program like Green House Gas inventory measurement, replacement of freon gas air conditioners, increasing the area of plantation etc.

K G DENIM LIMITED

The Company has improved effluent water treatment system conforming to the Pollution Control Board parameters. A new plant has been added which has increased the Biological treatment capacity by 60%. An advanced technology of Biological Diffuser Aeration system has been introduced which has resulted in reduction in chemicals usage. Consequently, reduction in sludge, improvement in outlet water quality and consistency and improvement in RO recovery were achieved. The highlighting of our sustainability effort can be seen in the link <https://youtu.be/uZGhiwq6XSM>.

HEALTH AND SAFETY

The Company has obtained certification under OHSAS 18001 : 2007 (Occupational Health and Safety Management Assessment Standard) which is an Integrated Management System focusing on an organization's occupational health and safety management system. This standard guides us to identify and control the conditions and factors that affect the well-being of employees, contractors, visitors and any other person in the work place.

The Company is implementing various health and safety practices in continuous manner as per OHSAS-18001 standards and legal requirements.

The Company is conscious of improving the occupational and personal health of its employees. In addition to free medical camps, the Company also organizes employees' health check up in outside hospitals on an annual basis.

The Company provides a safer work environment for its employees. Basic equipments are provided to ensure safety from fire. Awareness classes are being conducted periodically with the help of external agencies about the basic safety, fire fighting, mock drills, mass evacuation, first aid etc.,

POLICY ON SEXUAL HARASSMENT

The Company has adopted policy on Prevention of Sexual Harassment of Women at Workplace in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the Financial Year ended 31st March, 2019, the Company has not received any complaints pertaining to sexual harassment.

NATIONAL COMPANY LAW TRIBUNAL (NCLT) ORDER ON COMPOUNDING OF OFFENCES

The Company was served with a Show Cause Notice by ROC for non-compliance with Section 135 read with Section 134(3)(o) of the Companies Act, 2013 relating to non spending of expenditure on CSR activities in Financial Year 2014-15.

The Company had filed a Petition before National Company Law Tribunal (NCLT) for Compounding of offences on 04.12.2018.

NCLT, vide its order dated 08.04.2019, allowed the Petition for compounding of offences with a levy of fee of Rs.1.00 lakh on the Company and Rs.50,000/- on each Director and Key Managerial Personnel.

The fees have been paid.

SOCIAL RESPONSIBILITIES

The Company is maintaining a hospital for serving the community including supply of medicines at subsidised costs. As a part of social environmental protection, agro forestry has been developed with a demo plant with the technical support of Forest College, Coimbatore.

Besides, necessary essential services like providing potable drinking water to near by villages, financial aids to schools etc., are also rendered.

INSURANCE

All properties and insurable interests of the Company including building, plant and machinery and stocks have been fully insured.

FINANCE

Your Directors acknowledge with gratitude, the valuable assistance and support extended by our Bankers for Term Loans and Working Capital i.e., Indian Bank, Andhra Bank, State Bank of India, The South Indian Bank Limited and Allahabad Bank.

DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

1. The Company maintains all its records in ERP System and the work flow and approvals are routed through ERP System;
2. The Company has appointed Internal Auditors to observe the Internal Controls, whether the work flow of organization is being done through the approved policies of the Company. In every Quarter during the approval of Financial Statements, Internal Auditors will present the Internal Audit Report and Management Comments on the Internal Audit observations;

K G DENIM LIMITED

3. The Board of Directors of the Company have adopted various policies like Related Party Transactions Policy, Whistle Blower Policy, Policy to determine Material Subsidiaries and such other procedures for ensuring the orderly and efficient conduct of its business for safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

CHANGE IN THE NATURE OF BUSINESS

There is no change in the nature of business of the Company.

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

No Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

Details of pending legal cases are furnished in Note No.41 to the accounts.

MATERIAL CHANGES AND COMMITMENTS

There are no Material changes and commitments in the business operations of the Company from the Financial Year ended 31st March, 2019 to the date of signing of the Director's Report.

ACKNOWLEDGMENT

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

PERSONNEL

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

CAUTIONARY STATEMENT

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

PARTICULARS OF EMPLOYEES

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

There was no employee in receipt of remuneration exceeding Rs.60 lakh per annum as per Section 197(12) read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Hence the particulars are not furnished.

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

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

Coimbatore
05.08.2019

On behalf of the Board
KG Baal Krishnan
Executive Chairman
DIN: 00002174

K G DENIM LIMITED

Annexure - 1

Form AOC-1

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

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

Part "A": Subsidiaries														Rs. in lakh
Sr. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Share capital	Reserves & surplus	Total assets	Total liabilities	inves-ments	Turn-over	Profit before taxat-ion	Prov-ision for tax-ation	Profit after tax-ation	Prop-osed Divi-dend	% of Share-hold-ing
1	Trigger Apparels Limited			450.00	(1500.46)	2677.70	3728.16	-	4038.88	(92.81)	(53.34)	(39.47)	-	100%
2.	KG Denim (USA) Inc.		Exchange Rate Rs.69.55 per USD	0.46	(31.79)	49.48	80.81	-	235.30	(25.96)	-	(25.96)	-	100%

Part "B": Associates and Joint Ventures

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

There are no Associates / Joint Ventures

KG BAALAKRISHNAN

B SRIRAMULU

B SRIHARI

M BALAJI

S MUTHUSWAMY

Executive Chairman

Managing Director

Managing Director

Company Secretary

Chief Financial Officer

DIN : 00002174

DIN : 00002560

DIN : 00002556

Coimbatore, 05th August, 2019

K G DENIM LIMITED

Annexure - 2

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the Financial Year ended on 31.03.2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1. CIN	L17115TZ1992PLC003798
2. Registration Date	25.06.1992
3. Name of the Company	K G DENIM LIMITED
4. Category / Sub-Category of the Company	PUBLIC LIMITED COMPANY
5. Address of the Registered office and contact details	Then Thirumalai, Jadayampalayam, Coimbatore - 641 302.
6. Whether listed company Yes / No	YES
7. Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002. Phone : 044-28460395.

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products / Services	NIC Code of the Product/ service	% to total turnover of the company
1	Denim Fabric	1312	60%
2	Home Textiles	1392	18%
3	Apparel Fabrics	1313	13%
4	Apparel Garments	14101	8%
5	Others		1%

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S.No	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary /Associate	% of Shares Held	Applicable Section
1.	Trigger Apparels Limited 2, FCI Complex Karamadai-641104.	U18101TZ1999PLC008956	Subsidiary	100 %	Section 2(87)
2.	KG Denim (USA) Inc. 2711 Centerville Road Suite 400, Wilmington, Delaware 19808	N.A.	Subsidiary	100%	Section 2(87)

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IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April 2018)				No. of Shares held at the end of the year (As on 31st March 2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Shareholding of Promoter and promoter group									
(1) Indian									
a. Individuals/HUF	9869258	0	9869258	38.47	9869258	0	9869258	38.49	0.02
b. Central Govt/State Govt(s)	0	0	0	0	0	0	0	0	0
c. Bodies Corporate	5162145	0	5162145	20.12	5162145	0	5162145	20.14	0.02
d. Financial Institution/Banks	0	0	0	0	0	0	0	0	0
e. Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A)(1):	15031403	0	15031403	58.59	15031403	0	15031403	58.63	0.04
(2) Foreign									
a) Individuals (Non-Resident Individuals/Foreign Individuals)	0	0	0	0	0	0	0	0	0
b) Bodies Corporate	0	0	0	0	0	0	0	0	0
c) Financial Institution/Banks	0	0	0	0	0	0	0	0	0
d) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2):	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter and Promoter group (A)=(A)(1)+(A)(2)	15031403	0	15031403	58.59	15031403	0	15031403	58.63	0
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds / UTI	0	5100	5100	0.02	0	5100	5100	0.02	0
b) Financial Institution/Banks	0	500	500	0	0	500	500	0	0
c) Central Govt/State Govt(s)	0	0	0	0	0	0	0	0	0
d) Venture Capital Funds	0	0	0	0	0	0	0	0	0
e) Insurance Companies	0	0	0	0	0	0	0	0	0
f) Foreign Institutional Investors	0	2300	2300	0.01	0	2300	2300	0.01	0
g) Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
h) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
i) Any other	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):	0	7900	7900	0.03	0	7900	7900	0.03	0
(2) Non Institutions									
a) Bodies Corporate	520990	39300	560290	2.18	540293	34100	574393	2.24	0.06
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	3600036	1341164	4941200	19.26	3568053	1300274	4868327	18.99	-0.27
ii) Individual shareholders holding nominal share capital excess of Rs.1 lakh	4095785	154200	4249985	16.57	4171133	156100	4327233	16.88	0.31
c) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
d) Any other									
Clearing Members	11737	0	11737	0.05	5705	0	5705	0.02	-0.02
HUF	317123	0	317123	1.24	0	0	0	0	-1.24
Non Resident Indians	209867	184600	394467	1.54	190973	169500	360473	1.41	-0.13
Others	0	6600	6600	0.03	0	6100	6100	0.02	0
Resident HUF	0	0	0	0	323091	0	323091	1.26	1.26
Trusts	133200	0	133200	0.52	133200	0	133200	0.52	0
Others	671927	191200	863127	3.36	652969	175600	828569	3.23	-0.13
Sub-total (B)(2):	8888738	1725864	10614602	41.38	8932448	1666074	10598522	41.34	-0.04
Total Public Shareholding (B)=(B)(1)+(B)(2)	8888738	1733764	10622502	41.41	8932448	1673974	10606422	41.37	-0.04
Total (A)+(B)	23920141	1733764	25653905	100	23963851	1673974	25637825	100	0
C. Shares held by Custodians and against which depository receipts have been issued									
Promoter and Promoter group	0	0	0	0	0	0	0	0	0
Public	0	0	0	0	0	0	0	0	0
Total Custodian (C)	0	0	0	0	0	0	0	0	0
Grand Total (A)+(B)+(C)	23920141	1733764	25653905	100	23963851	1673974	25637825	100	0

Due to Buy back of 16080 Equity Shares the Share Capital was reduced.

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ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April 2018)			Shareholding at the end of the year (As on 31st March 2019)			% Change in Shareholding during the year
		No. of Shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	KG BAALAKRISHNAN	2578560	10.05	0	2578560	10.06	0	0.01
2	B SATHYABAMA	1886500	7.35	0	1886500	7.36	0	0
3	B SRIRAMULU	2208659	8.61	0	2208659	8.61	0	0
4	B SRIHARI	2231859	8.70	0	2231859	8.71	0	0.01
5	T ANANDHI	150000	0.58	0	150000	0.59	0	0
6	NIRUPA SRIRAMULU	169185	0.66	0	169185	0.66	0	0
7	DEEPIKA KARTHIKEYAN	72600	0.28	0	72600	0.28	0	0
8	PRANAV SRIRAMAN	67736	0.26	0	67736	0.26	0	0
9	ADHYA SRIHARI	52050	0.20	0	52050	0.20	0	0
10	SRI KANNAPIRAN MILLS LIMITED	3065183	11.95	65.25	3065183	11.96	0	0.01
11	KG FABRIKS LIMITED	200000	0.78	0	200000	0.78	0	0
12	GANAPATHYKUMARAN INVESTMENTS PRIVATE LIMITED	1014255	3.95	0	1014255	3.96	0	0.01
13	KUMARANGANAPATHY INVESTMENTS PRIVATE LIMITED	882707	3.44	0	882707	3.44	0	0
14	G BAKTHAVATHSALAM	104609	0.41	0	104609	0.41	0	0
15	B DHANALAKSHMI	173400	0.68	0	173400	0.68	0	0
16	R VASANTHI	174100	0.68	0	174100	0.68	0	0
	TOTAL	15031403	58.59	65.25	15031403	58.63	0	0.04

(iii) Change in Promoter's Shareholding as on March 31, 2019 (please specify, if there is no change)

Note : There is a minor change in the shareholdings of promoters due to Buy back of shares.

(iv) Shareholding Pattern of top ten Shareholders as on 31st March, 2019 (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2018)	% of Total Shares of the Company	Date	Increase/ Decrease in shareholding	Reason	Cumulative shares during the year	% of total shares of the company during the year
1.	Mr Shivani Tejas Trivedi	630819	2.46				630819	2.46
				27.04.2018	(5500)	Sale	625319	2.44
				25.05.2018	879	Purchase	626198	2.44
				01.06.2018	9000	Purchase	635198	2.48
				23.11.2018	19466	Purchase	654664	2.55
				30.11.2018	4065	Purchase	658729	2.57
				07.12.2018	4095	Purchase	662824	2.59

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Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2018)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
	At the end of the year (31.03.2019)						662824	2.59

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2018)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
2.	Mr Anil Kumar Goel	490000	1.91		No Change		490000	1.91

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2018)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
3.	Mr Kashish Jain	345924	1.35				345924	1.35
				16.11.2018	106215	Purchase	452139	1.76
	At the end of the year (31.03.2019)						452139	1.76

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2018)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
4.	M/s Rajasthan Global Securities Private Limited	174320	0.68				174320	0.68
				10.08.2018	2134	Purchase	176454	0.69
				17.08.2018	1451	Purchase	177905	0.69
				24.08.2018	13439	Purchase	191344	0.75
				19.09.2018	15611	Purchase	206955	0.81
				07.12.2018	6960	Purchase	213915	0.83
				21.12.2018	38434	Purchase	252349	0.98
				08.02.2019	20002	Purchase	272351	1.06
				15.02.2019	29065	Purchase	301416	1.18
				22.02.2019	5856	Purchase	307272	1.20
				01.03.2019	6673	Purchase	313945	1.22
				15.03.2019	(19007)	Sale	294938	1.15
				22.03.2019	(21721)	Sale	273217	1.07
				29.03.2019	(18834)	Sale	254383	0.99
	At the end of the year (31.03.2019)						254383	0.99

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Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2018)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
5.	M/s Rajasthan Global Securities Pvt Limited	15611	0.06				15611	0.06
				19.09.2018	(15611)	Sale	0	0
	At the end of the year (31.03.2019)						0	0

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2018)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
6.	Mr V Rajesh K Shah	128690	0.50				128690	0.50
				20.04.2018	1000	Purchase	129690	0.51
				27.04.2018	21000	Purchase	150690	0.59
				04.05.2018	1000	Purchase	151690	0.59
				18.05.2018	1421	Purchase	153111	0.60
				01.06.2018	(9300)	Sale	143811	0.56
				08.06.2018	2500	Purchase	146311	0.57
				15.06.2018	1231	Purchase	147542	0.58
				29.06.2018	24300	Purchase	171842	0.67
				06.07.2018	5302	Purchase	177144	0.69
				13.07.2018	14058	Purchase	191202	0.75
				20.07.2018	(11000)	Sale	180202	0.70
				27.07.2018	1000	Purchase	181202	0.71
				24.08.2018	(4000)	Sale	177202	0.69
				07.12.2018	6500	Purchase	183702	0.72
				31.12.2018	1250	Purchase	184952	0.72
				04.01.2019	5950	Purchase	190902	0.74
				11.01.2019	1500	Purchase	192402	0.75
				18.01.2019	9062	Purchase	201464	0.79
				25.01.2019	5300	Purchase	206764	0.81
				01.02.2019	2605	Purchase	209369	0.82
				08.02.2019	6000	Purchase	215369	0.84
				15.02.2019	7600	Purchase	222969	0.87
				22.02.2019	2505	Purchase	225474	0.88
				01.03.2019	9136	Purchase	234610	0.92
				08.03.2019	7615	Purchase	242225	0.94
				15.03.2019	(14386)	Sale	227839	0.89
				22.03.2019	11862	Purchase	239701	0.93
				29.03.2019	13399	Purchase	253100	0.99
	At the end of the year (31.03.2019)						253100	0.99

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Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2018)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
7.	Mr Rajeev Jawahar	0	0				0	0
				21.12.2018	20093	Purchase	20093	0.08
				28.12.2018	9936	Purchase	30029	0.12
				04.01.2019	31801	Purchase	61830	0.24
				11.01.2019	22082	Purchase	83912	0.33
				18.01.2019	2500	Purchase	86412	0.34
				25.01.2019	75	Purchase	86487	0.34
				01.02.2019	6931	Purchase	93418	0.36
				08.02.2019	7806	Purchase	101224	0.39
				15.02.2019	17186	Purchase	118410	0.46
				22.02.2019	10922	Purchase	129332	0.50
				01.03.2019	9465	Purchase	138797	0.54
				08.03.2019	7691	Purchase	146488	0.57
				15.03.2019	20000	Purchase	166488	0.65
				22.03.2019	18113	Purchase	184601	0.72
				29.03.2019	9139	Purchase	193740	0.76
	At the end of the year (31.03.2019)						193740	0.76

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2018)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
8.	Mr Dheeraj Kumar Lohia	172353	0.67				172353	0.67
				29.06.2018	15000	Purchase	187353	0.73
				23.11.2018	(6550)	Sale	180803	0.71
				07.12.2018	3613	Purchase	184416	0.72
				28.12.2018	(500)	Sale	183916	0.72
				04.01.2019	(3476)	Sale	180440	0.70
				11.01.2019	(6940)	Sale	173500	0.68
	At the end of the year (31.03.2019)						173500	0.68

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Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2018)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
9.	Mr Shabbir Nazmuddin Paratha	38000	0.15				38000	0.15
				20.07.2018	9231	Purchase	47231	0.18
				27.07.2018	2700	Purchase	49931	0.19
				03.08.2018	663	Purchase	50594	0.20
				10.08.2018	2292	Purchase	52886	0.21
				14.09.2018	5000	Purchase	57886	0.23
				28.09.2018	12759	Purchase	70645	0.28
				05.10.2018	16358	Purchase	87003	0.34
				12.10.2018	11854	Purchase	98857	0.39
				26.10.2018	11143	Purchase	110000	0.43
				16.11.2018	18891	Purchase	128891	0.50
				30.11.2018	21109	Purchase	150000	0.59
				01.02.2019	3000	Purchase	153000	0.60
	At the end of the year (31.03.2019)						153000	0.60

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2018)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
10.	Mr Mohamed Yusuf Noorani	133000	0.52		No Change		133000	0.52

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2018)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
11.	Mr Paras Vasantrai Shah	107500	0.42				107500	0.42
				14.12.2018	(7499)	Sale	100001	0.39
	At the end of the year (31.03.2019)						100001	0.39

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Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2018)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
12.	Mr Rajiv Khanna	129378	0.50				129378	0.50
				20.04.2018	(1500)	Sale	127878	0.50
				27.04.2018	(2000)	Sale	125878	0.49
				04.05.2018	(2500)	Sale	123378	0.48
				08.06.2018	(2500)	Sale	120878	0.47
				29.06.2018	(5500)	Sale	115378	0.45
				06.07.2018	(3000)	Sale	112378	0.44
				13.07.2018	(4000)	Sale	108378	0.42
				20.07.2018	(10000)	Sale	98378	0.38
				17.08.2018	(2500)	Sale	95878	0.37
				24.08.2018	(5000)	Sale	90878	0.35
				14.09.2018	(2000)	Sale	88878	0.35
				19.09.2018	(3000)	Sale	85878	0.33
				28.09.2018	(8000)	Sale	77878	0.30
				05.10.2018	(15000)	Sale	62878	0.25
				12.10.2018	(4000)	Sale	58878	0.23
				19.10.2018	(3000)	Sale	55878	0.22
				26.10.2018	(22500)	Sale	33378	0.13
				02.11.2018	(7000)	Sale	26378	0.10
				07.12.2018	(11000)	Sale	15378	0.06
				11.01.2019	(11500)	Sale	3878	0.02
				25.01.2019	(2000)	Sale	1878	0.01
				15.02.2019	(1878)	Sale	0	0
	At the end of the year (31.03.2019)						0	0

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2018)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
13.	Mrs Seema Jain	106215	0.41				106215	0.41
				16.11.2018	(106215)	Sale	0	0
	At the end of the year (31.03.2019)						0	0

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(v) Shareholding of Directors and Key Managerial Personnel :

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
Directors					
1.	Shri KG Baalakrishnan	2578560	10.05	2578560	10.06
2.	Shri K N V Ramani	10000	0.04	10000	0.04
3.	Shri G V S Desikan	200	0.00	200	0.00
4.	Shri A Velusamy	500	0.00	500	0.00
5.	Smt T Anandhi	150000	0.58	150000	0.59
6.	Shri G P Muniappan	-	-	-	-
7.	Shri M B N Rao	-	-	-	-
8.	Shri A P Seturaaman	-	-	-	-
Key Managerial Personnel					
1.	Shri B Sriramulu Managing Director	2208659	8.61	2208659	8.61
2.	Shri B Srihari Managing Director	2231859	8.70	2231859	8.71
3.	Shri M Balaji Company Secretary	-	-	-	-
4.	Shri S Muthuswamy Chief Financial Officer	-	-	-	-

V. INDEBTEDNESS

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

Rs.in lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	15210.24	380.00	-	15590.24
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	15210.24	380.00	-	15590.24
Change in Indebtedness during the financial year				
Addition	5643.16	-	-	5643.19
Reduction	-1886.05	-380.00	-	-2266.05
Net Change	3757.11	-380.00	-	3377.11
Indebtedness at the end of the financial year				
(i) Principal Amount	18967.17	-	-	18967.17
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	18967.17	-	-	18967.17

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VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Shri KG Baalakrishnan Executive Chairman	Shri B Sriramulu Managing Director	Shri B Srihari Managing Director	
		Rs.	Rs.	Rs.	Rs.
1.	Gross Salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	60,00,000	49,00,000	49,00,000	1,58,00,000
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission -as % of profit -others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total(A) Ceiling as per the Act-	60,00,000	49,00,000	49,00,000	1,58,00,000

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Shri K N V Ramani	Shri G V S Desikan	Shri G P Muniappan	Shri A P Seturaaman	Shri M B N Rao	
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1.	Independent Directors						
	Fee for attending board / Independent Directors / Committee Meetings	1,60,000	1,50,000	1,60,000	60,000	10,000	5,40,000
	Commission	-	-	-	-	-	-
	Others, Please Specify	-	-	-	-	-	-
	Total(1)	1,60,000	1,50,000	1,60,000	60,000	10,000	5,40,000
2.	Other Non-Executive Director						
	Fee for attending board / committee meetings	-	-	-	-	-	-
	Commission	7,78,866	-	-	-	-	7,78,866
	Others, please specify	-	-	-	-	-	-
	Total(2)	7,78,866	-	-	-	-	7,78,866
	Total (B)=(1+2)	9,38,866	1,50,000	1,60,000	60,000	10,000	13,18,866
	Total Managerial Remuneration						1,71,18,866
	Overall Ceiling as per the Act						

K G DENIM LIMITED

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary M Balaji	Chief Financial Officer S Muthuswamy	Total Rs.
1.	Gross Salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-Tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	24,02,940	16,18,018	40,20,958
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	-as % of profit	-	-	-
	-others, specify...	-	-	-
5.	Others, please specify	-	-	-
	Total	24,02,940	16,18,018	40,20,958

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of penalty/punishment/compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any(give details)
A. COMPANY					
Penalty					
Punishment					
Compounding	Section 441, Section 135 read with 134(3)(o) of the Companies Act, 2013	Non spending of CSR Expenditure	Fee of Rs.1,00,000 on the Company imposed by NCLT, Chennai on Compounding of Offences.	NCLT	No appeal made
B. DIRECTORS					
Penalty					
Punishment					
Compounding	Section 441, Section 135 read with 134(3)(o) of the Companies Act, 2013	Non spending of CSR Expenditure	Fee of Rs.50,000 for each Director imposed by NCLT Chennai on Compounding of Offences	NCLT	No appeal made
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding	Section 441, Section 135 read with 134(3)(o) of the Companies Act, 2013	Non spending of CSR Expenditure	Fee of Rs. 50,000 for each Key Managerial Personnel imposed by NCLT, Chennai on Compounding of Offences	NCLT	No appeal made

K G DENIM LIMITED

Annexure- 3

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

A. CONSERVATION OF ENERGY:

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

a) Energy conservation measures taken :

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

2. The major efforts are mentioned below.

a) Continuously all the conventional lights are being changed to LED lights in mills area.

b) Introduced additional circulation pumps in Thermic fluid line which saves Thermal Energy to the tune of 10 % at Dyeing machine.

c) Detailed Project report prepared for investing micro turbine in place of Pressure reducing valve which will be implemented in this financial year.

d) Major investment has been done in Greige Sizing process by Purchasing State of the Art machine from Germany instead of conventional sizing machine which saves 40 % cost of Energy.

B. TECHNOLOGY ABSORPTION:

i. The Efforts made towards technology absorption: NIL

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

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

No technology has been imported during the past 3 years.

a. The details of technology import: NIL

b. The year of import: NIL

c. Whether the technology has been fully absorbed: NIL

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

iv. The expenditure incurred on Research and Development: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUT GO:

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

Particulars	(Rs. lakh)	
	March 31, 2019	March 31, 2018
Outgo	2398.29	2412.48
Earned	28656.76	24031.80

K G DENIM LIMITED

Annexure- 4

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

ANNUAL REPORT DETAILS OF THE CSR ACTIVITIES

1. The CSR Policy is available on the Company's website. The web link of the same is www.kgdenim.com. A gist of the programs that the Company can undertake under the CSR policy is mentioned below.

Rural development project (Health care) / eradication of hunger and poverty.

The activities and funding are monitored internally by the Company.

2. The Composition of the CSR Committee.

Shri KG Baalakrishnan (Executive Chairman);

Shri G V S Desikan (Independent Director);

Shri A Velusamy (Director).

3. Average net profit of the Company for last three Financial Years.

The average Net Profit for the last three years is Rs. 2816.45 lakh.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above).

The Company is required to spend Rs.56.33 lakh towards CSR for the Financial Year 2018-19.

5. Details of CSR spent during the Financial Year.

a. Total amount spent in the Financial Year was Rs.89.10 lakh.

(Amount spent in the Financial Year 2014-15-Rs.30 lakh & 2018-19-Rs.59.10 lakh respectively)

b. Amount unspent, if any : Rs.Nil

c. Manner in which the amount spent during the Financial Year detailed below:

The details are as under:

(Rs. in Lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads : 1) Direct expenditure on projects 2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency
Amount spent for 2014-15 *						89.10	
1)	Transfer to KG Denim Trust Foundation	Making available safe drinking water	Providing potable drinking water at Jadayampalayam Village	30.00	30.00		Through KG Denim Trust Foundation
Amount spent for 2018-19.							
1)	Transfer to KG Denim Trust Foundation	Promoting health care	Rural Hospital Then Thirumalai, Mettupalayam Taluk, Coimbatore, Tamilnadu	57.00	57.00		Through KG Denim Trust Foundation
2)	World People Welfare Trust	Skill Development	Tamilnadu, Coimbatore	0.50	0.50		Through World People Welfare Trust
3)	The Head Master, Government Higher Secondary School, Alangombu	Skill Development	Alangombu, Tamilnadu, Coimbatore	0.80	0.80	Through The Head Master, Government Higher Secondary School	
4)	The Head Master, Government Higher Secondary School, Alangombu	Skill Development	Alangombu, Tamilnadu, Coimbatore	0.80	0.80	Through The Head Master, Government Higher Secondary School	

Amounts spent by KG Denim Trust Foundation in respect of contribution

-for 2014-15 - Rs. 30 lakh, 2015-16 - Rs.9.50 lakh, 2016-17 - Rs. 32.00 lakh, 2017-18 - Rs. 50.00 lakh and 2018-19 - Rs. 57 lakh.

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

The Company has fully spent the CSR expenses for 2018-19. The Company has transferred Rs.57.00 lakh to KG Denim Foundation Trust. KG Denim Trust Foundation is a Trust set up exclusively for CSR activities. The said Trust has commenced activities by providing rural health checkup and giving medicines at its hospital where doctors and other staffs are employed. The trust also supplied medicines free/subsidized rates to deserving general public.

The detailed project report is being prepared for expanding the current hospital to 50 bed multi speciality hospital. However the expenditure will be completed in phased manner within next two years time.

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

* Arising out of Show Cause Notice from Registrar of Companies, Coimbatore, the Company had spent Rs.30 lakh for the Financial Year 2014-15 for supply of safe drinking water in the adjoining villages with a total population of 10,000 people of the Company's premises.

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

KG Baalakrishnan
Executive Chairman
DIN: 00002174
Chairman of CSR Committee

Date : 05.08.2019
Place : Coimbatore

CONTENTS OF CSR POLICY

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

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

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

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

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

Annexure - 5

CORPORATE GOVERNANCE REPORT

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2019, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

1. COMPANY'S PHILOSOPHY

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

K G DENIM LIMITED

2. GOVERNANCE STRUCTURE

BOARD OF DIRECTORS

The current financial year of the Company covers a period of 12 months from 1st April 2018 to 31st March 2019. The strength of the Board is 10 Directors, out of which 5 are independent directors.

5 (Five) Board Meetings were held during the year, as against the minimum requirement of 4 meetings. The dates on which the meetings held were as follows: 25th May 2018, 01st August 2018, 14th November 2018, 03rd January 2019 and 09th February 2019. A meeting of Independent Directors was held on 05th February 2019 which was attended by four Independent Directors. The Annual General Meeting (AGM) was held on 27th September 2018. The table below gives the particulars of attendance of each Director at the Board Meetings held during the financial year and during their respective tenure of Directorship and at the last AGM, as also the number of Directorships in other Companies and membership in other Board Committees.

Name of the Director	No. of Board Meetings held during the tenure of Directorship	No. of Board Meetings attended	Attendance of Last AGM	No. of Directorship in other Companies	No. of Membership in Board Committees of other Companies as	
					Chairman	Member
Shri KG Baal Krishnan-DIN:00002174	5	5	Present	8 (1 - Private)	1	-
Shri B Sriramulu-DIN : 00002560	5	4	Present	6 (3 - Private)	-	-
Shri B Srihari-DIN : 00002556	5	5	Present	12 (7 - Private)	1	-
Shri G V S Desikan-DIN : 00050597	5	4	Not Present	2 (1 - Private)	2	2
Shri K N V Ramani-DIN : 00007931	5	5	Present	6	6	3
Shri G P Muniappan-DIN : 01653599	5	5	Present	4 (2 - Private)	8	1
Shri M B N Rao-DIN : 00287260	5	1	Not Present	12 (5 - Private)	7	10
Smt T Anandhi-DIN:00050786	5	4	Present	3 (2 - Private)	-	-
Shri A Velusamy-DIN:00002204	5	5	Present	5 (1 - Private)	-	6
Shri A P Seturaaman-DIN:07331898	5	5	Present	1	-	2

Membership of Committee only includes Audit Committee and Stakeholders Relationship Committee in Indian Public Limited companies other than K G Denim Limited. Members of the Board of the Company do not have membership of more than ten Board-level Committees or Chairman of more than five such Committees.

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

Names of the Listed Entities where the person is Director and the category of Directorship :

Sr. No	Name of the Director	Name of the Listed Company	Category of Directorship
1.	Shri K N V Ramani	Bannari Amman Spinning Mills Limited	Non-Executive Independent Director
		K.P.R. Mill Limited	Non-Executive Independent Director
		Shiva Mills Limited	Non-Executive Independent Director
		LGB Forge Limited	Non-Executive Independent Director
		Shiva Teyarn Limited	Non-Executive Independent Director
2.	Shri G P Muniappan	K.P.R. Mill Limited	Non-Executive Independent Director
3.	Shri G V S Desikan	Salona Cotspin Limited	Non-Executive Independent Director
4.	Shri M B N Rao	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

Profile of Director to be reappointed on retirement basis

Smt T Anandhi, aged 54 years has basic textile education and has over 24 years experience in textile field such as cotton, spinning and garments. She is also on the board of various textile companies

K G DENIM LIMITED

Certificate from Practicing Company Secretary

Certificate as required under Part C of Schedule V of Listing Regulations, received from Shri M.R.L. Narasimha, Practicing Company Secretary, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such Statutory Authority was placed before the Board of Directors at its meeting held on 05.08.2019.

Code of Conduct

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

The Company has also adopted a code of conduct to regulate, monitor and report trading by insiders in terms of SEBI Insider Trading Regulations.

Criteria for Evaluation of Board

A) Criteria for evaluation of Board of Directors as a whole

- i. The frequency of meetings;
- ii. The length of meetings;
- iii. The administration of meeting;
- iv. The number of committees and their roles;
- v. The flow of information to board members and between board members;
- vi. The quality and quantity of information; and
- vii. The disclosure of Information to the stakeholders.

B) The review of performance of the Non Independent Directors and Board as a whole was done at the meeting of the Independent Directors of the Company.

Criteria and compliance

Criteria

Constitution of the Board and its committees and review of its performance

Corporate Governance including formulation and implementation of long term strategies, policies and business plans

Laying of Adequate financial controls and effective operation of the same

Developing annual budgets and funding plan consistent with agreed corporate strategies

Developing processes and structures to ensure that capital investment proposals are reviewed thoroughly, that associated risks are identified and appropriate steps taken to manage the risks.

Ensuring significant development in human resources / Industrial relations

Satisfying themselves on the integrity of financial information and that controls and risk management systems are robust and defensible

Ensuring procedures in place to ensure compliance with all relevant legislation and regulation

Interest of stake holders

Quality and adequacy of disclosure of information and reports and adherence to time lines

Participation of Directors

Plans for order of succession for appointments to the Board and to senior management

C) Criteria for evaluation of the Independent Directors

- i. Ability to contribute and monitor corporate governance practices;
- ii. Ability to contribute by introducing best practices to address top management issues;
- iii. Participation in long term strategic planning;
- iv. Commitment to the fulfillment of director obligations and fiduciary responsibilities;
- v. Guiding strategy;
- vi. Monitoring management performance and development;
- vii. Statutory compliance & Corporate Governance;
- viii. Attendance and contribution at Board / Committee meetings;
- ix. Time spent by each of the member; and
- x. Core competencies.
- xi. Criteria for evaluation of Independent Directors in terms of Section 149(8) read with Schedule IV (viii) of Companies Act, 2013 and Clause 49 (B) (5) (c) of the Listing Agreement.
- xii. Criteria of Nomination and Remuneration Committee
- xiii. Criteria for Conduct as laid down by the Board in terms of Clause 49 (II)(E) (3) of the Listing Agreement

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Insider Trading Code

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

3. COMMITTEES OF THE BOARD

a. Audit Committee

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

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

During the year, the Committee had met four times, which is the minimum requirement and Audit Committee meetings were held on 25th May 2018, 01st August 2018, 14th November 2018 and 09th February 2019.

Composition of the Audit Committee as on 31st March, 2019 and the attendance during the year are as under:

Name of the Member	Position	Category	No. of Meetings held	No. of Meetings Attended
Shri G P Muniappan	Chairman	Independent, Non - Executive	4	4
Shri G V S Desikan	Member	Independent, Non - Executive	4	4
Shri K N V Ramani	Member	Independent, Non - Executive	4	4
Shri A P Seturaaman	Member	Independent, Non - Executive	4	Nil

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

The Board of Directors appointed Shri A P Seturaaman as member of the said Committee on 09.02.2019, who fulfills the criteria specified under Section 177.

The head of finance function, head of internal audit and the representative of the Statutory Auditors were invited to be present at the Audit Committee meetings.

The Cost Auditors appointed by the Company under Section 148 of the Companies Act, 2013 were also invited to attend the Audit Committee Meetings.

The Company Secretary acts as the Secretary to the Committee.

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Familiarisation Programme

The Company has a programme to familiarise Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company etc. and the same is available on the website of the Company at <http://www.kgdenim.com/investors-page/corporate-governance>

Skills / Expertise/Competencies of the Board of Directors are given below :

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

b. Nomination and Remuneration Committee

The said Committee comprised of 3 Independent, Non-Executive Directors namely Shri K N V Ramani, Chairman with Shri G P Muniappan and Shri G V S Desikan as members.

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

The details of remuneration to Directors for the year is furnished in paragraph 7.

Details of Attendance of Nomination and Remuneration Committee :

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

c. Stakeholders Relationship Committee

The said Committee comprised of Shri G P Muniappan, Chairman with Shri A Velusamy and Shri A P Seturaaman as members. The Committee looks into redressal of Shareholders' complaints like transfer of shares, non-receipt of balance sheet, etc.

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

During the year, the Stakeholders Relationship Committee met four times and meetings were held on 24.05.2018, 31.07.2018, 13.11.2018 and 08.02.2019.

Shri M Balaji, Company Secretary is the Compliance Officer for complying with the requirements of the Securities and Exchange Board of India and requirements of the Listing Agreement with the Stock Exchange.

The total number of complaints received and replied to the satisfaction of Shareholders during the year under review was four. Outstanding complaints as on 31st March 2019 were 'Nil'.

K G DENIM LIMITED

Details of Attendance of Stakeholders Relationship Committee :

Name of the Member	Position	Category	No. of Meetings held	No. of Meetings Attended
Shri G P Muniappan	Chairman	Independent, Non - Executive	4	4
Shri A Velusamy	Member	Independent, Non - Executive	4	4
Shri A P Seturaaman	Member	Independent, Non - Executive	4	4

d. Corporate Social Responsibility Committee

The said Committee has already been constituted for the year 2016-17 comprising of Shri KG Baal Krishnan, Shri G V S Desikan and Shri A Velusamy as members. In terms of provisions of Section 135 of the Companies Act, 2013 the Company has constituted a Trust under the name of 'KG Denim Trust Foundation' to carry out the Corporate Social Responsibility (CSR) activities. The following amounts were spent :

Sl.No.	For the Year	Amount Rs. lakh
1.	2014-15	30.00
2.	2015-16	9.50
3.	2016-17	32.27
4.	2017-18	51.00
5.	2018-19	59.10
	Total	181.87

Details of CSR activities undertaken are highlighted in Directors Report.

e. Risk Management Committee

The Risk Management Committee comprises of the following persons, namely, Shri B Sriramulu, Chairman, Shri S Muthuswamy and Shri M Balaji.

4. GENERAL MEETINGS

Location and date/time of the last three Annual General Meetings.

Annual General Meeting for the Financial Year 2018-19

Type of Meeting	Date	Time	Venue	Details of Special Resolution passed
26 th AGM	27 th September 2018	4.15 p.m.	Registered Office premises, Then Thirumalai, Jadayampalayam, Coimbatore - 641 302.	1. Re-appointment of Shri KG Baal Krishnan as Executive Chairman 2. Re-appointment of Shri K N V Ramani, Shri G V S Desikan and Shri G P Muniappan as Independent Directors 3. Alteration of Memorandum and Articles of Association of the Company
25 th AGM	16 th September 2017	10.45 a.m.	-do-	Nil
24 th AGM	28 th September 2016	4.00 p.m.	-do-	Nil

Postal ballots were used for voting at the 23rd Annual General Meeting.

ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR 2018-19

Day and Date	Thursday, 26.09.2019
Time	4.30 p.m.
Venue (Registered Office of the Company)	Then Thirumalai, Jadayampalayam Coimbatore - 641 302.
Financial Year	01.04.2018 to 31.03.2019
Book Closure dates for Dividend	19.09.2019 to 26.09.2019 (Both days inclusive)
Last date of receipt of proxy forms	Tuesday, September 24, 2019 before 4.30 p.m.

K G DENIM LIMITED

5. DISCLOSURES

There were no materially significant related party transactions with the Company's Promoters, Directors, the Management or Relatives, which may have a potential conflict of interest with the Company at large.

There have been no instances of non-compliance by the Company on any matters relating to capital market, nor has any penalty / strictures been imposed on the Company by the Stock Exchange or SEBI or any other Statutory authority on such matters subject to

(a) The Registrar of Companies, Coimbatore, Tamilnadu had issued Notice Under Section 441 and Section 135 read with Section 134(3)(o) of the Companies Act, 2013 dated 30.10.2018 against the Company, Board of Directors and Key Managerial Personnel. The Company had opted to compound the violation of the above Section to the Hon'ble NCLT, Chennai. The Hon'ble NCLT, Chennai had levied Compounding Fees against the Company, Board of Directors and Key Managerial Personnel vide its Order dated 08.04.2019. The Company, Board of Directors and Key Managerial Personnel had already paid the Compounding Fees.

(b) BSE had levied a fine of Rs.1180/- for late submission of investor complaints for QE December 2018, under Regulation 13 (3) SEBI (LODR) 2015, which the company has paid.

(c) BSE had levied a fine of Rs. 542800/- for non-submission of Corporate Governance Report as per Regulation 27 (2) of LODR, (2015) and non-compliance of Regulation 17(1), 18(1), 19(1), 19(2), 20 (2) and 21(2) of SEBI LODR (2015). On representing the facts, the BSE had requested to file revised XBRL for September 2018, which the company has complied with.

The Company has a Whistle Blower Mechanism in place and no personnel has been denied access to the audit committee. The Whistle Blower Policy is available in the Company's website at <http://www.kgdenim.com/investors-page/corporate-governance>.

All the mandatory requirements specified under Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been complied with.

The Company does not have any material subsidiary.

Policy on related party transaction is available in the Company's website at <http://www.kgdenim.com/investors-page/corporate-governance>.

The Company does not deal with any commodity activities and hence disclosure of commodity price risks and commodity hedging activities does not arise.

The Company has not raised funds through preferential allotment or qualified institutions placement as specified under the regulation 32(7)(A).

The Board, at its meeting held on 14.11.2018, which was subsequently revised at the Board Meeting held on 03.01.2019, proposed for Buy Back of its Equity Shares to the extent of 21,96,500 Equity Shares at Rs.40/- per share with an overall buy back size Rs.8,78,60,000/- through Tender Offer basis. The offer opened on 22.01.2019 and closed on 04.02.2019. Total number of shares tendered was 16,080 Equity Shares amounting to Rs.6,43,200/-.

Company Secretary in Practice has certified that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Fees paid to statutory auditors is Rs 5.38 lakh (Standalone financials).

Disclosure under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 is available as part of the Board's Report.

6. MEANS OF COMMUNICATION

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

7. REMUNERATION TO DIRECTORS

For the financial year ended 31st March 2019, the remuneration paid to the Directors is as indicated below:-

Name of the Director & Designation	Salary Amount (Rs.)	Perquisites and other benefits (Rs.)	Total (Rs.)
Shri KG Baalakrishnan, Executive Chairman	60,00,000	-	60,00,000
Shri B Sriramulu, Managing Director	49,00,000	-	49,00,000
Shri B Srihari, Managing Director	49,00,000	-	49,00,000
Smt T Anandhi, Non-Executive Director	7,78,866	-	7,78,866

The details of sitting fees paid to Non-Executive Directors for attending the Board, Independent Directors or Committee Meetings during the financial year ended 31st March 2019 were as follows :-

Name of the Directors	Sitting Fee (Rs.)	No. of Shares held
Shri G V S Desikan	1,50,000	200
Shri K N V Ramani	1,60,000	10000
Shri G P Muniappan	1,60,000	Nil
Shri M B N Rao	10,000	Nil
Shri A P Seturaaman	60,000	Nil

K G DENIM LIMITED

8. GENERAL SHAREHOLDER INFORMATION

- | | | |
|--|---|--|
| 1. 27 th AGM to be held on | : | 26.09.2019 |
| | at : | 4.30 p.m. |
| | venue : | Registered Office Premises, Then Thirumalai, Jadayampalayam, Coimbatore 641 302 |
| 2. Financial Calendar-Board Meetings (Tentative) | First Quarter - | Second week of August 2019 |
| | Second Quarter - | Second week of November 2019 |
| | Third Quarter - | Second week of February 2020 |
| | Results for the year ending 31 st March 2020 last week of May 2020 | |
| 3. Date of Book Closure | | 19.09.2019 to 26.09.2019 (Both days inclusive) |
| 4. Listing of Equity Shares | | Listed in BSE Ltd. The Company has paid the listing fees for the year 2019 - 2020. |
| 5. Registrar and Share Transfer Agents | | In accordance with SEBI's Circular dated 4th January 2003 directing that the work related to share registry, in physical & electronic modes, be maintained at a single point, as from 1st April 2003, both the above segments of share registry operations are now being handled by the SEBI Registered R & T Agent M/s Cameo Corporate Services Limited, at 'Subramanian Building', No.1 Club House Road, Chennai 600 002 |
| 6. Stock Code | | BSE Ltd. - 500239 |
| 7. Demat ISIN No. for NSDL & CDSL | | INE104A01012 |
| 8. Share Transfer System | | The Company's shares are traded in the stock exchange compulsorily in demat mode. Both the physical and demat modes of share transfers are being handled by company's Share Transfer Agent M/s Cameo Corporate Services Limited, 'Subramanian Building', No.1 Club House Road, Chennai 600 002
The share transfer committee, which is a Board Committee, approves the transfer of shares. |
| 9. Dematerialisation of Shares | | 93.47% of the total equity shares (23963851 Shares) were held in the dematerialised form as on 31 st March 2019. Trading in equity shares of the company is permitted only in dematerialised form w.e.f 26.06.2000, as per the notification of SEBI. |
| 10. i. Details of Public Funding obtained in the last three years. | | No capital from public was raised during the last three years. |
| ii. Outstanding GDRS/ADRS/Warrants or any convertible instrument | | None |
| 11. Plant Location | | K G DENIM LIMITED, Then Thirumalai, Jadayampalayam, Coimbatore 641 302 |
| 12. Address for communication | | K G DENIM LIMITED, Then Thirumalai, Jadayampalayam, Coimbatore 641 302 |
| 13. Website | | www.kgdenim.com |

9. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2019

Category	No. of Shareholders	%	No. of Shares	%
Upto 5,000	12367	86.54	2084057	8.13
5,001 - 10,000	972	6.80	827758	3.23
10,001 - 20,000	427	2.99	676543	2.64
20,001 - 30,000	162	1.13	420376	1.64
30,001 - 40,000	60	0.42	221042	0.86
40,001 - 50,000	70	0.49	334909	1.30
50,001 - 1,00,000	104	0.73	809571	3.16
1,00,001 and above	129	0.90	20263569	79.04
Total	14291	100.00	25637825	100.00

K G DENIM LIMITED

10. CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2019

Sl.No.	Category	No.of Shares held	%
1	Shareholding of Promoter and Promoter Group	15031403	58.63
2	Public Shareholding		
A	Institutions		
(a)	Mutual Funds / UTI / Financial Institutions / Banks	7900	0.03
(b)	Foreign Institutional Investors	-	-
	Sub Total (A)	7900	0.03
B	Non-Institutions		
(a)	Bodies Corporate & Trusts	707593	2.76
(b)	Individuals	9890929	38.58
	Sub Total (B)	10598522	41.34
	Grand Total	25637825	100.00

11. SHARE PRICE DATA

Market price data of the company's equity shares in Bombay Stock Exchange for the period from April 2018 to March 2019 is as below:

Month	BSE Price	
	High	Low
April 2018	52.00	45.20
May 2018	54.00	37.35
June 2018	44.00	31.10
July 2018	40.80	30.35
August 2018	38.90	33.40
September 2018	35.80	26.00
October 2018	30.95	24.00
November 2018	44.00	25.55
December 2018	43.90	36.10
January 2019	48.90	40.00
February 2019	51.00	41.30
March 2019	57.00	47.55

12. COMPLIANCE WITH NON MANDATORY REQUIREMENT

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

COMPANY SECRETARYS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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

Dear Sir,

I have examined the compliance conditions of corporate governance by M/s. K G Denim Limited ("the Company") for the financial year ended March 31, 2019 as stipulated under SEBI (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 subject to the fact that the submission of investor complaints under Regulation 13(3) of LODR 2015 belatedly .

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

Coimbatore
05.08.2019

M.R.L.Narasimha
Practicing Company Secretary
Membership No:2851
Certificate of Practice:799
Place, 34-C, 3rd Cross, R.L. Nagar
K.K.Pudur, Coimbatore - 641038

K G DENIM LIMITED

Annexure - 6

FORM MR - 3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[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, 2019 and also after 31st March, 2019 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 2019 (hereinafter referred to as "the year"), the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made here in after. The members are requested to read this report along with my letter of even date annexed to this report as Annexure-A.

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

- i. The Companies Act, 2013 (the Act), the rules made there under.
- ii. The Companies Act, 1956.
- iii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.
- iv. The Depositories Act, 1996 and the regulations and byelaws framed there under.
- v. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct investment, Overseas Direct Investment and External Commercial Borrowings;
- vi. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Registrars to an issue and share transfer agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client; and
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
 - (e) The Securities and Exchange Board of India (Buy back of securities) Regulations, 2018.

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:

K G DENIM LIMITED

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;

3. I am also informed that for the year, there were no other laws specifically applicable to the company, the books, papers, minute books, forms and returns of which were required to be examined by me for the purpose of this report.

4. i) I have also examined compliance with the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India. ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5. During the period under review, and also considering the compliance related action taken by the Company after 31st March, 2019 but before the issue of this report, the Company has complied with the provisions of the Acts, Rules, Regulations and Agreements mentioned under paragraph 1 above, to the extent applicable, Subject to the following observations:

(a) The Registrar of Companies, Coimbatore, Tamilnadu had issued Notice Under Section 441 and Section 135 read with Section 134(3)(o) of the Companies Act, 2013 dated 30.10.2018 against the Company, Board of Directors and Key Managerial Personnel. The Company had opted to compound the violation of the above Section to the Hon'ble NCLT, Chennai. The Hon'ble NCLT, Chennai had levied Compounding Fees against the Company, Board Directors and Key Managerial Personnel vide its Order dated 08.04.2019. The Company, Board of Directors and Key Managerial Personnel had already paid the Compounding Fees.

(b) BSE had levied a fine of Rs.1180 /- for late submission of investor complaints for QE December 2018, under Regulation 13 (3) SEBI (LODR) 2015, which the company has paid.

(c) BSE had levied a fine of Rs. 542800 /- for non-submission of Corporate Governance Report as per Regulation 27 (2) of LODR, (2015) and non-compliance of Regulation 17(1) , 18(1) , 19(1), 19(2), 20 (2) and 21(2) of SEBI LODR (2015) . On representing the facts, the BSE had requested to file revised XBRL for September 2018, which the company has complied with.

6. I further report that:

(i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

(ii) Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent at least seven days in advance.

(iii) A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings. Majority decision is carried through. I am informed that there were no dissenting members' views on any of the matters during the year that were required to be captured and recorded as part of the minutes.

(iv) There are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

Dated : 05.08.2019

K G DENIM LIMITED

Annexure - A to Secretarial Audit Report of even date

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

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March,2019 is to be read along with this letter.

1. Maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, I have also taken into consideration the compliance related action taken by the Company after 31st March 2019 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.

Coimbatore
05.08.2019

M.R.L.Narasimha
Practising Company Secretary
Membership No:2851
Certificate of Practice:799
Place, 34-C, 3rdCross, R.L.Nagar
K.K.Pudur, Coimbatore - 641038.

K G DENIM LIMITED

Annexure - 7

Statement of particulars as per Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

Sl.No.	Name of the Director	Ratio of the remuneration to the median remuneration of the employees
1.	Shri KG Baalakrishnan	45.05
2.	Shri B Sriramulu	36.04
3.	Shri B Srihari	36.04

Shri K N V Ramani, Shri G P Muniappan, Shri G V S Desikan, Shri M B N Rao and Shri A P Seturaaman, Independent Directors were paid sitting fees for attending the meetings.

Smt T Anandhi was paid 0.5% of Net Profit as remuneration.

(ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the financial year

The Board and Annual General Meeting had approved a fixed annual remuneration of Rs.60 lakh each to Shri KG Baalakrishnan, Shri B Sriramulu and Shri B Srihari, Directors from 01.04.2016 instead of 3% of Net Profit payable earlier. Shri B Sriramulu and Shri B Srihari have drawn Rs.49 lakh each in this Company after considering Rs.11 lakh each earned in Sri Kannapiran Mills Limited as Managing Directors.

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

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

Nil

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

1919

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

Sl.No.	Average increase in remuneration	Company performance
		Nil

(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company

Sl.No.	Remuneration of Key Managerial Personnel	Performance of the Company for the year ended 31st March, 2019
1.	Rs.1.38 Crore	Rs.8.75 Crore

(vii) Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public officer.

Sl.No.	Particular	As at March 31, 2019		As at March 31, 2018	
		BSE	Rs.125.37 Crore	BSE	Rs.116.73 Crore
1.	Market Capitalisation	BSE	Rs.125.37 Crore	BSE	Rs.116.73 Crore
2.	Price Earnings Ratio	BSE	14.34	BSE	18.60

K G DENIM LIMITED

Market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

The Company came with an Initial Public Offer in 1993 at the price of Rs.10/- per equity share. As on 31st March, 2019 the Market Quotation of the Company Share Price (Closing Price) is as follows:

BSE Limited : Rs.48.90

(viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

There has been increase of 9 percentile in the remuneration of employees. There was no increase in the remuneration of Executive Chairman and Managing Director. There has been an increase of 3 percentile in the remuneration of Key Managerial Personnel.

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

Sl.No.	Name	Remuneration of Key Managerial Personnel	Performance of the Company for the year ended 31 st March, 2019
1.	Shri B Sriramulu	Rs.49,00,000	Rs.8.75 Crore
2.	Shri B Srihari	Rs.49,00,000	Rs.8.75 Crore
3.	Shri S Muthuswamy	Rs.16,18,018	Rs.8.75 Crore
4.	Shri M Balaji	Rs.24,02,940	Rs.8.75 Crore

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

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

(xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year. -N.A.-

(xii) The Remuneration paid to Key Managerial Personnel is as per the Remuneration policy of the Company.

On behalf of the Board of Directors
for K G DENIM LIMITED
KG Baalakrishnan
Executive Chairman
DIN : 00002174

Place : Coimbatore

Date : 05.08.2019

K G DENIM LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF K G DENIM LIMITED

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

Opinion

1. We have audited the accompanying standalone financial statements of K G Denim Limited ('the Company'), which comprise the Balance sheet as at 31st March 2019, the statement of profit and loss (including Other Comprehensive Income), the Cash Flow statement and the statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS'), specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31st March 2019, and its profit (financial performance including other comprehensive income), 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 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 judgment, 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><i>Litigations - Contingencies</i></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><i>Principal Audit Procedures</i></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 Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, management is 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 management 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 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, we exercise professional judgment 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 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 management.
- ♣ Conclude on the appropriateness of management'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 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.

K G DENIM LIMITED

- ♣ 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.

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 Section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.

15. As required by the Companies (Auditor's Report) Order, 2016 ("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 the paragraph 3 and 4 of the Order.

16. As required by Section 143 (3) of the Act, we report that:

- 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.
- 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;
- the balance sheet, the statement of profit and loss (including other comprehensive income), the cash flow statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- 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;
- on the basis of the written representations received from the directors as on 31st March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- We have also audited the internal financial controls over financial reporting of the Company as on 31st March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report as per "Annexure B" expressed an unmodified opinion.
- 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 knowledge and belief and according to the information and explanations given to us:
 - the Company has disclosed the impact of pending litigations on its financial position in the standalone financial statements;
 - the Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.
 - The disclosure requirements regarding specified bank notes held and transacted during the period from 8th November 2016 to 30th December 2016 has not been made since the requirement does not pertain to the year ended 31st march 2019.

COIMBATORE
25.05.2019

For MOHAN & VENKATARAMAN
Chartered Accountants
Firm Regn. No.006896S
V KARTHIKEYAN
Partner
Membership No.208828

K G DENIM LIMITED

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 15 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, 2019.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.
- iii. The Company has not granted unsecured loans to companies, firms, LLPs or other parties covered in the register maintained under Section 189 of the Act.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans, investments made and the guarantees provided by it.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Company has maintained the cost records prescribed by the Central Government under Section 148(1) of the Act, however, we have not made detailed examination of such records.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of sales tax, goods and service tax VAT, provident fund, employees' state insurance, income tax, service tax, duty of customs, duty of excise, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax and VAT which have not been deposited on account of any dispute. The particulars of dues of service tax, duty of customs, duty of excise and income tax as at March 31, 2019 which have not been deposited on account of a dispute, are as follows:

K G DENIM LIMITED

Name of Statute	Nature of Dues	Amount (Rs. Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act	Excise Duty	10.79	FY 2013-14	CESTAT, Chennai
Customs Act	Custom Duty	7.49	FY 2006-07	CESTAT, Chennai
		0.33	FY 2008-09	CESTAT, Chennai
		112.61	FY 2013-14	Customs Excise and Service Tax Appellate Tribunal, Chennai. Out of this, demand of Rs.112.61 lakhs was stayed by CESTAT, Chennai.
Income Tax Act	Income Tax	20.15	FY 2014-15	CIT Appeals

- viii. According to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders during the year.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). According to the information and explanation given to us, we are of the opinion that the term loans have been applied for the purposes for which they were obtained.
- x. According to the information and explanation given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and therefore Clause 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly Clause 3(xiv) of the Order is not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him, Accordingly Clause 3(xv) of the Order is not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934, Accordingly Clause 3(xvi) of the Order is not applicable to the Company.

COIMBATORE
25.05.2019

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

K G DENIM LIMITED

ANNEXURE - B TO THE AUDITORS' REPORT

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

1. We have audited the internal financial controls over financial reporting of K G Denim Limited ("the Company") as of 31st March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls over financial reporting and the Guidance Note issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded

K G DENIM LIMITED

as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

COIMBATORE
25.05.2019

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

K G DENIM LIMITED

BALANCE SHEET AS AT 31st MARCH 2019

PARTICULARS	NOTE NO.	AS AT 31.03.2019	AS AT 31.03.2018
I. ASSETS			
(Rs. in lakhs)			
1 NON-CURRENT ASSETS			
(a) Property, plant and equipment	1	16620.70	16765.12
(b) Capital Work-in-Progress	1	3034.84	376.41
(c) Financial Assets			
Non-Current Investments	2	781.05	781.47
(d) Other non-current assets	3	528.35	534.17
TOTAL		20964.94	18457.17
2 CURRENT ASSETS			
(a) Inventories	4	13023.78	14372.94
(b) Financial Assets			
(i) Trade Receivables	5	8574.38	9264.97
(ii) Cash and cash equivalents	6	465.43	329.73
(iii) Bank balance other than (ii) above	7	333.03	1111.02
(iv) Other financial assets	8	-	-
(c) Current tax assets (net)	9	23.77	4.42
(d) Other Current Assets	10	3683.63	3281.67
TOTAL		26104.02	28364.75
GRAND TOTAL		47068.96	46821.92
II. EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	11	2564.90	2566.51
(b) Other Equity	12	8869.91	8231.46
TOTAL		11434.81	10797.97
2 LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	13	6906.47	5058.90
(ii) Other financial liabilities	14	0.00	380.00
(b) Long-term Provisions	15	638.66	367.87
(c) Deferred Tax Liabilities (Net)	16	1860.92	1923.29
(d) Government grants	17	791.58	381.78
TOTAL		10197.63	8111.84
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	18	10076.83	8227.87
(ii) Trade payable - Micro and Small Enterprises	19	29.01	68.98
(ii) Trade payable - Others		12769.61	15345.11
(iii) Other financial liabilities	20	1996.74	1924.27
(b) Other current liabilities	21	442.52	2229.83
(c) Short-term provisions	22	64.10	58.34
(d) Government grants	23	57.71	57.71
TOTAL		25436.52	27912.11
GRAND TOTAL		47068.96	46821.92
Significant Accounting Policies	34		
The notes form an integral part of these financial statements 35 to 46			

As per our report of even dated

For **MOHAN & VENKATARAMAN**
Chartered Accountants

KG BAALAKRISHNAN
Executive Chairman
DIN : 00002174

B SRIRAMULU
Managing Director
DIN : 00002560

B SRIHARI
Managing Director
DIN : 00002556

V KARTHIKEYAN
Partner

M BALAJI
Company Secretary

S MUTHUSWAMY
Chief Financial Officer

Coimbatore
25th May, 2019

Membership No.208828
Firm Regn. No.007321S

K G DENIM LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019

PARTICULARS	NOTE NO.	31.03.2019	31.03.2018
		(Rs.in lakhs)	
I INCOME			
Revenue from operations	24	69286.62	63494.29
Other Income	25	293.83	373.08
Total Income		<u>69580.45</u>	<u>63867.37</u>
II EXPENSES			
Cost of materials consumed	26	39252.91	42105.84
Purchases of Stock-in-Trade	27	17.66	69.93
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	28	668.43	(986.87)
Other Manufacturing Expenses	29	14596.59	11574.79
Employee Benefits Expenses	30	5607.45	3604.71
Finance Costs	31	2499.36	2434.94
Depreciation and Amortization Expense		1682.63	1391.54
Other Expenses	32	3551.12	2796.76
Total Expenses		<u>67876.15</u>	<u>62991.64</u>
III Profit before exceptional items and tax		<u>1704.30</u>	<u>875.73</u>
IV Exceptional Items	33	162.54	-
V Profit before tax (III-IV)		<u>1541.76</u>	<u>875.73</u>
VI Tax Expense :			
(1) Current Tax		572.42	306.22
(2) MAT Credit Entitlement		-	-
(3) Deferred Tax		(62.38)	106.99
(4) Prior Year Tax		(65.76)	(120.47)
		<u>444.28</u>	<u>292.74</u>
VII Profit (Loss) for the period from continuing operations (V-VI)		<u>1097.48</u>	<u>582.99</u>
VIII Other Comprehensive Income			
Items that will not reclassified to Profit or Loss			
Fair value of Equity Instruments		(0.42)	(1.32)
Gratuity valuations through OCI		(221.84)	49.64
Tax expense on above		-	-
Profit/(loss) (after tax) (VII)		<u>(222.26)</u>	<u>48.32</u>
IX Total Comprehensive Income for the year (VII+VIII)		<u>875.22</u>	<u>631.31</u>
X Earnings per equity share			
(1) Basic		4.28	2.27
(2) Diluted		4.28	2.27
Weighted Number of Equity Shares		25637825	25653905
Significant Accounting Policies	34		

The notes form an integral part of these financial statements 35 to 46

As per our report of even dated

For MOHAN & VENKATARAMAN
Chartered Accountants

KG BAALAKRISHNAN
Executive Chairman
DIN : 00002174

B SRIRAMULU
Managing Director
DIN : 00002560

B SRIHARI
Managing Director
DIN : 00002556

V KARTHIKEYAN
Partner

M BALAJI
Company Secretary

S MUTHUSWAMY
Chief Financial Officer

Coimbatore
25th May, 2019

Membership No.208828
Firm Regn. No.007321S

K G DENIM LIMITED

STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31.03.2019

PARTICULARS	31.03.2019	31.03.2018
	(Rs.in lakhs)	
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax and extraordinary items	1541.76	875.73
Adjustments for:		
Fair Valuation of Instruments	(0.42)	(1.32)
Depreciation and Amortization expenses	1682.63	1391.50
Profit/Loss on sale of assets	-	-
Dividend Received	-	-
Finance Cost	2499.36	2434.95
Operating Profit before working capital changes	5723.33	4700.86
Adjustments for:		
(Increase)/Decrease in Trade and other receivables	690.59	(1584.53)
(Increase)/Decrease in Inventories	1349.16	(2323.92)
(Increase)/Decrease in Other Non current assets	5.82	(185.92)
(Increase)/Decrease in Other current assets	(421.31)	(1118.00)
Increase/(Decrease) in Trade and other payables	(4300.50)	5221.11
Increase/(Decrease) in Provisions	276.55	(449.27)
Increase/(Decrease) in Gratuity Valuation through OCI	(221.84)	49.64
Cash generated from operations	3101.80	4309.97
Cash flow before extraordinary items	3101.80	4309.97
Extraordinary items	-	-
Cash flow after extraordinary items	3101.80	4309.97
Income Tax	(506.66)	(185.74)
Net cash (used in)/generated from operating activities	2595.14	4124.23
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Cash inflow		
Sale proceeds of property, plant and equipment	-	-
Dividend received	-	-
Share buy back	(6.43)	-
Investments	0.42	1.32
Cash outflow		
Purchase of property, plant and equipment	(4196.65)	(4664.76)
Margin money Deposit with bank	778.00	(245.27)
Investments	-	-
Net cash (used in)/generated from investing activities	(3424.66)	(4908.71)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Cash inflow		
Proceeds from Long Term Borrowings	1847.58	1784.42
Proceeds from Short Term Borrowings	1848.96	1801.05
Cash outflow		
Provision for Equity Dividend	(192.40)	(192.40)
Distribution Tax on Equity Dividend	(39.56)	(39.17)
Interest paid	(2499.36)	(2434.95)
Net cash (used in)/generated from financing activities	965.22	918.95
Net Increase in cash and cash equivalents	135.70	134.47
Cash and cash equivalents as at 1st April, 2018 (Opening Balance)	329.73	195.26
Cash and cash equivalents as at 31st March, 2019 (Closing Balance)	465.43	329.73
Cash and cash equivalents as per above comprises of the following		
Cash and cash equivalents (Refer Note 6)	465.43	329.73
Bank overdraft	-	-
Balance as per Statement of Cash Flows	465.43	329.73

As per our report of even dated

For **MOHAN & VENKATARAMAN**
Chartered Accountants

KG BAALAKRISHNAN
Executive Chairman
DIN : 00002174

B SRIRAMULU
Managing Director
DIN : 00002560

B SRIHARI
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V KARTHIKEYAN

M BALAJI
Company Secretary

S MUTHUSWAMY
Chief Financial Officer

Coimbatore
25th May, 2019

Partner
Membership No.208828
Firm Regn. No.007321S

K G DENIM LIMITED

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

A. EQUITY SHARE CAPITAL

(Rs in lakhs)

	Notes	Amount
As at 31st March, 2017		2566.51
Changes in equity share capital	11	-
As at 31st March, 2018		2566.51
Changes in equity share capital : Buy back of shares	11	1.61
As at 31st March, 2019		2564.90

B. OTHER EQUITY

(Rs in lakhs)

	Capital Redemption Reserve	Securities Premium Reserve	General Reserves	Surplus	Total
Balance as at 1st April, 2017	-	444.44	1555.71	5831.57	7831.72
Profit for the year	-	-	-	582.99	582.99
Other Comprehensive Income for the year	-	-	-	48.32	48.32
Total Comprehensive Income for the year	-	-	-	631.31	631.31
Dividends	-	-	-	-192.40	-192.40
Dividend distribution tax	-	-	-	-39.17	-39.17
Balance as at 31st March, 2018	-	444.44	1555.71	6231.31	8231.46
Balance as at 1st April, 2018	-	444.44	1555.71	6231.31	8231.46
Capital Redemption Reserve (Buy back shares)	1.61	-	-	-	1.61
Buy back shares expenses	-	-	-6.43	-	-6.43
Profit for the year	-	-	-	1097.48	1097.48
Other Comprehensive Income for the year	-	-	-	-222.26	-222.26
Total Comprehensive Income for the year	-	-	-	875.22	875.22
Dividends	-	-	-	-192.40	-192.40
Dividend distribution tax	-	-	-	-39.56	-39.56
Balance as at 31st March, 2019	1.61	444.44	1549.28	6974.57	8869.91

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

V KARTHIKEYAN
Partner
Coimbatore
25th May, 2019
Membership No.208828
Firm Regn. No.007321S

KG BAALAKRISHNAN
Executive Chairman
DIN : 00002174

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Managing Director
DIN : 00002560

S MUTHUSWAMY
Chief Financial Officer

B SRIHARI
Managing Director
DIN : 00002556

K G DENIM LIMITED

Note 1 - Property Plant & Equipment - Standalone

(Rs.in lakhs)

	Land	Buildings	Plant & Equipment	Electrical Machinery	Furniture & Fixtures	Vehicles	Office Equipment	other (Specify nature)	Total	Capital Work in progress
Gross Carrying Value										
Deemed Cost as at April 1, 2018	1097.98	4661.54	12296.30	559.60	125.37	535.84	116.23	7.74	19400.60	376.41
Additions	-	741.85	646.77	68.90	49.25	19.83	11.61	-	1538.21	3762.39
brought in to use	-	-	-	-	-	-	-	-	-	1103.96
(-) Disposals	-	-	-	-	-	-	-	-	-	-
As at March 31, 2019	1097.98	5403.39	12943.07	628.50	174.62	555.67	127.84	7.74	20938.81	3034.84
Depreciation										
As at April, 2018	-	402.48	1925.69	105.33	28.46	124.89	48.62	0.01	2635.48	-
Depreciation for the year	-	216.00	1291.69	56.62	16.73	78.88	21.24	1.47	1682.63	-
(-) On Disposals	-	-	-	-	-	-	-	-	-	-
As at March 31, 2019	-	618.48	3217.38	161.95	45.19	203.77	69.86	1.48	4318.11	-
Net Carrying Value										
As at March 31, 2019	1097.98	4784.91	9725.69	466.55	129.43	351.90	57.98	6.26	16620.70	3034.84
As at April 01, 2018	1097.98	4259.06	10370.61	454.27	96.91	410.95	67.61	7.73	16765.12	376.41

Note :

Building includes Prayer Hall and Gold plating theron of Rs. 109.14 Lakhs in Gross Carrying value, Rs. 10.98 Lakhs in Depreciation block and Rs.98.16 Lakhs in Net Block (Previous year Rs. 109.14 Lakhs in Gross Carrying value, Rs. 7.32 Lakhs in Depreciation and Rs.101.82 lakhs in Net Block)

Furniture & Fittings includes Prayer Hall of Rs. 4.53 Lakhs in Gross Carrying value, Rs. 3.80 Lakhs in Depreciation Block and Rs.0.73 Lakhs in Net Block (Previous year Rs. 4.53 Lakhs in Gross Carrying Value, Rs. 3.79 Lakhs in Depreciation and Rs.0.74 Lakhs in Net Block)

Office Equipment includes Prayer Hall of Rs. 0.47 Lakhs in Gross Carrying Value, Rs. 0.29 Lakhs in Depreciation Block and Rs.0.18 Lakhs in Net Block (Previous year Rs. 0.47 Lakhs in Gross Carrying Value, Rs. 0.20 Lakhs in Depreciation and Rs.0.27 lakhs in Net Block)

K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
NOTE 2 - INVESTMENTS-NON CURRENT		
A NON-TRADE INVESTMENTS		
Equity (Quoted)		
i Allahabad Bank -5,265 Equity Shares of Rs.10/- each	2.88	2.55
TOTAL - A	<u>2.88</u>	<u>2.55</u>
B TRADE INVESTMENTS		
I Investments in Subsidiary Companies		
i Trigger Apparels Limited - Wholly Owned Subsidiary		
45,00,000 Equity Shares of Rs.10/- each - Un quoted	450.00	450.00
ii KG Denim (USA) Inc. - Wholly Owned Subsidiary - Un quoted	0.46	0.46
SUB TOTAL	<u>450.46</u>	<u>450.46</u>
II OTHER TRADE INVESTMENTS		
i KG Fabriks Limited		
32,70,000 Equity Shares of Rs.10/- each - Un quoted	327.00	327.00
ii Sri Kannapiran Mills Limited		
4,588 Equity Shares of Rs.10/- each - Quoted	0.46	0.46
iii Cotton Sourcing Company Ltd		
10,000 Equity Shares of Rs.10/- each - Un quoted	1.00	1.00
Less : Provision for diminution in the value of Investments	(0.75)	-
SUB-TOTAL	<u>327.71</u>	<u>328.46</u>
TOTAL (B = I + II)	<u>778.17</u>	<u>778.92</u>
GRAND TOTAL (A+B)	<u>781.05</u>	<u>781.47</u>
Aggregate amount of quoted investments	4.32	4.32
Market value of quoted investments	2.88	2.55
Aggregate amount of unquoted investments at cost	778.92	778.92
Aggregate impairment in Value Investments	(0.75)	-
NOTE 3 - OTHER NON CURRENT ASSETS		
a. Capital Advances		
Advance for Capital Goods - Un Secured	508.74	511.54
Considered good		
Others	-	-
TOTAL	<u>508.74</u>	<u>511.54</u>
b. Security Deposits		
Security Deposits - Un secured considered good	19.61	16.56
TOTAL	<u>19.61</u>	<u>16.56</u>
c. Advances to related parties		
Advance to Subsidiary company - KG Denim (USA)Inc.	-	6.07
- Un secured considered good		
TOTAL	<u>528.35</u>	<u>6.07</u>
GRAND TOTAL	<u>528.35</u>	<u>534.17</u>

K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
NOTE 4 - INVENTORIES		
a Raw Materials and components	3726.59	4433.28
	<u>3726.59</u>	<u>4433.28</u>
b Work-in-progress	1625.45	2702.46
	<u>1625.45</u>	<u>2702.46</u>
c Finished goods	6994.26	6176.62
Goods-in transit	22.02	390.80
	<u>7016.28</u>	<u>6567.42</u>
d Stock-in-trade	-	-
e Stores and Spares	641.72	659.43
	<u>641.72</u>	<u>659.43</u>
f Others (Specify nature)		
stock of waste	13.74	10.35
	<u>13.74</u>	<u>10.35</u>
TOTAL	<u>13023.78</u>	<u>14372.94</u>
Mode of valuation : Refer Note 34 in Significant Accounting Policies.		
NOTE 5 - TRADE RECEIVABLES		
Current Receivables		
Trade receivables Unsecured Considered Good	8574.38	9264.97
TOTAL	<u>8574.38</u>	<u>9264.97</u>
(Non Current Nil) (Refer Notes for Credit risk and Market risk)		
NOTE 6 - CASH AND CASH EQUIVALENTS		
a Balances with banks	447.61	317.35
b Cheques, drafts on hand	-	7.02
c Cash on hand	17.82	5.36
TOTAL	<u>465.43</u>	<u>329.73</u>
NOTE 7 - OTHER BANK BALANCES		
a Others Bank Balances		
Unclaimed Dividend Account	68.46	55.90
b Others		
EEFC Deposits	-	-
Margin Money Deposits on LC	264.57	1055.12
TOTAL	<u>333.03</u>	<u>1111.02</u>
NOTE 8 - OTHER FINANCIAL ASSETS	-	-

K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
NOTE 9 - CURRENT TAX ASSETS (NET)		
Tax Paid in advance (net)		
For Duties & Taxes	23.77	4.42
MAT Credit Entitlement	-	-
TOTAL	23.77	4.42
NOTE 10 - OTHER CURRENT ASSETS		
a. Export Incentives Receivable	580.68	773.69
b. IGST Refund Receivable	231.76	550.77
c. Interest Receivable	1.89	2.28
d. Input Credit GST Receivable	1095.70	508.66
e. Advance for Material Purchase	1188.01	727.57
f. Advance for Expenses / Others	485.44	616.59
g. Prepaid Expenses	100.15	102.11
TOTAL	3683.63	3281.67
NOTE 11 - SHARE CAPITAL		
<u>Authorised</u>		
31000000 Equity Shares of Rs.10 each	3100.00	3100.00
1000000 10% Cumulative Redeemable Preference Shares of Rs.100 each	1000.00	1000.00
<u>Issued</u>		
25675225 Equity Shares of Rs.10 each	2567.52	2569.13
<u>Subscribed & Paid up</u>		
25637825 Equity Shares of Rs.10 each fully paid	2563.78	2565.39
<u>Forfeited Shares</u>		
(Amount originally paid up)	1.12	1.12
TOTAL	2564.90	2566.51
Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period		
Particulars	31.03.2019	31.03.2018
Shares outstanding at the beginning of the year 25653905 Number	2565.39	2565.39
Less : 16080 Shares Buy back of shares during the year	1.61	-
Shares outstanding at the end of the year 25637825 Number	2563.78	2565.39
Shares in the company held by each shareholder holding more than 5 percent shares		
	31.03.2019	31.03.2018
Name of Shareholder	No. of Shares held & % of holding	No. of Shares held & % of holding
1 Sri Kannapiran Mills Limited	3065183 - 11.96%	3065183 - 11.95%
2 Shri KG Baalakrishnan	2578560 - 10.06%	2578560 - 10.05%
3 Shri B Srihari	2231859 - 8.71%	2231859 - 8.70%
4 Shri B Sriramulu	2208659 - 8.61%	2208659 - 8.61%
5 Smt B Sathyabama	1886500 - 7.36%	1886500 - 7.35%

Terms and conditions of equity shares :

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

K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
NOTE 12 - OTHER EQUITY		
a. Securities Premium Reserves		
Opening Balance	444.44	444.44
Add : Addition / Deletion	-	-
Closing Balance	<u>444.44</u>	<u>444.44</u>
b. Other Reserves		
Capital Redemption Reserve		
Opening Balance	-	-
(+) Current Year Transfer	1.61	-
(-) Written Back in Current Year	-	-
Closing Balance	<u>1.61</u>	<u>-</u>
General Reserve		
Opening Balance	1555.71	1555.71
(+) Current Year Transfer	-	-
(-) Written Back in Current Year (Capital Redemption)	1.61	-
(-) Written Back in Current Year (Share Buy Back Exp)	4.82	-
Closing Balance	<u>1549.28</u>	<u>1555.71</u>
c. Surplus		
Opening Balance	6231.31	5831.57
(+) Comprehensive Income for the current year	875.22	631.31
(-) Fair Valuation of Receivables	-	-
(-) Depreciation	-	-
(-) Equity Dividends Paid	192.40	192.40
(-) Tax on Equity Dividend	39.56	39.17
(-) Additional depreciation as per Schedule II of Companies	-	-
Closing Balance	<u>6874.57</u>	<u>6231.31</u>
TOTAL	<u>8869.91</u>	<u>8231.46</u>
NOTE 13 - FINANCIAL LIABILITIES		
LONG TERM BORROWINGS		
<u>Secured</u>		
a) Term Loans		
Indian Rupee Loan	-	-
from banks (Secured)	6847.70	4984.00
from Others - House property loan from HDFC Ltd	20.56	22.26
b) Long term maturities of finance lease obligations		
(Secured By Vehicles on Hire purchase loan)	38.21	52.64
There is no case of continuing default as on the balance sheet date in repayment of loans and interest		
TOTAL	<u>6906.47</u>	<u>5058.90</u>

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 Expansion cum Diversification Scheme (ECDS) and New Capex Plan through Deed of Hypothecation and second pari passu charge on current assets of the Company.

Term Loan for 10 MW Power Plant from Indian Bank Rs.2868 lakhs and The South Indian bank Ltd. Rs.1470 lakhs are secured by pari passu first charge on Fixed Assets relating to power plant project and pari passu second charge on current assets of the Company.

Indian Bank is holding the original title deeds on its own behalf and on behalf of other Banks. Term Loans are also guaranteed by Shri KG Baalakrishnan, Executive Chairman.

(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	344.81	596.74	72	03.10.2015	03.10.2021	10.25%	11.70%
Indian Bank TL - VI	636.72	827.68	96	25.12.2015	25.12.2023	10.25%	11.75%
Indian Bank TL - VII	1802.45	0.00	84	15.05.2017	15.05.2024	10.25%	11.65%
Indian Bank TL - VIII	357.95	21.65	84	02.02.2018	02.02.2025	10.25%	11.65%
Indian Bank Bonus Loan	74.54	0.00	6	15.11.2018	15.04.2019	13.05%	Nil
Indian Bank Corp. Loan	2509.21	2020.00	48	01.04.2018	01.04.2022	10.50%	10.50%
The South Indian Bank Ltd	523.32	734.27	84	25.12.2015	25.12.2022	12.05%	12.05%

The Company has availed a Term Loan from ICICI Bank Ltd, Repco Bank Ltd and HDFC. ICICI Bank is having an exclusive charge on the Bangalore office property, Repco Bank is having an exclusive charge on 24.25 acres of land situated at Jadayampalayam and HDFC is having an exclusive charge on the Mumbai office property.

(Rs. in lakhs)

Term Loan Bank	Outstanding	Previous Year	Repayment Months	Commencement from	Last Instalment	Rate of Interest	Previous Rate of interest
ICICI Bank Ltd	235.42	264.00	120	05.05.2017	05.05.2017	8.60%	8.50%
Repco Bank Ltd	437.80	470.00	120	01.04.2018	01.04.2028	11.00%	11.00%
HDFC	20.56	72.25	84	20.11.2014	20.11.2021	12.50%	13.50%

K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
NOTE 14 - OTHER FINANCIAL LIABILITIES		
a) Trade Payable	-	-
b) Others	-	-
(i.) Unsecured Loan from Financial Institutions (NBFC)	-	-
(ii.) Unsecured Loan from Promoter Director	-	380.00
TOTAL	-	380.00
NOTE 15 - LONG TERM PROVISIONS		
a) Provision for employee benefits		
Gratuity (unfunded)	638.66	367.87
TOTAL	638.66	367.87
NOTE 16 - DEFERRED TAX LIABILITIES (NET)		
Opening balance	1923.29	1816.31
Add : Provision for the year	(62.37)	106.98
Less : Adjustment for additional depreciation as per Schedule II of Companies Act 2013*	-	-
Net Deferred tax liability	1860.92	1923.29
NOTE 17 - GOVERNMENT GRANTS		
Opening balance	381.78	-
Add : Provision for the year	409.80	381.78
Closing Balance	791.58	381.78
NOTE 18 - SHORT TERM BORROWINGS		
<u>Secured</u>		
a) Loans repayable on demand		
Working Capital Loan from Banks (Secured)	10076.83	8227.87
There are no case of default in repayment of loan and interest as on date of Balance Sheet.		
TOTAL	10076.83	8227.87
Security Clause		
<p>Working Capital facilities from Indian Bank Consortium (Indian Bank, Andhra Bank, Allahabad Bank, State Bank of India and The South Indian Bank Limited) are secured by a first pari passu charge on the whole of the current assets through Deed of Hypothecation and second pari passu charge on (a) all the immovable properties situated in (i) 102.1897 acres of land at Jadayampalayam, Alangombu and Karamadai Villages in Mettupalayam Taluk, Coimbatore District, Tamil Nadu and (ii) 2155.62 sq. meters of land at Amdha Village, Dharampur Taluk, Valsad District, Gujarat through equitable mortgage created with Indian Bank and (b) all plant and machineries (excluding vehicles charged to financiers, Peelamedu property & Mumbai property) through Deed of Hypothecation. The entire working capital facilities are also guaranteed by Shri KG Baal Krishnan, Executive Chairman.</p>		
NOTE 19 - TRADE PAYABLES		
For Dues of Micro Enterprises and Small Enterprises	29.01	68.98
For Other Dues	12769.61	15345.11
TOTAL	12798.62	15414.09

K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS

AS AT
31.03.2019

AS AT
31.03.2018

Note : Dues to Micro and Small 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.

	As at 31.03.2019 Current	As at 31.03.2018 Current
a) The principal amount remaining unpaid to any supplier at the end of the year	29.01	68.98
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 20 - OTHER FINANCIAL LIABILITIES

a) Current maturities of long-term debt-Secured (See Note 13)	1962.74	1865.15
b) Current Maturities of finance lease obligations	34.00	59.12
c) Current maturities of financial institutions (NBFC)	-	-
d) Interest accrued and due on borrowings	-	-
TOTAL	1996.74	1924.27

NOTE 21 - OTHER CURRENT LIABILITIES

a) Customer Credit Balance	99.94	383.65
b) Security Deposits	-	-
c) Duties and Taxes	76.06	52.89
d) Creditors for Capital goods	198.06	1737.38
e) Unpaid (Unclaimed) Equity Dividend	68.46	55.91
f) Credit Balance in Scheduled Banks (Current Account)	-	-
TOTAL	442.52	2229.83

NOTE 22 - SHORT TERM PROVISIONS

a) Provision for employee benefits Gratuity (unfunded)	64.10	42.02
b) Others Income Tax provision (Net of Advance Tax)	-	16.32
TOTAL	64.10	58.34

NOTE 23 - GOVERNMENT GRANTS

Opening Balance	-	-
Add : Provision for the year	57.71	57.71
Net Liability	57.71	57.71

K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	31.03.2019	31.03.2018
NOTE 24 - REVENUE FROM OPERATIONS		
Sale of products	64932.59	60043.94
Sale of services - Job work	1032.36	1032.50
Other operating revenues : Waste Cotton / Yarn / Accessories sales	2010.26	958.50
Export Incentives	1311.41	1459.35
TOTAL	<u>69286.62</u>	<u>63494.29</u>
NOTE 25 - OTHER INCOME		
Interest Income	49.22	44.53
Interest Subsidy received	-	-
Dividend Income	-	-
Miscellaneous Income	113.54	27.00
Insurance Claim Received	5.24	6.39
Exchange Gain on Export Sales	20.81	244.37
Other non-operating income (net of expenses directly attributable to such income)	105.02	50.79
TOTAL	<u>293.83</u>	<u>373.08</u>
NOTE 26 - COST OF MATERIALS CONSUMED		
Opening Stock	4433.28	3258.80
Purchases	38546.22	43280.32
Sub-total	<u>42979.50</u>	<u>46539.12</u>
Less : Closing stock	3726.59	4433.28
Raw materials consumed	<u>39252.91</u>	<u>42105.84</u>
NOTE 27 - PURCHASES OF STOCK-IN-TRADE		
Garments purchase	17.66	69.93
TOTAL	<u>17.66</u>	<u>69.93</u>
NOTE 28 - CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening Stock :		
Work-in-process	2702.46	2374.14
Finished Goods	6607.70	5949.15
Traded Items	-	-
	<u>9310.16</u>	<u>8323.29</u>
Closing Stock :		
Work-in-process	1625.45	2702.46
Finished Goods	7016.28	6607.70
Traded Items	-	-
	<u>8641.73</u>	<u>9310.16</u>
TOTAL	<u>668.43</u>	<u>(986.87)</u>

K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	31.03.2019	31.03.2018
NOTE 29 - OTHER MANUFACTURING EXPENSES		
a) Power & Fuel	6406.79	4779.53
b) Consumptions of Stores & Spare Parts	350.84	287.02
c) Processing Charges	6057.28	4522.60
d) Repairs & Maintenance	-	-
For Plant & Machinery	1375.37	1587.85
For Buildings	127.33	250.52
For Others	278.98	147.27
TOTAL	<u>14596.59</u>	<u>11574.79</u>
NOTE 30 - EMPLOYEE BENEFITS EXPENSES		
a) Salaries and Wages	5129.47	3208.37
b) Salaries - Managing Directors / Whole-time Directors	165.79	173.53
c) Contributions to Provident fund and other funds	158.19	79.80
d) Gratuity as per actuarial valuations	76.99	64.99
e) Staff welfare expenses	77.01	78.02
TOTAL	<u>5607.45</u>	<u>3604.71</u>
NOTE 31 - FINANCE COSTS		
Interest Expense	2097.25	1909.06
Other borrowing costs	364.66	525.88
Applicable net gain/loss on foreign currency Transactions and Translation	37.45	-
TOTAL	<u>2499.36</u>	<u>2434.94</u>
NOTE 32 - OTHER EXPENSES		
Rent	207.93	64.37
Insurance	213.48	249.31
Rates and taxes, excluding, taxes on income.	109.34	77.78
Payments to the auditor as		
a) As Statutory Auditor	5.00	3.25
b) For Taxation Matters	-	-
c) For Other Services	0.38	-
Legal, Professional & Consultancy Charges	85.74	83.49
Printing and Stationery	58.54	51.13
Postage, Telegrams and Telephones	185.37	177.83
Traveling Expenses and Maintenance of Vehicles	620.00	441.46
Director Sitting Fees	5.31	5.95
Software Maintenance Expenses	6.12	-
Brokerage	37.38	8.30
Commission on Sales	504.64	366.23
Discount on Sales	181.39	186.73
Selling Expenses	470.24	583.23
Freight Outwards	422.72	290.36
Exchange Loss on Export Sales	-	-
Prayer Hall Repairs and maintenance	19.84	18.45
Corporate Social Responsibility Expenses	89.10	51.10
Bad Debts Written off	188.02	6.72
Miscellaneous expenses	128.23	131.07
Loss on sale of MEIS Licenses	12.35	-
TOTAL	<u>3551.12</u>	<u>2796.76</u>
NOTE 33 - EXCEPTIONAL ITEMS		
ITC Revesal in GST	118.79	-
Share Buy Back Expenses	43.75	-
TOTAL	<u>162.54</u>	<u>-</u>

K G DENIM LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note :- 34: 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.

The Company has adopted Ind AS 115, Revenue from contract with customers with effect from 1st April 2018 and it is detailed in Note 34(o)

(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 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

K G DENIM LIMITED

estimated useful lives of assets.

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

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

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

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

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

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

(d) Cash and Cash Equivalents

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

(e) Inventories

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

(f) Operating Lease As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company, as lessee, are classified as operating leases. Payments made under operating leases are charged to the statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the company's expected inflationary cost increases.

(g) Investments in subsidiaries,

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

(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 amortised cost.

K G DENIM LIMITED

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

(ii) Measurement

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

(iii) Impairment of financial assets

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

(iv) Income recognition

Dividends

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

(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 interest and borrowing costs are charged to 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

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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 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.

The Company has elected to recognize cumulative effect of initially applying Ind As 115 retrospectively as on adjustment to opening balance sheet as at 1st April 2018 on the contracts that are not completed contract as at that date. There was no impact of above on the opening balance sheet as at 1st April 2018 and on the statement of profit and loss for the year ended 31st March 2019

The Company recognized the above standard retrospectively with cumulative effect.

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 and determined that there is no change require in the existing revenue recognition methodology. 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

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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:

- 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 : 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 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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(Rs. in lakhs)

Financial Assets and Liabilities as at 31st March 2019	Non current	Current	Total	Level 1	Level 2	Level 3	Total	Total amount
Financial Assets								
Investments								
Equity instruments	781.05	-	781.05	2.88	-	778.17	781.05	781.05
Other Assets								
Trade Receivables	-	8574.38	8574.38	-	-	8574.38	8574.38	8574.38
Cash and cash equivalents	-	465.43	465.43	-	-	465.43	465.43	465.43
Other Bank balances	-	333.03	333.03	-	-	333.03	333.03	333.03
Other Financial Assets	-	-	-	-	-	-	-	-
Total	-	9372.84	9372.84	-	-	9372.84	9372.84	9372.84
Financial Liabilities								
Borrowings								
Borrowings	6906.47	10076.83	16983.30	-	-	16983.30	16983.30	16983.30
Trade payables	-	12798.62	12798.62	-	-	12798.62	12798.62	12798.62
Other Financial Liabilities	-	1996.74	1996.74	-	-	1996.74	1996.74	1996.74
Total	6906.47	24872.19	31778.66	-	-	31778.66	31778.66	31778.66

(Rs. in lakhs)

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

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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 Company is exposed to credit risk from its operation activities (primarily trade receivables) and from its financing activities, foreign exchange transactions and other financial instruments.

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

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

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

Trade Receivables

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

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

Liquidity Risk

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

(i) Financing arrangements

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

(Rs. in lakhs)

	As at 31st March, 2019	As at 31st March, 2018
Expiring within one year (term loan)	113	3062
Expiring beyond one year (bank loans)	-	-

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

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(ii) Maturity patterns of borrowings

(Rs. in lakhs)

	As at 31st March, 2019				As at 31st March, 2018			
	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)	1997	6580	326	8903	2181	3607	1195	6872
Short term borrowings	10077	-	-	10077	8228	-	-	8228
Total	12074	6580	326	18980	10928	3607	1195	15100

Maturity patterns of other Financial Liabilities

As at 31st March, 2019

(Rs. in lakhs)

	0-3 months	3-6 months	6 months to 12 Months	beyond 12 Months	Total
Trade Payable	8929	3760	110	-	12799
Other Financial liability (Current and Non current)	-	-	-	-	-
Total	8929	3760	110	-	12799

As at 31st March, 2018

(Rs. in lakhs)

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

Note :- 36 - FINANCIAL RISK MANAGEMENT (contd..)

Financial risk management objectives and policies

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

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial 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.

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, 2019		As at 31st March, 2018	
	USD		USD	
Forward contracts to buy USD	USD	23.02	USD	83.51

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, 2019	Foreign currency in lakhs		
Particulars	USD	EURO	GBP
Trade Receivables	30.81	0.84	0.23
Trade payables	0.99	2.84	-

As at 31st March, 2018	Foreign currency in lakhs		
Particulars	USD	EURO	GBP
Trade Receivables	40.36	0.14	-
Trade payables	2.09	19.22	-

(a) (iii) Market Risk- Price Risk

(a) Exposure

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

(b) Sensitivity

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

Impact on profit before tax	(Rs. in lakhs)	
	31st March, 2019	31st March, 2018
BSE Sensex -30 - increase in 5%	0.14	0.13
BSE Sensex -30 - decrease in 5%	-0.14	-0.13

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

(c) Foreign currency Risk Sensitivity

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

Particulars	2018-19		2017-18	
	5% increase	5% decrease	5% increase	5% decrease
USD	103.70	-103.70	126.29	-126.29
EURO	-7.81	7.81	-76.70	76.70
GBP	1.04	-1.04	-	-
Increase / (decrease) in profit or loss	96.93	-96.93	49.59	-49.59

Note :- 37 - CAPITAL RISK MANAGEMENT

(a) Risk Management

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

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(Rs.in lakhs)

(b) Dividend	31st March, 2019	31st March, 2018
Equity shares		
Final dividend for the year ended 31st March, 2018 of INR 0.75 (31st March, 2017 - INR 0.75) per fully paid share	192.40	192.40

Note :- 38 - EARNINGS PER SHARE

(Rs.in lakhs)

	31st March, 2019	31st March, 2018
Earnings Per Share has been computed as under :		
Profit / (Loss) for the year	1097.48	582.99
Weighter average number of equity shares outstanding	25651438	25653905
Earnings Per Share - Basic (Face Value of Rs.10 per share)	4.28	2.27
Diluted earning per share is same as basic earning per share	4.28	2.27

Note :- 39 - EXPORT PROMOTION CAPITAL GOODS (EPCG)

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

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

(Rs.in lakhs)

	31st March, 2019	31st March, 2018
Amount required to be spent as per Section 135 of the Act	56.33	50.77
Amount spent during the on:		
(i) Transfer to KG Denim Trust Foundation (CSR Trust) for rural hospital	57.00	-
(ii) On purpose other than (i) above	2.10	51.10
Amount spent for the Financial Year 2014-2015 (Transfer to KG Denim Trust Foundation - CSR Trust) for making available safe drinking water	30.00	-
Total	89.10	51.10

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

(I) Contingent Liabilities

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

Rs. in lakhs

	2018-2019	2017-2018
Disputed Excise / Customs duties	131.22	137.54
Disputed Income Tax	20.15	156.09

In respect of disputed excise / custom duties and Income tax demands, the company feels that there will be no financial impact, based on legal opinions obtained.

(b) Guarantees

Rs. in lakhs

	2018-2019	2017-2018
Guarantees given to Bank for loan to subsidiary	551.00	551.00

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

Rs. in lakhs

	2018-2019	2017-2018
Bills discounted with banks	2247.45	3194.39

(II) Commitments

Rs. in lakhs

	2018-2019	2017-2018
Estimated amount of contracts remaining to be executed in capital account and not provided for	504.58	2057.58

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Note 42 :

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

Note 43 : Segment Reporting:

In accordance with IND AS Segment information has been given in the consolidated financial statements of the company and therefore no separate disclosure on segment information in these financial statements.

Note 44 : Trade payable

Trade payable referred under current liability to Small Scale Industrial units is complied on the information made available to the company.

Note 45 : GRATUITY

I Principal Actuarial Assumptions (Expressed as weighter averages)	31.03.2019	31.03.2018
Discount Rate	7.57%	7.70%
Salary Escalation Rate	8.00%	8.00%
Attrition Rate	5.00%	5.00%
Expected Rate of Return on Plan Assets	0.00%	0.00%
II Changes in the present value of the obligation (PVO)	(Rs. lac)	(Rs. lac)
Reconciliation of Opening and Closing Balances		
PVO as at the beginning of the period	409.89	402.63
Interest Cost	31.33	29.10
Current Service Cost	45.65	35.78
Past Service Cost - (Non Vested Benefits)	0	0.12
Past Service Cost - (Vested Benefits)	0	0
Benefits Paid	-5.96	-8.08
Actuarial Loss / (Gain) on obligation (Balancing figure)	221.83	-49.65
PVO as at the end of the period	702.75	409.89
III Change in the fair value of Plan Assets	(Rs.lac)	(Rs.lac)
Reconciliation of Opening and Closing Balances	0	0
Fair value of plan assets as at the beginning of the period	0	0
Expected return on plan assets	0	0
Contributions	5.96	8.08
Benefits Paid	-5.96	-8.08
Actuarial Gain / (Loss) on plan assets (Balancing Figure)	0	0
Fair value of plan assets as at the end of the period	0	0
IV Actual return on plan assets		
Expected return on plan assets	0	0
Actual Gain / (Loss) on plan assets	0	0
Actual return on plan assets	0	0
V Actuarial Gain / Loss Recognized	(Rs. lac)	(Rs. lac)
Actuarial Gain / (Loss) for the period - obligation	-221.84	49.64
Actuarial Gain / (Loss) for the period - plan assets	0	0
Total Gain / (Loss) for the period	-221.84	49.64
Actuarial (Gain)/ Loss recognized	221.84	-49.64
Unrecognized Actuarial (Gain) / Loss at the end of the year	0	0

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	31.03.2019	31.03.2018
VI Amounts recognized in the Balance sheet and related analysis	(Rs. lac)	(Rs. lac)
Present value of the obligation	702.76	409.89
Fair vale of plan assets	0	0
Difference	702.76	409.89
Unrecognized transitional Liability	0	0
Unrecognized past service cost-non vested benefits	0	0
VII Expenses recognized in the statement of profit and Loss	(Rs. lac)	(Rs. lac)
Current Service Cost	45.66	35.78
Interest Cost	31.33	29.10
Expected return on plan assets	0	0
Past Service Cost - Non-vested benefits	0	0.12
Expenses recognized in the statement of profit and loss	76.99	65.00
VIII Amount recognised for the current period the statement of other comprehensive income (OCI)	(Rs. Lac)	(Rs. Lac)
Actuarial (gain)/ loss on plan obligations	221.84	-49.65
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	221.84	-49.65
IX Movements in the liability recognised in the balance sheet	(Rs. lac)	(Rs. lac)
Opening net liability adjusted for effect of balance sheet	409.89	402.63
Amount recognised in profit and loss	76.99	64.99
Amount recognised in OCI	221.84	-49.64
Contributions paid	-5.96	-8.08
Closing net liability	702.76	409.89
X Amount for the current period	(Rs. lac)	(Rs. lac)
Present value of obligation	702.76	409.89
Plant assets	0	0
Surplus / (Deficit)	-702.76	-409.89
Experience adjustments on plan liabilities - (Loss) / gain	-213.15	34.19
Impact of change in assumption on plan liabilities - (loss) / gain	-8.69	15.45
Experience adjustments on plan assets - (loss) / gain	0	0
XI Major categories of plan Assets (As percentage of total plan Assets)		
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

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1.0 The following tabales set out the additional disclosures required under IND AS 19	(Rs. lac)	(Rs. lac)
1.1 Date of Valuation	31.03.2019	31.03.2018
1.2 Average Duration of Defined Benefit Obligations (in years)	10.7	10.2
1.3 Sensitivity Analyses		
Discount + 50 BP	8.07%	8.20%
Defined Benefit obligation (PVO)	670.27	391.85
Current service cost	92.45	43.02
Discount rate - 50 BP	7.07%	7.20%
Defined Benefit obligation (PVO)	737.89	429.36
Current service cost	105.15	48.57
Salary Escalation rate +50BP	8.50%	8.50%
Defined Benefit obligaiton (PVO)	738.52	429.74
Current service cost	105.24	48.62
Salary Escalation rate -50BP	7.50%	7.50%
Defined Benefit obligation (PVO)	669.38	391.32
Current service cost	92.31	42.95
1.4 Expected contributions in following years (mid - year cash flows)	(Rs. lac)	(Rs. lac)
Year 1	41.87	25.71
Year 2	58.26	42.12
Year 3	44.87	29.31
Year 4	42.40	29.84
Year 5	55.58	25.24
Next 5 years	347.17	191.88
1.5 Expected benefit payments in following years (mid - year cash flows)	(Rs. lac)	(Rs. lac)
Year 1	41.87	25.71
Year 2	58.26	42.12
Year 3	44.87	29.31
Year 4	42.40	29.84
Year 5	55.58	25.24
Next 5 years	347.17	191.88

K G DENIM LIMITED

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

(Rs. in lakhs)

Particulars	2018 - 2019				2017 - 2018			
	Subsidiary	Other Related Party	Key Management Personnel	Relative of Key Management Personnel	Subsidiary	Other Related Party	Key Management Personnel	Relative of Key Management Personnel
Purchase of Goods								
Trigger Apparels Limited	17.24	-	-	-	733.09	-	-	-
Sri Kannapiran Mills Limited	-	21.47	-	-	-	404.41	-	-
Other related party	-	143.19	-	-	-	3.19	-	-
Sale of Goods								
Trigger Apparels Limited	1028.94	-	-	-	2434.33	-	-	-
Sri Kannapiran Mills Limited	-	634.06	-	-	-	673.00	-	-
Other related party	-	84.38	-	-	-	25.32	-	-
Processing / other Charges Paid								
Trigger Apparels Limited	-	-	-	-	1.09	-	-	-
Sri Kannapiran Mills Limited	-	3587.59	-	-	-	2282.24	-	-
Other related party	-	255.50	-	-	-	92.02	-	0.30
Processing / Other Charges Received								
Trigger Apparels Limited	-	-	-	-	200.68	-	-	-
Other related party	-	6.73	-	-	-	40.52	-	-
Service Charges Received	-	-	-	-	205.90	-	-	-
Land Purchase from Ramhari Orchids LLP	-	-	-	-	-	635.00	-	-
Machinery Purchase								
Trigger Apparels Limited	-	-	-	-	520.55	-	-	-
Other related party	-	-	-	-	-	2.41	-	-
Managerial Remuneration	-	-	209.26	7.00	-	-	206.98	5.53

NOTE: 46.1 - Balance Outstanding

(Rs. in lakhs)

Particulars	as on 31.03.2019				as on 31.03.2018			
	Subsidiary	Other Related Party	Key Management Personnel	Relative of Key Management Personnel	Subsidiary	Other Related Party	Key Management Personnel	Relative of Key Management Personnel
Trade Receivable	2911.93	-	-	-	2899.84	-	-	-
Trade Payable	-	504.51	-	-	-	186.29	-	-
Investments	450.46	327.46	-	-	450.46	327.46	-	-
Loans and Advances	-	-	-	-	6.07	-	-	-

K G DENIM LIMITED

NOTE: 46.2

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

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

V KARTHIKEYAN
Partner

Coimbatore
25th May, 2019

Membership No.208828
Firm Regn. No.007321S

KG BAALAKRISHNAN
Executive Chairman
DIN : 00002174

M BALAJI
Company Secretary

B SRIRAMULU
Managing Director
DIN : 00002560

S MUTHUSWAMY
Chief Financial Officer

B SRIHARI
Managing Director
DIN : 00002556

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

INDEPENDENT AUDITORS' REPORT

To the Members of K G Denim Limited

Report on the Consolidated Financial Statements

Opinion

1. We have audited the accompanying Consolidated financial statements of KG 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 2019, the Consolidated Statement of profit and loss (including Other Comprehensive Income), the Consolidated Cash Flow statement 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 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 accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS'), specified under Section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March 2019, and its consolidated profit (consolidated financial performance including other comprehensive income), its 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 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 and the audit evidence obtained by the other auditor in terms of their report referred to in paragraph 15 of the Other Matters paragraph 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.

5. 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><i>Litigations - Contingencies</i></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 41 to the Financial Statements</p>	<p><i>Principal Audit Procedures</i></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

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Consolidated financial statements and our auditor's report thereon.

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 in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

7. The Holding Company's Board of Directors is 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 state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Ind As financial statements. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets 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 Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

10. 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.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment 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 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 management'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 Group'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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. 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.

13. 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.

14. 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

15. We did not audit the Financial statements of Company's two wholly owned subsidiaries, Trigger Apparels Limited and KG Denim (USA) Inc., whose consolidated financial statements (before eliminating inter company balances) reflect total assets of Rs.2727.18 lakhs as at 31st March 2019, total revenue (before eliminating intercompany transactions) of Rs.4341.42 lakhs, total net loss after tax of Rs.244.79 lakhs (before eliminating intercompany transactions), and total comprehensive loss of Rs.65.43 lakhs (before eliminating intercompany transactions) for the year ended on that date and net cash flows amounting to Rs.87.01 lakhs for the year ended on that date, 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 insofar 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 insofar as it related to the subsidiary is based solely on the reports of the other auditor.
- b) In respect of the company's foreign subsidiary KG Denim (USA) Inc, the financial statements have been certified by the management and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of the subsidiary and matters identified and disclosed under key audit matters section above and our report in terms of subsection (3) of section 143 of the Act insofar as it related to the subsidiary is based solely on such approved unaudited financial statements. 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 on the consolidated financial statements and our report on Other legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

16. As required by Section 197(16) of the Act, based on our audit and on the consideration of the report of the other auditor, referred to in paragraph 15, on separate financial statement of the subsidiaries, we report that the Holding Company and two subsidiary companies has paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

17. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, 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 auditor;
- (c) the consolidated balance sheet, the consolidated statement of profit and loss (including consolidated other comprehensive income), the consolidated cash flow statement and the consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid consolidated 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 of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditor of its subsidiary companies covered under the Act, none of the directors is of the Group companies covered under the Act, are disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of the subsidiaries:
 - i. the Consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;
 - ii. the Holding Company and its subsidiaries did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries during the year ended March 31, 2019.
 - iv. The disclosure requirements regarding specified bank notes held and transacted during the period from 8th November 2016 to 30 December 2016 has not been made since the requirement does not pertain to the year ended 31st march 2019.

COIMBATORE
25.05.2019

For MOHAN & VENKATARAMAN
Chartered Accountants
Firm Regn. No.006896S
V KARTHIKEYAN
Partner
Membership No.208828

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

ANNEXURE A TO THE AUDITORS' REPORT

Report on the Internal Financial Controls 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 2019, we have audited the internal financial controls over financial reporting of the holding company and its two subsidiaries which are companies covered under the Act, as on that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and two subsidiary companies which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting includes obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, 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 and the audit evidence obtained by the other auditor in terms of the 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 over financial reporting of the Holding Company and its two subsidiary companies as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

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

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the other auditors 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the criteria for internal financial control over financial reporting established by the Holding Company and its subsidiary companies, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

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

COIMBATORE
25.05.2019

For MOHAN & VENKATARAMAN
Chartered Accountants
Firm Regn. No.006896S
V KARTHIKEYAN
Partner
Membership No.208828

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2019

PARTICULARS	NOTE NO.	AS AT 31.03.2019	AS AT 31.03.2018
(Rs.in lakhs)			
I. ASSETS			
1 NON-CURRENT ASSETS			
(a) Property, plant and equipment	1	16692.62	16827.51
(b) Capital Work-in-Progress	1	3034.84	376.41
(c) Financial Assets	2		
Non-Current Investments		330.59	331.01
(d) Other non-current assets	3	529.05	528.70
TOTAL		<u>20587.10</u>	<u>18063.63</u>
2 CURRENT ASSETS			
(a) Inventories	4	14488.07	16596.90
(b) Financial Assets			
(i) Trade Receivables	5	6467.25	7339.10
(ii) Cash and cash equivalents	6	589.97	541.28
(iii) Bank balance other than (ii) above	7	350.43	1127.50
(iv) Other financial assets	8	-	-
(c) Current tax assets (net)	9	23.77	4.42
(d) Other Current Assets	10	3931.57	3831.91
TOTAL		<u>25851.06</u>	<u>29441.11</u>
GRAND TOTAL		<u>46438.16</u>	<u>47504.74</u>
II. EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	11	2564.90	2566.51
(b) Other Equity	12	7337.55	6764.64
TOTAL		<u>9902.45</u>	<u>9331.15</u>
2 LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	13	6906.47	5058.90
(ii) Other financial liabilities	14	512.25	1136.86
(b) Long-term Provisions	15	663.70	511.59
(c) Deferred Tax Liabilities (Net)	16	1475.26	1590.97
(d) Government grants	17	791.58	381.78
TOTAL		<u>10349.26</u>	<u>8680.10</u>
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	18	10642.79	8784.71
(ii) Trade payable Micro and Small Enterprises	19	29.01	68.98
(iii) Trade Payable - Others		12936.17	16280.41
(iii) Other financial liabilities	20	1996.74	1924.27
(b) Other current liabilities	21	458.22	2311.56
(c) Short-term provisions	22	65.81	65.85
(d) Government grants	23	57.71	57.71
TOTAL		<u>26186.45</u>	<u>29493.49</u>
GRAND TOTAL		<u>46438.16</u>	<u>47504.74</u>

Significant of Accounting Policies 34
The notes form an integral part of these financial statements 35 to 45

As per our report of even dated

For **MOHAN & VENKATARAMAN**
Chartered Accountants

KG BAALAKRISHNAN
Executive Chairman
DIN : 00002174

B SRIRAMULU
Managing Director
DIN : 00002560

B SRIHARI
Managing Director
DIN : 00002556

V KARTHIKEYAN
Partner

M BALAJI
Company Secretary

S MUTHUSWAMY
Chief Financial Officer

Coimbatore
25th May, 2019

Membership No.208828
Firm Regn. No.007321S

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019

PARTICULARS	NOTE NO.	31.03.2019	31.03.2018
		(Rs.in lakhs)	
I INCOME			
Revenue from operations	24	72526.08	71439.37
Other Income	25	349.61	545.31
Total Income		<u>72875.69</u>	<u>71984.68</u>
II EXPENSES			
Cost of materials consumed	26	39322.71	43644.96
Purchases of Stock-in-Trade	27	1100.93	1929.28
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	28	1424.65	(452.95)
Other Manufacturing Expenses	29	14602.32	12192.46
Employee Benefits Expense	30	5978.60	5700.57
Finance Costs	31	2592.39	2582.00
Depreciation and Amortization Expense		1692.02	1445.22
Other Expenses	32	4756.00	4769.26
Total Expenses		<u>71469.62</u>	<u>71810.80</u>
III Profit before exceptional items and tax		<u>1406.07</u>	<u>173.88</u>
IV Exceptional Items	33	162.54	-
V Profit before tax (III-IV)		<u>1243.53</u>	<u>173.88</u>
VI Tax Expense :			
(1) Current Tax		572.42	306.22
(2) MAT Credit Entitlement		-	-
(3) Deferred Tax		(115.72)	(103.05)
(4) Prior Year Tax		(65.76)	(120.47)
Total		<u>390.94</u>	<u>82.70</u>
VII Profit (Loss) for the period from continuing operations (V-VI)		<u>852.59</u>	<u>91.18</u>
VIII Other Comprehensive Income			
Items that will not reclassified to Profit or Loss			
Fair value of Equity Instruments		(0.42)	(1.32)
Gratuity valuations through OCI		(42.48)	33.31
Tax expense on above		-	-
Profit/(loss) (after tax) (VII)		<u>(42.90)</u>	<u>31.99</u>
IX Total Comprehensive Income for the year (VII+VIII)		<u>809.69</u>	<u>123.17</u>
X Earnings per equity share			
(1) Basic		3.32	0.35
(2) Diluted		3.32	0.35
Weighted Number of Equity Shares		25637825	25653905
Significant Accounting Policies	34		
The notes form an integral part of these financial statements 35 to 45			

As per our report of even dated

For **MOHAN & VENKATARAMAN**
Chartered Accountants

KG BAALAKRISHNAN
Executive Chairman
DIN : 00002174

B SRIRAMULU
Managing Director
DIN : 00002560

B SRIHARI
Managing Director
DIN : 00002556

V KARTHIKEYAN
Partner

M BALAJI
Company Secretary

S MUTHUSWAMY
Chief Financial Officer

Coimbatore
25th May, 2019

Membership No.208828
Firm Regn. No.007321S

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2019

(Rs.in Lakhs)

PARTICULARS	31.03.2019	31.03.2018	
A. CASH FLOW FROM OPERATING ACTIVITIES :			
Net profit before tax and extraordinary items	1243.53	173.88	
Adjustments for:			
Fair Valuation of Instruments	(0.42)	(1.32)	
Depreciation and Amortization expenses	1692.02	1445.22	
Profit/Loss on sale of assets	-	0.82	
Dividend Received	-	-	
Finance Cost	2592.39	2582.00	
Operating Profit before working capital changes	5527.52	4200.60	
Adjustments for:			
(Increase)/Decrease in Trade and other receivables	871.85	(1400.31)	
(Increase)/Decrease in Inventories	2108.83	(1371.95)	
(Increase)/Decrease in Other Non current assets	(0.35)	(259.49)	
(Increase)/Decrease in Other current assets	(119.01)	(1196.80)	
Increase/(Decrease) in Trade and other payables	(5379.89)	4311.20	
Increase/(Decrease) in Provisions	152.07	(396.06)	
Increase/(Decrease) in Gratuity Valuation through OCI	(42.48)	33.31	
Cash generated from operations	3118.54	3920.50	
Cash flow before extraordinary items	3118.54	3920.50	
Extraordinary items	-	-	
Cash flow after extraordinary items	3118.54	3920.50	
Income Tax	(506.66)	(185.74)	
Net cash (used in)/generated from operating activities	2611.88	3734.76	
B. CASH FLOW FROM INVESTING ACTIVITIES:			
Cash inflow			
Sale proceeds of property, plant and equipment	-	520.55	
Dividend received	-	-	
Share buy back	(6.43)	1.32	
Investments	0.42	-	
Cash outflow			
Purchase of property, plant and equipment	(4215.54)	(4712.85)	
Margin money deposit with bank	777.07	(246.20)	
Investments	-	-	
Net cash (used in)/generated from investing activities	(3444.48)	(4437.18)	
C. CASH FLOW FROM FINANCING ACTIVITIES:			
Cash inflow			
Proceeds from Long Term Borrowings	1847.57	1809.01	
Proceeds from Short Term Borrowings	1858.07	1916.31	
Cash outflow			
Provision for Equity Dividend	(192.40)	(192.40)	
Distribution Tax on Equity Dividend	(39.56)	(39.17)	
Interest paid	(2592.39)	(2582.00)	
Net cash (used in)/generated from financing activities	881.29	911.75	
Net Increase in cash and cash equivalents	48.69	209.33	
Cash and cash equivalents as at 1st April, 2018 (Opening Balance)	541.28	331.95	
Cash and cash equivalents as at 31st March, 2019 (Closing Balance)	589.97	541.28	
Cash and cash equivalents as per above comprises of the following			
Cash and cash equivalents (Refer Note 6)	589.97	541.28	
Bank overdraft	-	-	
Balance as per Statement of Cash Flows	589.97	541.28	
As per our report of even dated For MOHAN & VENKATARAMAN Chartered Accountants	KG BAALAKRISHNAN Executive Chairman DIN : 00002174	B SRIRAMULU Managing Director DIN : 00002560	B SRIHARI Managing Director DIN : 00002556
V KARTHIKEYAN Partner	M BALAJI Company Secretary	S MUTHUSWAMY Chief Financial Officer	
Coimbatore 25th May, 2019	Membership No.208828 Firm Regn. No.007321S		

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

A. EQUITY SHARE CAPITAL

(Rs in lakhs)

	Notes	Amount
As at 31st March, 2017		2566.51
Changes in equity share capital	11	-
As at 31st March, 2018		2566.51
Changes in equity share capital : Buy back of shares	11	1.61
As at 31st March, 2019		2564.90

B. OTHER EQUITY

(Rs in lakhs)

	Capital Redemption Reserve	Securities Premium Reserve	General Reserves	Surplus	Total
Balance as at 1st April, 2017	-	444.44	1555.71	4872.90	6873.05
Profit for the year	-	-	-	91.17	91.17
Other Comprehensive Income for the year	-	-	-	31.99	31.99
Total Comprehensive Income for the year	-	-	-	123.16	123.16
Dividends	-	-	-	(192.40)	(192.40)
Dividend distribution tax	-	-	-	(39.17)	(39.17)
Balance as at 31st March, 2018	-	-	-	4764.49	6764.64
Balance as at 1st April, 2018	-	444.44	1555.71	4764.49	6764.64
Capital Redemption Reserve (Buy back shares)	1.61	-	-	-	1.61
Buy back shares expenses	-	-	(6.43)	-	(6.43)
Profit for the year	-	-	-	852.59	852.59
Other Comprehensive Income for the year	-	-	-	(42.90)	(42.90)
Total Comprehensive Income for the year	-	-	-	809.69	809.69
Dividends	-	-	-	(192.40)	(192.40)
Dividend distribution tax	-	-	-	(39.56)	(39.56)
Balance as at 31st March, 2019	1.61	444.44	1549.28	5342.22	7337.55

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

KG BAALAKRISHNAN
Executive Chairman
DIN : 00002174

B SRIRAMULU
Managing Director
DIN : 00002560

B SRIHARI
Managing Director
DIN : 00002556

V KARTHIKEYAN
Partner
Membership No.208828
Firm Regn. No.007321S

M BALAJI
Company Secretary

S MUTHUSWAMY
Chief Financial Officer

Coimbatore
25th May, 2019

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

Note 01 - Property Plant & Equipment - Consolidated

(Rs.in lakhs)

Fixed Assets	Land	Buildings	Plant & Equipment	Electrical Machinery	Furniture & Fixtures	Vehicles	Office Equipment	other (Specify nature)	Total	Capital Work in progress
Gross Carrying Value										
Deemed Cost as a April 1, 2018	1097.98	4661.54	12380.42	563.76	183.43	537.93	157.72	7.74	19590.52	376.41
Additions	-	741.85	646.77	69.17	59.21	19.83	20.29	-	1557.12	3762.39
brought in to use	-	-	-	-	-	-	-	-	-	1103.96
(-) Disposals	-	-	-	-	-	-	-	-	-	-
As at March 31, 2019	1097.98	5403.39	13027.19	632.93	242.64	557.76	178.01	7.74	21147.64	3034.84
Depreciation										
As at April, 2018	-	402.48	1999.13	105.82	58.06	125.87	71.63	0.01	2763.00	-
Depreciation for the year	-	216.00	1292.67	56.98	18.91	78.98	27.01	1.47	1692.02	-
(-) On Disposals	-	-	-	-	-	-	-	-	-	-
As at March 31, 2019	-	618.48	3291.80	162.80	76.97	204.85	98.64	1.48	4455.02	-
Net Carrying Value										
As at March 31, 2019	1097.98	4784.91	9735.39	470.13	165.67	352.91	79.37	6.26	16692.62	3034.84
As at April 01, 2018	1097.98	4259.06	10381.29	457.94	125.37	412.06	86.09	7.73	16827.51	376.41

Note :

Building includes Prayer Hall and Gold plating thereon of Rs. 109.14 Lakhs in Gross Carrying value, Rs. 10.98 Lakhs in Depreciation block and Rs.98.16 Lakhs in Net Block (Previous year Rs. 109.14 Lakhs in Gross Carrying value, Rs. 7.32 Lakhs in Depreciation and Rs.101.82 lakhs in Net Block)

Furniture & Fittings includes Prayer Hall of Rs. 4.53 Lakhs in Gross Carrying value, Rs. 3.80 Lakhs in Depreciation Block and Rs.0.73 Lakhs in Net Block (Previous year Rs. 4.53 Lakhs in Gross Carrying Value, Rs. 3.79 Lakhs in Depreciation and Rs.0.74 Lakhs in Net Block)

Office Equipment includes Prayer Hall of Rs. 0.47 Lakhs in Gross Carrying Value, Rs. 0.29 Lakhs in Depreciation Block and Rs.0.18 Lakhs in Net Block (Previous year Rs. 0.47 Lakhs in Gross Carrying Value, Rs. 0.20 Lakhs in Depreciation and Rs.0.27 lakhs in Net Block)

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
NOTE 2 - INVESTMENTS-NON CURRENT		
A NON-TRADE INVESTMENTS		
Equity (Quoted)		
i Allahabad Bank -5,265 Equity Shares of Rs. 10/- each	2.88	2.55
TOTAL - A	<u>2.88</u>	<u>2.55</u>

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
II OTHER TRADE INVESTMENTS		
i KG Fabriks Limited		
32,70,000 Equity Shares of Rs. 10/- each-Un quoted	327.00	327.00
ii Sri Kannapiran Mills Limited		
4,588 Equity Shares of Rs. 10/- each-Quoted	0.46	0.46
iii Cotton Sourcing Company Ltd		
10,000 Equity Shares of Rs. 10/- each-Un quoted	1.00	1.00
Less : Provision for diminution in the value of Investments	(0.75)	-
SUB-TOTAL	<u>327.71</u>	<u>328.46</u>
TOTAL (B = I + II)	<u>327.71</u>	<u>328.46</u>
GRAND TOTAL (A+B)	<u>330.59</u>	<u>331.01</u>
Aggregate amount of quoted investments	4.32	4.32
Market value of quoted investments	2.88	2.55
Aggregate amount of unquoted investments at cost	328.46	328.46
Aggregate impairment in Value of Investments	(0.75)	-
NOTE 3 - OTHER NON CURRENT ASSETS		
a. Capital Advances		
Advance for Capital Goods - Un secured Considered good	508.74	511.54
Others	-	-
	<u>508.74</u>	<u>511.54</u>
b. Security Deposits		
Security Deposits - Un secured considered good	20.31	17.16
	<u>20.31</u>	<u>17.16</u>
c. Advances to Related Parties		
Advance to Subsidiary companies - KG Denim (USA) Inc - Un secured	-	-
	<u>-</u>	<u>-</u>
TOTAL	<u>529.05</u>	<u>528.70</u>
NOTE 4 - INVENTORIES		
a Raw Materials and components	3729.82	4443.90
Goods-in transit - Grey Fabrics	-	-
	<u>3729.82</u>	<u>4443.90</u>
b Work-in-progress	1625.45	2702.46
Goods-in transit	-	-
	<u>1625.45</u>	<u>2702.46</u>
c Finished goods	8455.32	8389.96
Goods-in transit - Fabrics	22.02	390.80
	<u>8477.34</u>	<u>8780.76</u>

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
d Stock-in-trade	-	-
Goods-in transit	-	-
	<u> </u>	<u> </u>
d Stores and Spares	641.72	659.43
Goods-in transit	-	-
	<u>641.72</u>	<u>659.43</u>
e Others (Specify nature)		
stock of waste	13.74	10.35
	<u>13.74</u>	<u>10.35</u>
TOTAL	<u>14488.07</u>	<u>16596.90</u>
Mode of valuation : Refer note 34 in significant Accounting Policies.		
NOTE 5 - TRADE RECEIVABLES		
Current Receivables		
Trade receivables Unsecured Considered Good	6467.25	7339.10
TOTAL	<u>6467.25</u>	<u>7339.10</u>
(Non Current Nil) (Refere Notes for Credit risk and Market risk)		
NOTE 6 - CASH AND CASH EQUIVALENTS		
a Balances with banks	571.32	521.90
b Cheques, drafts on hand	-	7.02
c Cash on hand	18.65	12.36
d Bank Balances - Current account	-	-
e Others	-	-
EEFC Deposits		
Margin Money Deposits		
TOTAL	<u>589.97</u>	<u>541.28</u>
NOTE 7 - OTHER BANK BALANCES		
a Others Bank Balances		
Unclaimed Dividend Account	68.46	55.90
b Others		
EEFC Deposits	-	-
Margin Money Deposits on LC	281.97	1071.60
TOTAL	<u>350.43</u>	<u>1127.50</u>
NOTE 8 - OTHER FINANCIAL ASSETS		
NOTE 9 - CURRENT TAX ASSETS (NET)		
For Duties & Taxes	23.77	4.42
MAT Credit Entitlement	-	-
TOTAL	<u>23.77</u>	<u>4.42</u>

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
NOTE 10 - OTHER CURRENT ASSETS		
a. Export incentives Receivable	634.70	991.36
b. IGST Refund Receivable	231.76	550.76
c. Interest Receivable	1.89	2.28
d. Input Credit GST Receivable	1206.25	569.01
e. Advance for Material Purchase	1214.13	834.70
f. Advance for Expenses / Others	534.35	710.08
g. Prepaid Expenses	108.49	123.58
h. Insurance Claim Receivables	-	50.14
TOTAL	3931.57	3831.91
NOTE 11 - SHARE CAPITAL		
<u>Authorised</u>		
31000000 Equity Shares of Rs. 10 each	3100.00	3100.00
1000000 10% Cumulative Redeemable Preference shares of Rs.100 each	1000.00	1000.00
<u>Issued</u>		
25675225 Equity Shares of Rs. 10 each	2567.52	2569.13
<u>Subscribed & Paid up</u>		
25637825 Equity Shares of Rs. 10 each fully paid	2563.78	2565.39
<u>Forfeited Shares</u>		
(Amount originally paid up)	1.12	1.12
TOTAL	2564.90	2566.51

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

Particulars	31.03.2019	31.03.2018
Shares outstanding at the beginning of the year 25653905 Number	2565.39	2565.39
Less : 16080 Shares Buy back of shares during the year	1.61	-
Shares outstanding at the end of the year 25637825 Number	2563.78	2565.39

Shares in the company held by each shareholder holding more than 5 percent shares

	Name of Shareholder	31.03.2019	31.03.2018
		No. of Shares held & % of Holding	No. of Shares held & % of Holding
1	Sri Kannapiran Mills Limited	3065183 - 11.96%	3065183 - 11.95%
2	Shri KG Baalakrishnan	2578560 - 10.06%	2578560 - 10.05%
3	Shri B Srihari	2231859 - 8.71%	2231859 - 8.70%
4	Shri B Sriramulu	2208659 - 8.61%	2208659 - 8.61%
5	Smt B Sathyabama	1886500 - 7.36%	1886500 - 7.35%

Terms and conditions of equity shares :

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

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
NOTE 12 - OTHER EQUITY		
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	-	-
(+) Current Year Transfer	1.61	-
(-) Written Back in Current Year	-	-
Closing Balance	1.61	-
General Reserve		
Opening Balance	1555.71	1555.71
(+) Current Year Transfer	-	-
(-) Written back in Current year (Capital Redemption)	1.61	-
(-) Written back in Current year (Share Buy Back Exp)	4.82	-
Closing balance	1549.28	1555.71
c. Surplus		
Opening Balance		
(+) Comprehensive Income for the current year	4764.49	4872.90
(-) Fair Valuation of Receivables	809.69	123.16
(-) Fair Valuation of Instrument	-	-
(-) Depreciation	-	-
(-) Equity Dividends Paid	192.40	192.40
(-) Tax on Equity Dividend	39.56	39.17
(-) Arrears of Preference Dividend *	-	-
(-) Tax on Preference Dividend	-	-
(-) Additional depreciation as per Schedule II of Companies Act 2013*	-	-
Closing Balance	5342.22	4764.49
TOTAL	7337.55	6764.64
NOTE 13 - FINANCIAL LIABILITIES		
LONG TERM BORROWINGS		
<u>Secured</u>		
a) Term Loans		
Indian Rupee Loan		
from banks (Secured)	6847.70	4984.00
from Others - House property loan from HDFC Limited	20.56	22.26
b) Long term maturities of finance lease Obligations		
(Secured By Vehicles on Hire purchase loan)	38.21	52.64
There is no case of continuing default as on the balance sheet date in repayment of loans and interest		
TOTAL	6906.47	5058.90

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 Expansion cum Diversification Scheme (ECDS) and New Capex Plan through Deed of Hypothecation and second pari passu charge on current assets of the Company.

Term Loan for 10 MW Power Plant from Indian Bank Rs.2868 lakhs and The South Indian bank Ltd. Rs.1470 lakhs are secured by pari passu first charge on Fixed Assets relating to power plant project and pari passu second charge on current assets of the Company.

Indian Bank is holding the original title deeds on its own behalf and on behalf of other Banks. Term Loans are also guaranteed by Shri KG Baal Krishnan, Executive Chairman.

(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	344.81	596.74	72	03.10.2015	03.10.2021	10.25%	11.70%
Indian Bank TL - VI	636.72	827.68	96	25.12.2015	25.12.2023	10.25%	11.75%
Indian Bank TL - VII	1802.45	0.00	84	15.05.2017	15.05.2024	10.25%	11.65%
Indian Bank TL - VIII	357.95	21.65	84	02.02.2018	02.02.2025	10.25%	11.65%
Indian Bank Bonus Loan	74.54	0.00	6	15.11.2018	15.04.2019	13.05%	Nil
Indian Bank Corp. Loan	2509.21	2020.00	48	01.04.2018	01.04.2022	10.50%	10.50%
The South Indian Bank Ltd	523.32	734.27	84	25.12.2015	25.12.2022	12.05%	12.05%

The Company has availed a Term Loan from ICICI Bank Ltd, Repco Bank Ltd and HDFC. ICICI Bank is having an exclusive charge on the Bangalore office property, Repco Bank is having an exclusive charge on 24.25 acres of land situated at Jadayampalayam and HDFC is having an exclusive charge on the Mumbai office property.

(Rs. in lakhs)

Term Loan Bank	Outstanding	Previous Year	Repayment Months	Commencement from	Last Instalment	Rate of Interest	Previous Rate of interest
ICICI Bank Ltd	235.42	264.00	120	05.05.2017	05.05.2017	8.60%	8.50%
Repco Bank Ltd	437.80	470.00	120	01.04.2018	01.04.2028	11.00%	11.00%
HDFC	20.56	72.25	84	20.11.2014	20.11.2021	12.50%	13.50%

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
NOTE 14 - OTHER FINANCIAL LIABILITIES		
a) Trade Payable	-	-
b) Others	512.25	756.86
(.i) Unsecured Loan from Financial Institutions (NBFC)	-	-
(.ii) Unsecured Loan from Promoter Director	-	380.00
TOTAL	512.25	1136.86
NOTE 15 - LONG TERM PROVISIONS		
a) Provision for employee benefits		
Gratuity (unfunded)	663.70	511.59
b) Others	-	-
TOTAL	663.70	511.59
NOTE 16 - DEFERRED TAX LIABILITIES (NET)		
Opening balance	1590.97	1694.02
Add : Provision for the year	(115.71)	(103.05)
Less : Adjustment for additional depreciation as per Schedule II of Companies Act 2013	-	-
Net Deferred tax liability	1475.26	1590.97
NOTE 17 - GOVERNMENT GRANTS		
Opening balance	381.78	-
Add : Provision for the year	409.80	381.78
Less : Adjustment for additional depreciation as per Schedule II of Companies Act 2013	-	-
Closing Balance	791.58	381.78
NOTE 18 - SHORT TERM BORROWINGS		
<u>Secured</u>		
a) Loans repayable on demand		
Working Capital Loan from Banks (Secured)	10642.79	8784.71
There are no case of default in repayment of loan and interest as on date of balance sheet.		
TOTAL	10642.79	8784.71
Security Clause		
a. Holding Company		
Working Capital facilities from Indian Bank Consortium (Indian Bank, Andhra Bank, Allahabad Bank, State bank of India and The South Indian Bank Limited) are secured by a first pari passu charge on the whole of the current assets through Deed of Hypothecation and second pari passu charge on (a) all the immovable properties situated in (i) 102.1897 acres of land at Jadayampalayam, Alangombu and Karamadai Villages in Mettupalayam Taluk, Coimbatore District, Tamil Nadu and (ii) 2155.62 sq. meters of land at Amdha Village, Dharampur Taluk, Valsad District, Gujarat through equitable mortgage created with Indian Bank and (b) all plant and machineries (excluding vehicles charged to financiers, Peelamedu property & Mumbai property) through Deed of Hypothecation. The entire working capital facilities are also guaranteed by Shri KG Baalakrishnan, Executive Chairman.		
b. 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

PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
NOTE 19 - TRADE PAYABLES (Rs in lakhs)		
Trade Payables		
For Dues of Micro Enterprises and Small Enterprises	29.01	68.98
For Other Dues	12936.17	16280.41
TOTAL	<u>12965.18</u>	<u>16349.39</u>
Note : Dues to Micro and Small 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.		
	As at 31.03.2019 Current	As at 31.03.2018 Current
a) The principal amount remaining unpaid to any supplier at the end of the year	29.01	68.98
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 20 - OTHER FINANCIAL LIABILITIES		
a) Current maturities of long-term debt-Secured (See Note 3)	1962.74	1865.15
b) Current Maturities of finance lease obligations	34.00	59.12
c) Current maturities of financial institutions (NBFC)	-	-
d) Interest accrued and due on borrowings	-	-
TOTAL	<u>1996.74</u>	<u>1924.27</u>
NOTE 21 - OTHER CURRENT LIABILITIES		
a) Customer Credit Balance	110.30	442.53
b) Security Deposits	-	-
c) Duties and Taxes	81.40	75.75
d) Creditors for Capital goods	198.06	1737.38
e) Unpaid (Unclaimed) Equity Dividend	68.46	55.90
TOTAL	<u>458.22</u>	<u>2311.56</u>
NOTE 22 - SHORT TERM PROVISIONS		
a) Provision for employee benefits Gratuity (unfunded)	65.81	49.54
b) Others Income Tax provision (Net of Advance Tax)	-	16.31
TOTAL	<u>65.81</u>	<u>65.85</u>
NOTE 23 - GOVERNMENT GRANTS		
Opening Balance		
Add : Provision for the year	57.71	57.71
Less : Adjustment for additional depreciation as per Schedule II of Companies Act 2013	-	-
Net Liability	<u>57.71</u>	<u>57.71</u>

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	31.03.2019	31.03.2018
NOTE 24 - REVENUE FROM OPERATIONS		
Sale of products	68157.54	67810.51
Sale of services - Job work	1032.36	831.82
Other operating revenues : Waste Cotton / Yarn / Accessories sales	2024.77	1010.03
Export Incentives	1311.41	1787.01
TOTAL	<u>72526.08</u>	<u>71439.37</u>
NOTE 25 - OTHER INCOME		
Interest Income	50.52	47.03
Dividend Income	113.54	-
Miscellaneous Income	55.18	4.08
Insurance Claim Received	5.73	6.39
Profit on sale of fixed assets	(1.20)	(1.32)
Exchange Gain on Export Sales	20.81	244.37
Other non-operating income (net of expenses directly attributed to such income)	105.03	244.76
TOTAL	<u>349.61</u>	<u>545.31</u>
NOTE 26 - COST OF MATERIALS CONSUMED		
Opening Stock	4443.90	3687.53
Purchases	38608.63	44401.33
Sub-total	43052.53	48088.86
Less : Closing stock	3729.82	4443.90
Raw materials consumed	<u>39322.71</u>	<u>43644.96</u>
NOTE 27 - PURCHASES OF STOCK-IN-TRADE		
Garments purchase	1100.93	1929.28
Fabric Purchase	-	-
TOTAL	<u>1100.93</u>	<u>1929.28</u>
NOTE 28 - CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening Stock :		
Work-in-process	2702.46	2931.13
Finished Goods	8821.03	8139.42
Traded Items	-	-
	<u>11523.49</u>	<u>11070.55</u>
Closing Stock :		
Work-in-process	1625.45	2702.46
Finished Goods	8473.39	8821.03
Traded Items	-	-
TOTAL	<u>10098.84</u>	<u>11523.49</u>
GRAND TOTAL	<u>1424.65</u>	<u>(452.95)</u>

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	31.03.2019	31.03.2018
NOTE 29 - OTHER MANUFACTURING EXPENSES		
a) Power & Fuel	6406.79	4965.59
b) Consumptions of Stores & Spare Parts	350.84	287.02
c) Processing Charges	6057.28	4899.54
d) Repairs & Maintenance	-	-
For Plant & Machinery	1375.37	1642.52
For Buildings	127.33	250.52
For Others	284.71	147.27
e) Others - Excise duty on Readymade Garments	-	-
TOTAL	<u>14602.32</u>	<u>12192.46</u>
NOTE 30 - EMPLOYEE BENEFITS EXPENSE		
a) Salaries and Wages	5439.96	5244.56
b) Salaries - Managing Directors / Whole-time Directors	165.79	173.53
c) Contributions to Provident fund and other funds	158.19	79.80
d) Gratuity as per actuarial valuations	133.65	105.47
e) Staff welfare expenses	81.01	97.21
TOTAL	<u>5978.60</u>	<u>5700.57</u>
NOTE 31 - FINANCE COSTS		
Interest Expense	2151.54	1997.76
Other borrowing costs	403.40	584.24
Applicable net gain/loss on foreign currency transactions and translation	37.45	-
TOTAL	<u>2592.39</u>	<u>2582.00</u>
NOTE 32 - OTHER EXPENSES		
Rent	259.75	194.06
Insurance	232.65	307.03
Rates and taxes, excluding, taxes on income.	119.58	104.15
Payments to the auditor as		
a) as statutory auditor	5.60	3.85
b) for taxation matters	1.30	1.23
c) for other services	0.38	-
Legal, Professional & Consultancy Charges	94.53	95.44
Printing and Stationery	60.44	63.43
Postage, Telegrams and Telephones	199.23	218.77
Traveling Expenses and Maintenance of Vehicles	673.41	597.25
Director Sitting Fees	5.31	5.95
Software Maintenance Expenses	6.12	-
Brokerage	37.38	8.30
Commission on Sales	1158.14	1365.68
Discount on Sales	181.39	188.95
Selling Expenses	630.80	743.21
Freight Outwards	505.76	496.44
Exchange Loss on Export Sales	-	-
Prayer Hall Repairs and maintenance	19.84	18.45
Corporate Social Responsibility Expenses	89.10	51.10
Bad Debts Written off	239.72	6.72
Miscellaneous expenses,	223.22	298.44
Loss on sale of Fixed Assets / DEPB Licenses	12.35	0.82
TOTAL	<u>4756.00</u>	<u>4769.26</u>
NOTE 33 - EXCEPTIONAL ITEMS		
ITC Reveal in GST	118.79	-
Share Buy Back Expenses	43.76	-
TOTAL	<u>162.54</u>	<u>-</u>

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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 31.03.2019
Trigger Apparels Limited	India	100%
KG Denim (USA) Inc.	Delaware USA	100%

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.

The Group has adopted Ind AS 115, Revenue from contract with customers with effect from 1st April 2018 and it is detailed in Note 34.2(o)

(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 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 believe that useful life of assets are same as those prescribed in Schedule II to the Act, except for power plant machinery which based on an independent technical evaluation, life has been estimated as 20 years, which is different from that prescribed in Schedule II to the Act.

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

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

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

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

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

(d) Cash and Cash Equivalents

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

(e) Inventories

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

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(f) Operating Lease As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group, as lessee, are classified as operating leases. Payments made under operating leases are charged to the statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases.

(g) Investments and other financial assets

(h) 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 amortised 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 trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(iv) Income recognition

Dividends

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

(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.

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(m) Borrowing costs

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

(n) 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.

(o) 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.

The Group has elected to recognize cumulative effect of initially applying Ind As 115 retrospectively as on adjustment to opening balance sheet as at 1st April 2018 on the contracts that are not completed contract as at that date. There was no impact of above on the opening balance sheet as at 1st April 2018 and on the statement of profit and loss for the year ended 31st March 2019

The Group recognized the above standard retrospectively with cumulative effect.

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 and determined that there is no change require in the existing revenue recognition methodology. 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 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.

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(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. 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.

(q) 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.

(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 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.

(s) 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.

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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 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.

(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 : 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.

(Rs. in lakhs)

Financial Assets and Liabilities as at 31st March 2019	Non current	Current	Total	Level 1	Level 2	Level 3	Total	Total amount
Financial Assets								
Investments								
Equity instruments	330.59	-	330.59	2.88	-	327.71	330.59	330.59
Other Assets								
Trade Receivables	-	6467.25	6467.25	-	-	6467.25	6467.25	6467.25
Cash and cash equivalents	-	589.97	589.97	-	-	589.97	589.97	589.97
Other Bank balances	-	350.43	350.43	-	-	350.43	350.43	350.43
Other Financial Assets	-	-	-	-	-	-	-	-
Total	-	7407.65	7407.65	-	-	7407.65	7407.65	7407.65
Financial Liabilities								
Borrowings	6906.47	10642.79	17549.26	-	-	17549.26	17549.26	17549.26
Trade payables	-	12965.18	12965.18	-	-	12965.18	12965.18	12965.18
Other Financial Liabilities	512.25	1996.74	2508.99	-	-	2508.99	2508.99	2508.99
Total	7418.72	25604.71	33023.43	-	-	33023.43	33023.43	33023.43

(Rs. in lakhs)

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

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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 Company is exposed to credit risk from its operation activities (primarily trade receivables) and from its financing activities, foreign exchange transactions and other financial instruments.

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

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

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

Trade Receivables

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

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

Liquidity Risk

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

(i) Financing arrangements

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

(Rs. in lakhs)

	As at 31st March, 2019	As at 31st March, 2018
Expiring within one year (term loan)	113	3062
Expiring beyond one year (bank loans)	-	-

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

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(ii) Maturity patterns of borrowings

(Rs. in lakhs)

	As at 31st March, 2019				As at 31st March, 2018			
	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)	1997	6580	326	8903	1924	3864	1195	6983
Short term borrowings	10643	-	-	10643	8785	-	-	8785
Total	12640	6580	326	19546	10709	3864	1195	15768

Maturity patterns of other Financial Liabilities

As at 31st March, 2019

(Rs. in lakhs)

	0-3 months	3-6 months	6 months to 12 Months	beyond 12 Months	Total
Trade Payable	8929	3926	110	-	12965
Other Financial liability (Current and Non current)	-	-	-	-	-
Total	8929	3926	110	-	12965

As at 31st March, 2018

(Rs. in lakhs)

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

Note :- 36 - FINANCIAL RISK MANAGEMENT (contd..)

Financial risk management objectives and policies

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

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial 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.

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, 2019		As at 31st March, 2018	
	USD		USD	
Forward contracts to buy USD	USD	23.02	USD	83.51

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

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

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

As at 31st March, 2019	Foreign currency in lakhs		
Particulars	USD	EURO	GBP
Trade Receivables	31.06	2.12	0.23
Trade payables	0.99	3.09	-

As at 31st March, 2018	Foreign currency in lakhs		
Particulars	USD	EURO	GBP
Trade Receivables	41.51	3.14	-
Trade payables	2.09	19.22	-

(a) (iii) Market Risk- Price Risk

(a) Exposure

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

(b) Sensitivity

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

Impact on profit before tax	(Rs. in lakhs)	
	31st March, 2019	31st March, 2018
BSE Sensex -30 - increase in 5%	0.14	0.13
BSE Sensex -30 - decrease in 5%	-0.14	-0.13

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

(c) Foreign currency Risk Sensitivity

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

Particulars	2018-19		2017-18	
	5% increase	5% decrease	5% increase	5% decrease
USD	104.57	-104.57	130.39	-130.39
EURO	-3.78	3.78	-64.64	64.64
GBP	1.04	-1.04	-	-
Increase / (decrease) in profit or loss	101.83	-101.83	65.75	-65.75

Note :- 37 - CAPITAL RISK MANAGEMENT

(a) Risk Management

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

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs.in lakhs)

(b) Dividend	31st March, 2019	31st March, 2018
Equity shares		
Final dividend for the year ended 31 st March, 2018 of INR 0.75 (31 st March, 2017 - INR 0.75) per fully paid share	192.40	192.40

Note :- 38 - EARNINGS PER SHARE

(Rs.in lakhs)

	31st March, 2019	31st March, 2018
Earnings Per Share has been computed as under :		
Profit / (Loss) for the year	852.59	91.17
Weighter average number of equity shares outstanding	25651438	25653905
Earnings Per Share - Basic (Face Value of Rs.10 per share)	3.32	0.35
Diluted earning per share is same as basic earning per share	3.32	0.35

Note :- 39 - EXPORT PROMOTION CAPITAL GOODS (EPCG)

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

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

(Rs.in lakhs)

	31st March, 2019	31st March, 2018
Amount required to be spent as per Section 135 of the Act	56.33	50.77
Amount spent during the on:		
(i) Transfer to KG Denim Trust Foundation (CSR Trust) for rural hospital	57.00	-
(ii) On purpose other than (i) above	2.10	51.10
Amount spent for the Financial Year 2014-2015 (Transfer to KG Denim Trust Foundation - CSR Trust) for making available safe drinking water	30.00	-
Total	89.10	51.10

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

(I) Contingent Liabilities

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

Rs. in lakhs

	2018-2019	2017-2018
Disputed Excise / Customs duties	131.22	137.54
Disputed Income Tax	20.15	156.09

In respect of disputed excise / custom duties and Income tax demands, the company feels that there will be no financial impact, based on legal opinions obtained.

(b) Guarantees

Rs. in lakhs

	2018-2019	2017-2018
Guarantees given to Bank for loan to subsidiary	551.00	551.00

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

Rs. in lakhs

	2018-2019	2017-2018
Bills discounted with banks	2247.45	3194.39

(II) Commitments

Rs. in lakhs

	2018-2019	2017-2018
Estimated amount of contracts remaining to be executed in capital account and not provided for	504.58	2057.58

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

Note 42 :

Note: 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.

S.No.	Particulars	Rs. in lakhs	
		Consolidated	
		Audited 31.03.2019	Audited 31.03.2018
1	Segment Revenue (Net Sales / Income from Operations)		
	(a) Textiles	67135	63365
	(b) Power	6269	4283
	(c) Garments	3295	11330
	Total	76699	78978
	Add: Other Unallocable Income		
	Less: Inter Segment Sales	3823	6993
	Net Sales / Income from operations	72876	71985
2	Segment Results (Profit before Interest & Tax)		
	(a) Textiles	3816	3410
	(b) Power	361	(99)
	(c) Garments	(179)	(555)
	Total	3998	2756
	Less:		
	a) Interest & Finance Charges(Net)	2592	2582
	b) Other Unallocable expenditure(Net of Unallocable Income)	-	-
	Profit Before Extra Ordinary Items & Tax	1406	174
3	Capital Employed		
	(a) Textiles	15867	13841
	(b) Power	5284	4613
	(c) Garments	(899)	(443)
	Total Capital Employed in Company	20252	18011

Note 43 : Trade payable

Trade payable referred under current liability to Small Scale Industrial units is complied on the information made available to the company.

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

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

(Rs. in lakhs)

Particulars	2018 - 2019			2017 - 2018		
	Other Related Party	Key Management Personnel	Relative of Key Management Personnel	Other Related Party	Key Management Personnel	Relative of Key Management Personnel
Purchase of Goods						
KG Fabriks Ltd	143.19	-	-	443.74	-	-
Sri Kannapiran Mills Limited	21.47	-	-	401.41	-	-
Other related party	-	-	-	3.19	-	-
Sale of Goods						
Sri Kannapiran Mills Limited	634.06	-	-	0.33	-	-
Other related party	84.38	-	-	25.32	-	-
Processing / other Charges Paid						
Sri Kannapiran Mills Limited	3587.59	-	-	2282.24	-	-
Other related party	255.85	-	-	92.02	-	0.30
Processing / Other Charges Received						
Other related party	6.73	-	-	40.52	-	-
Service Charges Received	-	-	-	676.02	-	-
Land Purchase from Ramhari Orchids LLP	-	-	-	635.00	-	-
Machinery Purchase						
Other related party	-	-	-	-	-	-
Managerial Remuneration	-	209.26	7.00	2.41	168.00	5.53

Note: 45.1 - Balance Outstanding

(Rs. in lakhs)

Particulars	as on 31.03.2019			as on 31.03.2018		
	Other Related Party	Key Management Personnel	Relative of Key Management Personnel	Other Related Party	Key Management Personnel	Relative of Key Management Personnel
Trade Receivable	-	-	-	-	-	-
Trade Payable	504.61	-	-	186.63	-	-
Investments	327.46	-	-	327.46	-	-
Loans and Advances	-	-	-	-	-	-

Note: 45.2

Other Related Party	Sri Kannapiran Mills Limited Sri Balamurugan Textile Processing Limited KG Fabriks Limited Ramhari Orchids LLP
Key Management Personnel	Shri B Sriramulu Shri B Srihari Shri S Muthuswamy Shri M Balaji
Relative of Key Management Personnel	Smt T Anandhi (Daughter of Shri KG Baalakrishnan)

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

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

Part "A": Subsidiaries														Rs. in lakh
Sr. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Share capital	Reserves & surplus	Total assets	Total liabilities	inves-ments	Turn-over	Profit before taxat-ion	Prov-ision for tax-ation	Profit after tax-ation	Prop-osed Divi-dend	% of Share-hold-ing
1	Trigger Apparels Limited			450.00	(1500.46)	2677.70	3728.16	-	4038.88	(92.81)	(53.34)	(39.47)	-	100%
2.	KG Denim (USA) Inc.		Exchange Rate Rs.69.55 per USD	0.46	(31.79)	49.48	80.81	-	235.30	(25.96)	-	(25.96)	-	100%

As per our report of even dated

For **MOHAN & VENKATARAMAN**
Chartered Accountants

V KARTHIKEYAN
Partner

Coimbatore
25th May, 2019

Membership No.208828
Firm Regn. No.007321S

KG BAALAKRISHNAN
Executive Chairman
DIN : 00002174

M BALAJI
Company Secretary

B SRIRAMULU
Managing Director
DIN : 00002560

S MUTHUSWAMY
Chief Financial Officer

B SRIHARI
Managing Director
DIN : 00002556



K G DENIM LIMITED

CIN : L17115TZ1992PLC003798

Registered Office : Then Thirumalai

Jadayampalayam, Coimbatore - 641 302.

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

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the TWENTY-SEVENTH ANNUAL GENERAL MEETING of the Members of K G DENIM LIMITED will be held on Thursday, the 26th day of September, 2019 at 4.30 p.m. at the Registered Office Premises, Then Thirumalai, Jadayampalayam, Coimbatore 641 302 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt Standalone and Consolidated Annual Financial Statements including the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss and Cash Flow Statements for the year ended 31st March 2019 and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Smt T Anandhi (DIN : 00050786), who retires by rotation and, being eligible, offers herself for reappointment.

SPECIAL BUSINESS

4. To approve under Regulation 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the remuneration payable to Smt T Anandhi (DIN:00050786), Non-Executive Director exceeding fifty percent of the total annual remuneration paid to all Non-Executive Directors

To consider passing the following resolution as a Special Resolution:

"RESOLVED THAT in addition to approval already accorded by the members of the Company vide resolution passed at the Twenty-Fourth Annual General Meeting of the Company held on September 28, 2016, specific annual approval of the members, in terms of the provisions of Regulation 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) (including any statutory modifications or re-enactment thereof), be and is hereby accorded for payment of remuneration to Smt T Anandhi (DIN:00050786), Non-Executive Director for the financial year ended March 31, 2019 exceeding 50% (fifty percent) of the total annual remuneration paid to all the Non-Executive Directors of the Company for the said financial year."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to determine matters, from time to time, in connection with the payment and distribution of commission to Smt T Anandhi (DIN:00050786), Non-Executive Director, in such proportion and in such manner as may be necessary, proper and expedient to give effect to approval(s) accorded by the members."

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

"RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs.75,000/- (Rupees Seventy Five Thousand only) plus service tax as applicable and reimbursement of actual travel and out-of-pocket expenses for the Financial Year ending March 31, 2020 as approved by the Board of Directors of the Company, to be paid to Mr M Nagarajan, Cost Accountant, for the conduct of the cost audit of the Company's Textile manufacturing plant at Then Thirumalai, Jadayampalayam, Coimbatore- 641 302, be and is hereby ratified and confirmed."

Coimbatore
05.08.2019

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

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in the meeting instead of himself/herself, and the proxy need not be a member of the Company.
2. Proxies in order to be effective must be deposited at the Registered Office at Then Thirumalai, Coimbatore 641 302 not less than 48 hours before holding the meeting.
3. Members holding shares in physical form are requested to intimate the Change of Address and their Bank Account details such as Bank name, Branch with address and Account number for incorporating the same in Dividend Warrants to M/s Cameo Corporate Services Ltd, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002 quoting their respective folio number and members holding shares in demat form shall intimate the above details to their Depository Participant with whom they have Demat Account.
4. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail address with the Company in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in Demat form to enable the Company to serve documents in electronic form.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday the 19th September 2019 to Thursday, the 26th September, 2019 (both days inclusive).
6. The dividend recommended by the Board, if declared at the AGM will be paid to those members or their mandatees whose name appear on the Register of Members of the Company on 26th September, 2019. In respect of shares held in dematerialised form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories for this purpose at the end of business hours 18th September, 2019. No deduction of tax at source will be made from dividend.
7. Explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business Item Nos.4 to 5 are enclosed.
8. Re-appointment of Directors:
At the ensuing Annual General Meeting Smt T Anandhi (DIN:00050786) retires by rotation and being eligible offer herself for re-appointment. The information or details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchange is furnished in the Statement of Corporate Governance annexed in this Annual Report.
9. In support of the "Green Initiative" announced by the Government of India, electronic copy of the Annual Report and Notice *inter alia* indicating the process and manner of e-voting alongwith attendance slip and proxy form are being sent by e-mail to those shareholders whose e-mail addresses have been made available to the Company / Depository Participants unless member has requested for a hard copy of the same.

10. VOTING THROUGH ELECTRONIC MEANS

- a) In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their votes for all the resolutions detailed in the Notice of the 27th Annual General Meeting scheduled to be held at 4.30 p.m., on Thursday the 26th September, 2019, by electronic means and the business may be transacted through remote e-Voting. The Company has engaged the services of CDSL as the authorised agency to provide the remote e-voting facilities. The instructions for remote e-voting is provided below.
- b) The remote e-voting period begins at 09.00 AM on 23.09.2019 (Monday) and ends on at 05.00 PM on 25.09.2019 (Wednesday). During this period shareholders of the Company, holding shares either in physical form or in electronic form, as on the cut-off date (record date) of 18.09.2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- c) Members, who have not voted through remote e-voting and present at the AGM in person or proxy, can vote through the ballot conducted at the AGM. Kindly note that members can vote at the AGM only by ballot. A member present at the AGM and already voted by remote e-voting will not be permitted to vote at the AGM by ballot.
- d) Votes cast by members who hold shares on the cutoff date viz., 18.09.2019 alone will be counted.
- e) A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- f) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot.

- g) Shri M.R.L.Narasimha, Practising Company Secretary (Membership No. FCS 2851) has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- h) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- i) The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- j) The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.kgdenim.com and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

The instructions for shareholders voting electronically are as under:-

- (i) The shareholders should log on to the e-voting website www.evotingindia.com.
- (ii) Click on Shareholders.
- (iii) Now Enter your User ID
 - a. For CDSL : 16 digits beneficiary ID
 - b. For NSDL : 8 Character DP ID followed by 8 Digits Client ID
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login
- v) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below.

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)- Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said Demat Account or Folio.
- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in electronic form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (x) Click on the EVSN for the Company Name, choose K G Denim Limited to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Note for Non-Individual Shareholders and Custodians
- Non-Individual Shareholders (i.e., other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

Coimbatore
05.08.2019

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

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

ITEM No.4

Smt T Anandhi, aged 54 years has basic textile education and has over 24 years experience in textile field such as cotton, spinning and garments. She is also on the board of various textile companies

At the Annual General Meeting held on 28th September, 2016 approval of the shareholders was taken for payment of remuneration of 0.5% of profit determined as per Section 197, 198 and other applicable provisions of Companies Act, 2013 to Smt T Anandhi (DIN:00050786), Non-Executive Director. For the year 2018-19 it worked out to Rs.7,78,866/- which was payable to her. Since the amount exceeded 50% of remuneration (sitting fees) paid to other Non-executive Directors, as mandated by Regulation 17(6)(ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) as amended by SEBI (LODR) (Amendment) Regulations, 2018, approval of the shareholders is sought by a Special Resolution.

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

ITEM No.5

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board shall appoint an individual who is a Cost Accountant in practice on the recommendations of the Audit Committee, which shall also recommend remuneration for such cost auditor. The remuneration recommended by Audit Committee shall be considered and approved by the Board of Directors and ratified by the shareholders.

On recommendation of Audit Committee at its meeting held on February 9, 2019, the Board has considered and approved appointment of Mr M Nagarajan, Cost Accountant, for the conduct of the Cost Audit of the Company's Textile manufacturing plant at Then Thirumalai, Jadayampalayam, Coimbatore - 641 302 at a remuneration of Rs.75,000/- (Rupees Seventy Five Thousand only) plus service tax as applicable and reimbursement of actual travel and out of pocket expenses for the Financial Year ending March 31, 2020.

The Resolution at Item No.5 of the Notice is set out as an Ordinary Resolution for approval and ratification by the members in terms of Section 148 of the Companies Act, 2013.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested financial or otherwise in the resolution set out at Item No.5

Coimbatore

05.08.2019

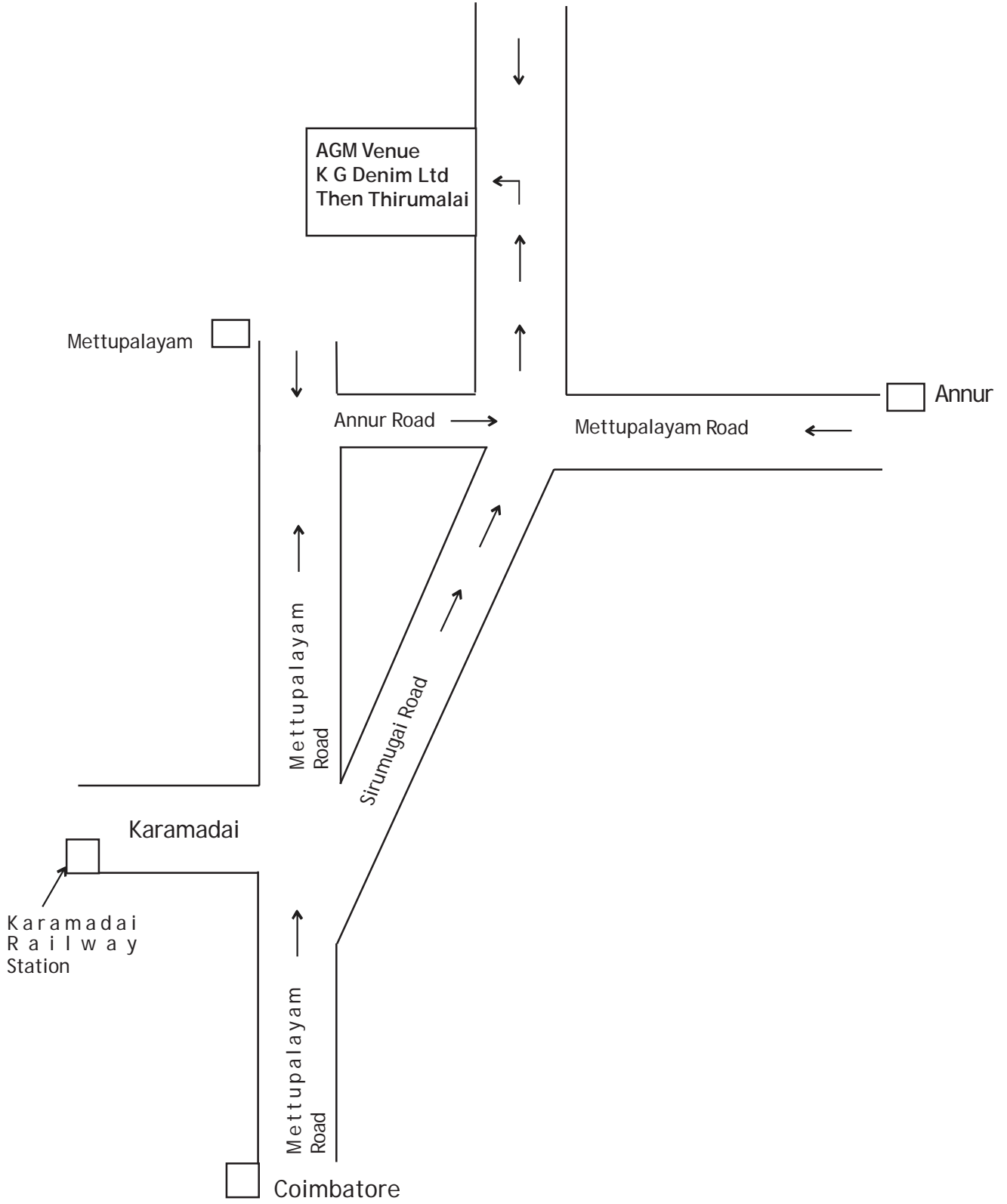
By Order of the Board

KG Baalakrishnan

Executive Chairman

DIN : 00002174

Route map of AGM Venue





K G DENIM LIMITED

ATTENDANCE SLIP

CIN : L17115TZ1992PLC003798

Registered Office: Then Thirumalai, Jadayampalayam, Coimbatore - 641 302

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

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

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL. ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING.

Name of the attending Members :	Folio/DP ID-Client ID No. :
No. of Shares held :	

I hereby record my presence at the 27TH ANNUAL GENERAL MEETING of the Company held at K G DENIM LIMITED, Then Thirumalai, Jadayampalayam, Coimbatore - 641 302 at 4.30 pm on Thursday, the 26th September, 2019.

Name of Proxy in Block Letters

Signature of the Shareholder/Proxy*

*Strike out whichever is not applicable

MGT - 11



K G DENIM LIMITED

PROXY FORM

CIN : L17115TZ1992PLC003798

Registered Office: Then Thirumalai, Jadayampalayam, Coimbatore - 641 302

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

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

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

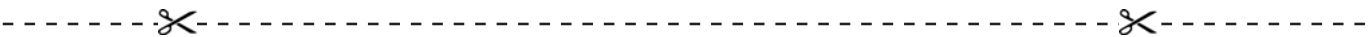
Name of the Member(s) :	
Registered Address :	
E-mail ID :	
Folio/DP ID-Client ID No. :	DP ID :

I/We being the member(s) of.....shares of the above named Company, hereby appoint:

- (1) Name..... Address.....
E-mail Id..... Signature.....or failing him/her
- (2) Name..... Address.....
E-mail Id..... Signature.....or failing him/her
- (3) Name..... Address.....
E-mail Id..... Signature.....or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27th Annual General Meeting of the Company, to be held on Thursday, the 26th day of September, 2019 at 4.30 pm at K G DENIM LIMITED, Then Thirumalai, Jadayampalayam, Coimbatore - 641 302 and at any adjournment thereof in respect of such resolutions as are indicated overleaf :

** I wish my above Proxy to vote in the manner as indicated in next page :



Item No.	Description	Type of Resolution	I / We assent to the Resolution	I / We dissent to the Resolution
			For	Against
1.	Consider and adopt audited Financial Statements, Reports of the Board of Directors and Auditors	Ordinary		
2.	To Declare a Dividend	Ordinary		
3.	Appointment of Smt T Anandhi (DIN-00050786) who retires by rotation, as a Director	Ordinary		
4.	Remuneration paid to Smt T Anandhi (DIN-00050786), Non-Executive Director	Special		
5.	Ratification of Remuneration to Cost Auditor	Ordinary		

Signed this.....day of.....2019

Member's Folio/DP ID-Client ID No.....Signature of Shareholder(s).....

Signature of Proxyholder(s).....

Affix
Revenue
Stamp

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- **2. This is only optional. Please put a the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
3. Appointing proxy does not prevent a member from attending in person if he so wishes.
4. In case of jointholders, the signature of any one holder will be sufficient, but names of all the jointholders should be stated.